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CITY OF LAGRANGE GEORGIA

# CITY OF LAGRANGE, GEORGIA

Comprehensive Annual Financial Report  
Year ended June 30, 2000





CITY OF LAGRANGE, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2000

PREPARED BY:  
DEPARTMENT OF FINANCE

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS AND SCHEDULES – CONTINUED	
DEBT SERVICE FUND	
COMPARATIVE BALANCE SHEETS	42
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	43
CAPITAL PROJECTS FUND	
COMPARATIVE BALANCE SHEETS	45
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	46
ENTERPRISE FUNDS	
COMBINING BALANCE SHEET	48
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS	49
COMBINING STATEMENT OF CASH FLOWS	50
UTILITY FUND	
COMPARATIVE BALANCE SHEETS	52
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS	53
COMPARATIVE STATEMENTS OF CASH FLOWS	54
COMPARATIVE SCHEDULES OF REVENUES	56
SANITATION FUND	
COMPARATIVE BALANCE SHEETS	57
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN ACCUMULATED DEFICIT	58
COMPARATIVE STATEMENT OF CASH FLOWS	59
INTERNAL SERVICE FUNDS	
COMBINING BALANCE SHEET	61
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS	62
COMBINING STATEMENT OF CASH FLOWS	63
GROUP INSURANCE FUND	
COMPARATIVE BALANCE SHEETS	64
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS	65
COMPARATIVE STATEMENTS OF CASH FLOWS	66

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP	
STATEMENTS AND SCHEDULES - CONTINUED	
PROPERTY AND CASUALTY FUND	
COMPARATIVE BALANCE SHEETS	67
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS	68
COMPARATIVE STATEMENTS OF CASH FLOWS	69
ACCOUNT GROUPS	
COMPARATIVE SCHEDULES OF GENERAL FIXED ASSETS - BY SOURCE	71
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY	72
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY	73
STATISTICAL SECTION (UNAUDITED)	
GENERAL GOVERNMENT EXPENDITURES FOR SELECTED FUNCTIONS - LAST TEN FISCAL YEARS	75
GENERAL GOVERNMENTAL REVENUES BY SOURCE - LAST TEN FISCAL YEARS	76
PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS	77
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - LAST TEN FISCAL YEARS	78
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST TEN FISCAL YEARS	79
COMPUTATION OF LEGAL DEBT MARGIN	80
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA - LAST TEN FISCAL YEARS	81
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES - LAST TEN FISCAL YEARS	82
COMPUTATION OF DIRECT AND OVERLAPPING DEBT	83
REVENUE BOND COVERAGE - WATER AND SEWER BONDS - LAST TEN FISCAL YEARS	84
DEMOGRAPHIC STATISTICS - LAST TEN FISCAL YEARS	85
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS - LAST TEN FISCAL YEARS	86
PRINCIPAL TAXPAYERS	87
MISCELLANEOUS STATISTICAL INFORMATION	88

## TABLE OF CONTENTS

	Page
SINGLE AUDIT REPORTS	89
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	90
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	92
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	94
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	96

# INTRODUCTORY SECTION

LaGRANGE

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S M A R T M O V E ®





October 1, 2000

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

The comprehensive annual report of the City of LaGrange, Georgia (the City), for the fiscal year ended June 30, 2000 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 and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the Government's organization chart, and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules. The statistical section includes selected demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal financial assistance and the auditor's reports on the internal control structure and compliance with applicable laws and regulations is available on request from the City.

This report includes all funds and account groups of the City of LaGrange. The City of LaGrange, incorporated in 1828, operates under the Council-Manager form of government. The City is organized under eight (8) departments: Community and Economic Development, Finance, Fire, Human Resources, Information and Technology, Police, 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 almost 29,000 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, parks and recreation services, building inspection, zoning enforcement and economic development, as well as electric, gas, water and sewer utilities and telecommunications services.

The Troup County Airport Authority, Troup County Parks & Recreation, Housing Authority of the City of LaGrange, the LaGrange Industrial Development Authority and the Downtown Development Authority of LaGrange have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

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## **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. Full-service rail facilities are provided by CSX east/west and north/south lines. Truck lines include interstate and intrastate carriers and local terminals. Delivery services are provided by UPS, Federal Express, Purolator, Greyhound, Troup Express, Emory and Atlanta Air Cargo.

LaGrange is home to over 40 industries in two industrial parks. The 1600 acre LaGrange Industrial Park and LaGrange Industrial Park East, a 640 acre park, are home to four Fortune 50 and seven Fortune 500 companies.

The economic condition and outlook for LaGrange remains competitive due to the diversity of industry here. The City's local option sales tax receipts increased about \$440,000 from last year; however, the City's revenues from utility sales increased approximately 4%, as discussed in the Financial Information - Enterprise Fund Section.

The unemployment rate for Troup County for FY 2000 dropped for the second straight year down to 5.4%, and is an indicator of a more stabilized labor force. The seven Georgia counties (Carroll, Coweta, Harris, Heard, Meriwether, Talbot and Troup) contribute over 135,000 people to LaGrange's labor force. Nearby Alabama counties (Chambers and Randolph) add over 27,000 to the labor pool.

The Industrial Development Authority reports continuing activity in its contact and discussions with industrial prospects from across the country. The City and the Industrial Development Authority through an Existing Industry Program continue its efforts in working with all of our existing industries to offer assistance through Quickstart programs and low-cost financing which allows them to grow and remain competitive in the U.S. and abroad.

## **MAJOR INITIATIVES**

The final budget adopted by the Mayor and City Council on June 22, 2000 contains estimated expenses of \$71,000,433.

In total, City expenses are budgeted to be up only a total of 4.3% over the last seven years. If the 1994-95 budget were used as a basis, and the City of LaGrange budget grew by the amount of inflation over that seven year period, the 2000-2001 budget would be close to \$11,000,000 higher than the one actually adopted. City Council deserves much credit for finding ways of reducing expenses, reducing unnecessary City employment, privatizing services when it was advantageous to do so and expanding our enterprise offerings when there was an economic return to the citizens of LaGrange.

Our projected combined funds balance for fiscal year ending June 30, 2001 is \$8,898,797. This compares favorably with our estimated combined funds balance for the fiscal year ended June 30, 2000 of \$7,644,548. The year end cash balance in the 2001/2002 will be significantly lower than the 8.9 million budgeted for the 1999-2000 fiscal year because the City will have to make an investment in the 2001-2002 budget of approximately 3.5 million dollars to build the next cell in the Federally-mandated "subtitle D"

landfill. This is an anticipated expense consistent with our business plan for managing the sanitation operation. Not included in the \$8,898,797 estimated cash balance is the estimated cash balance in the City's restricted funds. The City has set aside 1.7 million dollars for utility relocations for the Hamilton Road widening and improvement project and water line relocation for the US27 by-pass project contemplated by DOT. Also, the self insurance funds which are set aside to pay property and liability claims as well as health insurance claims of employees and their families are not included in the combined funds cash balance. Both these funds currently have healthy balances and are financially sound.

One other source of restricted cash is money set aside in the Municipal Electric Authority of Georgia (MEAG) Municipal Competitive Trust and other City accounts for electric rate stabilization. The use of these funds is restricted for rate stabilization purposes and will be available to LaGrange over the next decade. Several years ago one of the most troubling concerns that the City Council had was whether or not the City could be competitive in a deregulated electric environment. Because of many positive changes made at MEAG and changes in the electric market generally the City is now well positioned to be successful in a deregulated environment. The City's own electric stabilization funds, coupled with approximately 25 million dollars in the MEAG Competitive Trust and moneys that will flow from a lease back power plant repurchase agreement recently consummated by MEAG should provide the necessary funds to protect the City from stranded investment exposure and allow us to competitively seek customers at sales prices above our costs basis.

Another positive development in the City's approach to competing in a deregulated environment is the number of new services the City is able to offer and from which it is able to generate retained earnings. Because price pressures will intensify in a deregulated electric environment, the City has diversified its service offerings and now is earning money for the community in some new and exciting ways. The additional income earned from these activities lessens our reliance on profits from electric sales to generate the General Fund transfers we have been accustomed to over time. For instance, our advanced telecommunications services have become a significant source of revenue. Four years ago total gross revenue from the sale of advance telecommunications services was approximately \$67,000. We are anticipating sales of approximately \$726,000 in the 2000-2001 budget. Other new sources of revenue include retained earnings from the municipal court probation service. We are estimating revenues in excess of expenses of approximately \$102,000 in the coming year. One other area that continues to generate significant earnings for the City is the sanitation operation. Four years ago proposed revenue for the sanitation fund was \$3,538,000. It is anticipated in this budget that revenue will be \$5,980,500. While a significant portion of these revenues will be earmarked for future investment in a subtitle D landfill it is the City's belief that the sanitation fund in the future will be able to generate sufficient revenues to offset reliance on electric revenue for funding traditional government services.

In addition to finding alternate sources of revenue one other advantage of diversifying our service offerings is that we will have the opportunity in the future to bundle services when competing for electric customers. For instance, we believe it will be possible in the future to present a potential customer with a package of services to include electricity, natural gas, sanitation services, water and sewer, advanced telecommunication services and internet access. The City staff believes that the more flexibility we have with respect to negotiating contracts for electric service the higher our success rate will be and there are few electric providers that have the quantity and quality of services the City has to offer potential customers. We believe the diversity of our service offerings will be an important component of our success in the future.

Another important development that occurred in this past year and is reflected in the 2000-2001 budget is the City Council's decision to provide free broadband internet access to every home in LaGrange. This is

not a significant budgetary expense because the cost incurred for the service is largely offset by the fees the City will receive from its project partner, Charter Communications, for installing the digital set type converter boxes. This represents an investment the City Council has chosen to make in our work force and the capabilities of our children we believe will pay long term dividends. This concept has attracted the attention of the international media as the City has been highlighted on ABC's World News Tonight, The New York Times, Business Week, Forbes, the BBC, Italian and German television, CNN and many, many others. This exposure has been very positive for LaGrange and we believe that it will result in additional investment in our community by companies wishing to take advantage of the technological capabilities of our local populace.

One last item that will have significant budgetary impact going forward is the result of "HB 489" negotiations with Troup County under the Service Delivery Strategies Act, a 1996 Georgia Law. The law requires the cost of services to be borne by the political jurisdiction whose citizens primarily benefit from the service. In the current budget the City will no longer have to endure the expense of two inmate crews for which Troup County currently charges the City approximately \$35,000 each. Over the three year period starting in the 2001-2002 fiscal year the county will phase-in an agreement whereby they will assume responsibility for all current City funding of Parks and Recreation, Airport, and Libraries. Ultimately, this will result in a net positive budgetary impact of 1.3 million dollars in reduced expenses to the City. Also, we should see tax reductions for City residents as they will no longer have to pay the cost of 90% of the County Fire Department, 80% of county sanitation services, all of county building and zoning expenses and all of county animal control services. Although the ultimate tax reduction to city property owners will be the net difference between available unincorporated only revenues and county expenses for these services, we are anticipating a tax reduction from county O & M taxes for LaGrange property owners to be phased in equally over the three year period starting 2001-2002.

### **FISCAL YEAR 2000-2001 REVENUES**

The net tax millage for year 2000-2001 will be 0.0 mills. This is the third year that the City was been able to eliminate property taxation and continue to fund our operation. However, we should continue to be aware that a levy of some property tax may be necessary in the future. We should also be aware that the local option sales tax which will expire if not successfully renegotiated represents an offset of 5.5 mills of property tax.

Other General Fund taxes, including local option sales tax, alcoholic beverage taxes, licenses and occupation taxes are scheduled to be consistent with previous years. Likewise, franchise taxes are not estimated to change significantly in this budget. One aspect of our partnership with Charter Communications is that franchise fees are capped at \$170,000 per year. As revenues increased from Charter sales, the franchise fees paid by customers inside the City will go down incrementally. This is one of the customer friendly aspects to the partnership that will positively impact consumer bills over time. Municipal Court fines are scheduled to be consistent with previous years. One new area of revenue that appears in this budget is municipal court probation fees. During the previous fiscal year Council decided to initiate a City provided probation service to serve our courts. We are estimating \$210,000 in receipts from these fees.

The Utility Fund contribution into the General Fund will be \$6,000,000 this year. This is the same amount as in the previous fiscal year. The Utility Fund contribution to the General Capital Improvements Fund is slated to be \$1,000,000 this year which is significantly less than the \$2,000,000 contributed last

year. The primary reason for the decrease is that the City is retaining bond proceeds from the building of the Department of Human Resources facility for the State of Georgia.

Utility Fund revenue is scheduled to be up 2.6% from the previous year which is approximately 1.4 million dollars. The significant areas of change are in gas sales, electric sales and telecommunications. The increases in both gas and electric are largely cost related. The increase in telecommunications revenue is a result of new business opportunity and increase and demand for our services. It is anticipated that telecommunications will become a significant source of City revenue in the future.

One area of Utility Fund revenue which is down is penalties from late fees. This is the result of City Council changing the late fee policy so as not to allow for compounding of late fees. The net result is a drop in late fee revenue of about \$125,000 over the previous two years.

The City had a outstanding year in the collection of bad debts. We are net bad debts written off (bad debts written off less bad debt collections) for fiscal year 1999-2000 of \$65,000. This represents approximately one tenth of one percent of all sales for City utility services and represents the best number in many, many years. We are estimating net bad debts for the 2000-2001 budget of \$90,000.

In the Sanitation Fund, we have experienced revenue growth attributable to our commercial sanitation program. The growth has slowed as we have gained substantial market share and have not endeavored to provide service outside the immediate Troup county area. The revenue stream in the Sanitation Fund is sufficient to cover the additional expense related to the subtitle D landfill. Once again, the significant fund balance in the Sanitation Fund will decrease in fiscal year 2001-2002 as we will once again have to make an investment in a new cell for the subtitle D landfill.

#### **FISCAL YEAR 2000-2001 EXPENDITURES**

As has been the case in recent budget years, total spending on City operations is not increasing substantially. In fact, compared with estimated expenses for fiscal year 1999-2000, the 2000-2001 budget is scheduled to decrease slightly.

The City merit system is funded in this budget and there is a 2.5% adjustment to starting level and top level pay in the City pay scales. The cost of providing employee benefits, such as health care coverage, workers compensation and other liability insurance has not changed significantly in this budget. Our health insurance costs have been steady and have not been increased in several years. An enhancement to the employee benefit package is being put in place this year with the advent of an early retirement medical program and City Council has agreed to match \$666 on a contribution of \$1,332 an employee would make into the City's Section 457 Deferred Compensation Benefit program. This will be a very positive addition to the City's retirement program and addresses issues employees have had with their ability to retire early.

In total City employment is not increasing and is at the same level as the previous fiscal year. This is consistent with our efforts over the past several years to keep the cost of operating the City as low as possible.

As mentioned earlier in the General Fund we do have a new service being offered that has been budgeted for the first time, municipal probation. In total, General Fund expenses are down 1.7% from the estimated actual expenses for fiscal year 1999-2000.

Utility Fund expense are up 2.9% with the vast majority of this increase coming in the form of additional cost for natural gas and electricity.

In the Sanitation Fund, expenses are up slightly. This fiscal year marks the first time the entire debt service for the subtitle D landfill is funded in the operating accounts of the Sanitation cost centers.

## **CONCLUSION**

The fiscal year 2000-2001 budget contains funding for several important projects and much needed capital equipment replacement. It also reflects our ongoing efforts to keep the cost of City operations as low as possible, while at the same time making investments necessary to position us for success in the future. The year end cash balance in this budget is consistent with the previous year which is reflective of our stable financial condition. Because this City relies so much on its enterprises and little on more reliable sources of revenues such as property taxes, in order to ensure reliability of service delivery and our financial stability we should continue working our cash position in the future. The citizens of LaGrange are fortunate that the cost of government of municipal services remain low and are competitive anywhere in the United States of America.

The City Council has developed a budget that will provide City services at their current levels, continue the maintenance of the City's infrastructure, allow for some major capital improvements and provide the necessary resources that will aid City staff in providing the kind of services our residents have come to expect and deserve.

## **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.

### **Single Audit:**

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the City of LaGrange's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine if the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2000, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

## 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 debt service fund are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects and special revenue funds. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by individual fund. The City also maintains an encumbrance account system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and are reappropriated in the following year's budget.

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 General, Special Revenue, Debt Service Fund, and Capital Projects revenues for the fiscal year ended June 30, 2000 and the amount and percentage of increases and decreases in relation to the prior year's revenue.

Revenues	Amount	% of Total	Increase (Decrease) from 1999	Percent of Increase (Decrease)
Taxes, Licenses and Permits	8,076,924	75.52	515,544	6.82
Intergovernmental	437,733	4.09	(95,876)	(21.90)
Charges for services	175,934	1.65	18,713	11.90
Fines	1,123,610	10.51	123,695	12.37
Investment Income	344,476	3.22	328,124	2006.63
Donations	216,511	2.02	(967,779)	(81.72)
Miscellaneous	319,774	2.99	109,349	51.99
<b>TOTAL</b>	<b>10,694,962</b>	<b>100.00</b>	<b>31,770</b>	<b>2.98</b>

Taxes, licenses and permits revenue was up just over \$500,000, with over 85% of the gain being credited to increases in the collection of local option sales tax revenue. Slight gains were also recorded in alcoholic beverage taxes, license and occupational taxes and franchise fees with a small reduction in building permit fees.

Governmental funds expenses coupled with Capital Projects Funds expenses increased by just over \$600,000 due to growth in public safety expenses of over \$500,000, public service expense increases of about \$200,000, culture and recreation expense increases of almost \$200,000 and a slight increase in general government expenses offset by a decrease in community development expense and capital outlays expense decrease of \$380,000.



The following schedule presents a summary of governmental funds and Capital Projects Fund expenditures for fiscal year ended June 30, 2000, and the percentage of increases and decreases in relation to the prior year amounts:

Expenditures	Amount	% of Total	Increase (Decrease) from 1999	Percent of Increase (Decrease)
General Government	1,445,092	7.40	32,848	2.33
Public Safety	8,497,976	43.50	533,147	6.69
Public Services	3,046,519	15.60	231,593	8.23
Culture and Recreation	1,048,531	5.36	172,531	19.70
Community Development	1,387,525	7.10	(17,015)	(1.21)
Capital Outlay	2,589,741	13.25	(379,428)	(12.78)
Debt Service	1,522,428	7.79	31,462	2.11
<b>TOTAL</b>	<b>19,537,812</b>	<b>100.00</b>	<b>605,135</b>	<b>3.20</b>

**Enterprise Fund:**

Total Utility Fund revenue (electricity, gas, water, sewer and telecommunications) increased by over \$2.8 million while Sanitation Fund revenues remained at the same level as the previous year. Water and sewer revenues grew by almost \$900,000, gas revenues grew by just under \$500,000 and electric system revenues grew by about \$1.4 million. Overall, total Enterprise Funds operating income was at prior year levels; however, decreases in the "other income" category of approximately \$3,000,000 accounted for income before transfers decreasing by almost \$2,000,000.

**Pension Benefit Plan:**

The City contributes to the Georgia Municipal Employees Benefit System, an agent multiple/employer public employee retirement system administered by the Georgia Municipal Association. All full time City employees and all City officials are eligible to participate in the system, and the employee becomes vested after 10 years of service.

The employee's participation is non-contributory; however, the City is subject to the minimum funding standards for the Public Retirement System Standard Law. The policy set by the City for contributing the annual pension expenses exceeds the minimum requirements. The Georgia Municipal Employees Benefit System is actuarially sound and all indications are that this will continue.

**Debt Administration:**

At June 30, 2000, the general long term debt balance was \$6,763,924, consisting of \$955,000 in General Fund bonds which were issued to purchase property to be used for industrial development purposes, and \$5,808,924 in capital leases. Enterprise Fund debt included \$37,975,000 in water and sewer bonds and \$7,665,000 in solid waste bonds, less \$365,797 in unamortized discounts. Outstanding debt in the Enterprise Fund also included capital leases of \$3,008,321 and notes payable of \$2,457,176 in the form of a State of Georgia Environmental Facilities Authority loan for water and sewer improvements.

**Cash Management:**

Cash temporarily idle during the year was invested in certificates of deposit and interest bearing checking accounts. Interest rates varied between 4.98% and 6.28% on investments due to the amount of the investment and dates of maturity.

The City's investment policy is to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral for deposits was held by a financial institution's trust department in the City's name.

**Risk Management:**

The City is "self-insured" in the area of liability, property and workers' compensation, meaning that the City assumes some increased liability for insurance losses but is protected from catastrophic losses and aggregate losses through the purchase of excess insurance coverage. Savings since the program began in 1990 total just over \$2.4 million when compared with a similar conventional insurance program.

**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 Grant Thornton, LLP to perform the audit. In addition to meeting the requirements set forth in state law, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's report on general purpose financial statements and individual fund and account group statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit Section.

**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, 1999. This was the twelfth year 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 Grant Thornton, LLP, 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,

Thomas H. Hall  
City Manager

John W. Bell  
Clerk-Treasurer

# 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, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carol Brueck*  
President

*Jeffrey L. Esser*  
Executive Director

City of LaGrange, Georgia

LIST OF PRINCIPAL OFFICIALS

June 30, 2000

ELECTED OFFICIALS

W. Jeff Lukken	Mayor
Willie T. Edmondson	Council Member
Donald R. Gregory	Council Member
Nick Woodson	Council Member
Frank Cox	Council Member
George R. Moore	Council Member
Bobby A. Traylor	Council Member

OTHER OFFICIALS

Thomas H. Hall	City Manager
Meg Kelsey	Assistant City Manager
John W. Bell	City Clerk/Treasurer
Jeffrey M. Todd	City Attorney
Joseph D. Maltese	Director of Community and Economic Development
David E. Brown	Director of Public Services
Patrick C. Bowie, Jr.	Director of Public Utilities
Louis M. Dekmar	Police Chief
Chris A. Smith	Fire Chief

**Mayor and Council**

**Fleet Management**  
-All Vehicle Maintenance  
-Fuel Sales  
-Facilities  
-Auction  
-Equip. Purchasing

**City Attorney**

**City Manager**

**Boards and Agencies**

**Assistant City Manager**  
-Human Resources  
-Board of Planning and Zoning Appeals  
-Office Manager  
-Grants  
-Budgets  
-Special Projects  
-Mapping

**Police Department**  
-Administration  
-Patrol  
-Criminal Investigations Div.  
-Training  
-Office of Professional Standards  
-Special Investigations Unit  
-DARE  
-Animal Control  
-Community Service  
-K-9

**Community and Economic Development**  
-Code Enforcement  
-Building Permits  
-Facilities  
-Economic Develop.  
-Existing Industries  
-Marketing  
-Special Projects  
-GIS

**Utilities**  
-Water Treatment  
-Distribution  
-Gas  
-Electric  
-MEAG  
-Customer Service  
-Engineering

**Finance**  
-Accounting  
-Collections  
-Court Admin  
-Probation  
-Purchasing  
-Debt Mgt  
-Records  
-Special Projects

**Fire Department**  
-Administration  
-Suppression  
-EMS  
-Training  
-Public Education

**Information and Technology**  
-Data Processing  
-Network Maintenance  
-Project Management  
-Telecommunications Projects  
-Y2K  
-Telephone Systems  
-800 nrhz  
-Internet

**Public Service**  
-Sanitation  
-Landfill  
-Sewer  
-WPC  
-Streets  
-Landscaping  
-Tree Trimming  
-Signage  
-Cemetery  
-Engineering

# FINANCIAL SECTION

LaGRANGE

*georgia*

S M A R T M O V E ®



Accountants and  
Management Consultants  
The U.S. Member Firm of  
Grant Thornton International

## Report of Independent Certified Public Accountants

Honorable Mayor  
Members of the City Council  
The City of LaGrange, Georgia

We have audited the accompanying general purpose financial statements of the City of LaGrange, Georgia (the "City") as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

*Grant Thornton LLP*

Atlanta, Georgia  
August 11, 2000

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**GENERAL PURPOSE FINANCIAL STATEMENTS**

City of LaGrange, Georgia

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2000

(with comparative totals for June 30, 1999)

	Governmental Fund Types				Proprietary Fund Types			Account Groups			Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	General		Long-Term Debt	2000	1999	(Memorandum only)
							Fixed Assets	Debt				
<b>ASSETS AND OTHER DEBITS</b>												
Cash and cash equivalents	\$ 703,809	\$ 150,297	\$ 2,363,962	\$ 1,229,314	\$ 12,272,546	\$ 4,677,844	\$ -	\$ -	\$ -	\$ 21,397,772	\$ 20,309,541	
Receivables (net of allowances for doubtful receivables)												
Notes	-	3,763,210	-	-	-	-	-	-	-	3,763,210	3,875,370	
Intergovernmental	-	44,880	-	-	-	-	-	-	-	44,880	44,880	
Taxes	337,510	-	-	-	-	-	-	-	-	337,510	356,617	
Accounts	-	27,676	-	2,500	7,542,813	-	-	-	-	7,572,989	5,607,250	
Other	46,434	-	-	-	121,038	-	-	-	-	167,472	104,451	
Inventories	223,326	-	-	-	1,262,076	-	-	-	-	1,485,402	1,450,686	
Restricted cash	70,164	-	-	3,023,665	25,882,222	-	-	-	-	28,976,051	13,957,432	
Restricted investments	562,428	-	-	-	-	-	-	-	-	562,428	612,000	
Fixed assets (net of accumulated depreciation, where applicable)	-	-	-	-	106,303,306	-	34,122,231	-	140,425,537	135,624,084		
Other assets	-	-	49,827	-	127,316	62,000	-	-	239,143	265,598		
Amount available in debt service fund	-	-	-	-	-	-	-	2,363,962	-	2,363,962	2,148,401	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	4,399,962	-	4,399,962	1,366,984	
	\$ 1,943,671	\$ 3,986,063	\$ 2,413,789	\$ 4,255,479	\$ 153,511,317	\$ 4,739,844	\$ 34,122,231	\$ 6,763,924	\$ 211,736,318	\$ 185,723,294		

Continued

City of LaGrange, Georgia

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS - CONTINUED

June 30, 2000

(with comparative totals for June 30, 1999)

	Governmental Fund Types				Proprietary Fund Types			Account Groups			Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Fixed Assets	Long-Term Debt	(Memorandum only)		2000	1999
									2000	1999		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>												
<b>Liabilities</b>												
Accounts payable	\$ 108,560	\$ -	\$ -	\$ 37,151	\$ 3,671,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,816,769	\$ 3,430,672
Accrued liabilities	988,504	5,151	-	-	3,601,717	875,000	-	-	-	-	5,470,372	4,725,885
Customer deposits	-	7,762	-	-	833,685	-	-	-	-	-	841,447	804,382
Deferred revenue	-	-	-	-	19,899,598	-	-	-	-	-	19,899,598	7,778,930
Bonds - current	-	-	-	-	2,910,000	-	-	-	-	-	2,910,000	3,435,000
Notes payable - current	-	-	-	-	160,570	-	-	-	-	-	160,570	184,095
Capital leases - current	-	-	-	-	766,804	-	-	-	-	-	766,804	513,699
Bonds - long-term	-	-	-	-	43,347,203	-	-	955,000	-	-	44,302,203	46,903,678
Notes payable - long-term	-	-	-	-	1,638,413	-	-	-	-	-	1,638,413	611,848
Capital leases - long-term	-	-	-	-	2,241,517	-	-	5,808,924	-	-	8,050,441	3,615,587
Total liabilities	1,097,064	12,913	-	37,151	79,070,565	875,000	-	6,763,924	-	-	87,856,617	72,003,776
<b>Equity and other credits</b>												
Investment in general fixed assets	-	-	-	-	-	-	34,122,231	-	-	-	34,122,231	31,778,005
Contributed capital	-	-	-	-	30,493,588	-	-	-	-	-	30,493,588	29,503,588
Retained earnings	-	-	-	-	5,961,296	-	-	-	-	-	5,961,296	6,114,845
Reserved	-	-	-	-	37,985,868	3,864,844	-	-	-	-	41,850,712	39,185,615
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances												
Reserved	855,918	3,763,210	49,827	3,023,665	-	-	-	-	-	-	7,692,620	4,789,260
Unreserved	(9,311)	209,940	2,363,962	1,194,663	-	-	-	-	-	-	3,759,254	2,348,205
Total equity and other credits	846,607	3,973,150	2,413,789	4,218,328	74,440,752	3,864,844	34,122,231	-	-	-	123,879,701	113,719,518
	\$ 1,943,671	\$ 3,986,063	\$ 2,413,789	\$ 4,255,479	\$ 153,511,317	\$ 4,739,844	\$ 34,122,231	\$ 6,763,924	\$ 211,736,318	\$ 185,723,294		

The accompanying notes are an integral part of this financial statement.

City of LaGrange, Georgia

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES

For the year ended June 30, 2000  
(with comparative totals for June 30, 1999)

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	2000	1999
Revenues						
Taxes, licenses and permits	\$ 8,076,924	\$ -	\$ -	\$ -	\$ 8,076,924	\$ 7,561,380
Intergovernmental	187,444	159,614	-	90,675	437,733	533,609
Charges for services	175,934	-	-	-	175,934	157,221
Fines and forfeitures	1,123,610	-	-	-	1,123,610	999,915
Donations	-	-	-	216,511	216,511	1,184,290
Investment income	39,214	64,344	123,882	117,036	344,476	61,881
Miscellaneous	40,822	104,032	-	174,920	319,774	164,896
Total revenues	9,643,948	327,990	123,882	599,142	10,694,962	10,663,192
Expenditures						
Current						
General government	1,445,092	-	-	-	1,445,092	1,412,244
Public safety	8,497,976	-	-	-	8,497,976	7,964,829
Public service	3,046,519	-	-	-	3,046,519	2,814,926
Culture and recreation	1,048,531	-	-	-	1,048,531	876,000
Community development	1,020,600	366,925	-	-	1,387,525	1,404,540
Capital outlays	1,330,198	-	-	1,259,543	2,589,741	2,969,169
Debt service	-	-	934,405	450,000	1,384,405	1,315,155
Principal retirement	-	-	78,760	59,263	138,023	175,811
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	16,388,916	366,925	1,013,165	1,768,806	19,537,812	18,932,674

Continued

City of LaGrange, Georgia

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES - CONTINUED

For the year ended June 30, 2000  
(with comparative totals for June 30, 1999)

	Governmental Fund Types			Totals		
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum only) 2000	1999
Excess of revenues over (under) expenditures before other financing sources (uses)	(6,744,968)	(38,935)	(889,283)	(1,169,664)	(8,842,850)	(8,269,482)
Other financing sources (uses)						
Operating transfers in	6,000,000	34,414	1,105,318	2,000,000	9,139,732	6,976,681
Operating transfers out	(411,434)	-	-	(203,983)	(615,417)	(807,884)
Proceeds from capital leases	742,944	-	-	3,890,000	4,632,944	169,655
Total other financing sources	6,331,510	34,414	1,105,318	5,686,017	13,157,259	6,338,452
Excess of revenues and other sources over (under) expenditures and other uses	(413,458)	(4,521)	216,035	4,516,353	4,314,409	(1,931,030)
Fund balance, beginning of year	1,260,065	3,977,671	2,197,754	(298,025)	7,137,465	9,068,495
Fund balance, end of year	\$ 846,607	\$ 3,973,150	\$ 2,413,789	\$ 4,218,328	\$ 11,451,874	\$ 7,137,465

The accompanying notes are an integral part of this financial statement.

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City of LaGrange, Georgia

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes, licenses and permits	\$ 7,464,600	\$ 8,076,924	\$ 612,324
Intergovernmental	111,000	187,444	76,444
Charges for services	151,000	175,934	24,934
Fines and forfeitures	1,027,000	1,123,610	96,610
Investment income (loss)	64,600	39,214	(25,386)
Miscellaneous	<u>51,800</u>	<u>40,822</u>	<u>(10,978)</u>
Total revenues	8,870,000	9,643,948	773,948
<b>Expenditures</b>			
Current			
General government	1,239,200	1,445,092	(205,892)
Public safety	8,210,900	8,497,976	(287,076)
Public service	2,410,300	3,046,519	(636,219)
Culture and recreation	1,550,300	1,048,531	501,769
Community development	745,600	1,020,600	(275,000)
Capital outlay	<u>476,566</u>	<u>587,254</u>	<u>(110,688)</u>
Total expenditures	<u>14,632,866</u>	<u>15,645,972</u>	<u>(1,013,106)</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	(5,762,866)	(6,002,024)	(239,158)
<b>Other financing sources (uses)</b>			
Operating transfers in	6,000,000	6,000,000	-
Operating transfers out	<u>(411,434)</u>	<u>(411,434)</u>	<u>-</u>
Total other financing sources	<u>5,588,566</u>	<u>5,588,566</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(174,300)	(413,458)	(239,158)
Fund balance, beginning of year	<u>1,260,065</u>	<u>1,260,065</u>	<u>-</u>
Fund balance, end of year	\$ <u>1,085,765</u>	\$ <u>846,607</u>	\$ <u>(239,158)</u>

The accompanying notes are an integral part of this financial statement.

City of LaGrange, Georgia

COMBINED STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE -  
ACTUAL AND BUDGET - SPECIAL REVENUE

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ -	\$ 159,614	\$ 159,614
Interest	53,500	64,344	10,844
Miscellaneous	<u>90,500</u>	<u>104,032</u>	<u>13,532</u>
Total revenues	144,000	327,990	183,990
Expenditures			
Current			
Redevelopment and housing	144,500	330,230	(185,730)
Administrative and management	<u>36,400</u>	<u>36,695</u>	<u>(295)</u>
Total expenditures	<u>180,900</u>	<u>366,925</u>	<u>(186,025)</u>
Excess of expenditures over revenues	(36,900)	(38,935)	(2,035)
Other financing sources			
Operating transfers in	<u>-</u>	<u>34,414</u>	<u>34,414</u>
Excess of expenditures over revenues and other financing sources	(36,900)	(4,521)	32,379
Fund balance, beginning of year	<u>3,977,671</u>	<u>3,977,671</u>	<u>-</u>
Fund balance, end of year	\$ <u>3,940,771</u>	\$ <u>3,973,150</u>	\$ <u>32,379</u>

City of LaGrange, Georgia

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE –  
ACTUAL AND BUDGET – CAPITAL PROJECTS

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ -	\$ 90,675	\$ 90,675
Interest	25,000	117,036	92,036
Donations	200,000	216,511	16,511
Miscellaneous	<u>1,000</u>	<u>174,920</u>	<u>173,920</u>
Total revenues	226,000	599,142	373,142
Expenditures			
Capital outlays	1,635,300	682,410	952,890
Debt service			
Principal retirement	450,000	450,000	-
Interest	<u>50,000</u>	<u>59,263</u>	<u>(9,263)</u>
Total expenditures	<u>2,135,300</u>	<u>1,191,673</u>	<u>943,627</u>
Excess of expenditures over revenues	(1,909,300)	(592,531)	1,316,769
Other financing sources (uses)			
Operating transfers in	2,000,000	2,000,000	-
Operating transfers out	<u>-</u>	<u>(203,983)</u>	<u>(203,983)</u>
Total other financing sources	<u>2,000,000</u>	<u>1,796,017</u>	<u>(203,983)</u>
Excess of revenue and other sources over expenditures	90,700	1,203,486	1,112,786
Fund balance (deficit), beginning of year	<u>(298,025)</u>	<u>(298,025)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (207,325)</u>	<u>\$ 905,461</u>	<u>\$ 1,112,786</u>

City of LaGrange, Georgia

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN RETAINED EARNINGS -  
ALL PROPRIETARY FUND TYPES

Year ended June 30, 2000  
(with comparative totals for year ended June 30, 1999)

	<u>Propriety Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>2000</u>	<u>1999</u>
Operating revenues				
Water system	\$ 6,924,752	\$ -	\$ 6,924,752	\$ 6,311,238
Sewer system	4,815,745	-	4,815,745	4,537,606
Gas system	10,369,616	-	10,369,616	9,876,480
Electric system	30,473,645	-	30,473,645	29,064,077
Sanitation	4,810,358	-	4,810,358	4,806,290
Premiums	-	3,670,213	3,670,213	3,724,024
Other	<u>1,374,554</u>	<u>-</u>	<u>1,374,554</u>	<u>1,308,779</u>
Total operating revenues	58,768,670	3,670,213	62,438,883	59,628,494
Operating expenses				
Water system	2,467,860	-	2,467,860	2,126,006
Sewer system	3,021,616	-	3,021,616	3,052,629
Gas system	7,929,265	-	7,929,265	6,866,839
Electric system	24,896,532	-	24,896,532	23,250,437
Sanitation	3,030,512	-	3,030,512	3,919,881
Administrative support	1,931,748	-	1,931,748	2,239,978
Depreciation	4,108,432	-	4,108,432	3,923,157
Risk management	<u>-</u>	<u>3,193,825</u>	<u>3,193,825</u>	<u>3,332,642</u>
Total operating expenses	<u>47,385,965</u>	<u>3,193,825</u>	<u>50,579,790</u>	<u>48,711,569</u>
Operating income	11,382,705	476,388	11,859,093	10,916,925

City of LaGrange, Georgia

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN RETAINED EARNINGS –  
ALL PROPRIETARY FUND TYPES

Year ended June 30, 2000  
(with comparative totals for year ended June 30, 1999)

	<u>Proprietary Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>2000</u>	<u>1999</u>
Nonoperating revenues (expenses)				
Investment income	1,071,077	278,650	1,349,727	1,098,864
Other revenue	263,685	-	263,685	3,263,338
Interest expense	(2,433,739)	-	(2,433,739)	(2,926,689)
Other expense	<u>(2,903)</u>	<u>-</u>	<u>(2,903)</u>	<u>(305,824)</u>
Total nonoperating revenues (expenses)	<u>(1,101,880)</u>	<u>278,650</u>	<u>(823,230)</u>	<u>1,129,689</u>
Income before operating transfers	10,280,825	755,038	11,035,863	12,046,614
Operating transfers in	-	-	-	34,414
Operating transfers out	<u>(8,524,315)</u>	<u>-</u>	<u>(8,524,315)</u>	<u>(6,203,211)</u>
Total operating transfers	<u>(8,524,315)</u>	<u>-</u>	<u>(8,524,315)</u>	<u>(6,168,797)</u>
Net income	1,756,510	755,038	2,511,548	5,877,817
Retained earnings, beginning of year	<u>42,190,654</u>	<u>3,109,806</u>	<u>45,300,460</u>	<u>39,422,643</u>
Retained earnings, end of year	<u>\$ 43,947,164</u>	<u>\$ 3,864,844</u>	<u>\$ 47,812,008</u>	<u>\$ 45,300,460</u>

The accompanying notes are an integral part of this financial statement.

City of LaGrange, Georgia

COMBINED STATEMENT OF CASH FLOWS –  
ALL PROPRIETARY FUND TYPES

Year ended June 30, 2000  
(with comparative totals for year ended June 30, 1999)

	<u>Propriety Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>2000</u>	<u>1999</u>
Cash flows from operating activities				
Operating income	\$ 11,382,705	\$ 476,388	\$ 11,859,093	\$ 10,916,925
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,108,432	-	4,108,432	3,923,157
Gain on sale of fixed assets	(28,021)	-	(28,021)	-
Amortization	-	-	-	165,150
Change in operating assets and liabilities:				
Accounts receivable	(2,031,477)	-	(2,031,477)	337,708
Inventory	(794)	-	(794)	115,669
Other assets	26,929	-	26,929	1,279
Accounts payable	692,586	25,000	717,586	3,087
Accrued vacation	5,764	-	5,764	8,998
Deferred income	12,120,668	-	12,120,668	7,778,930
Other accrued expenses	684,989	-	684,989	(764,817)
Customer deposits	53,865	-	53,865	30,998
Other nonoperating revenue, net	<u>243,065</u>	<u>-</u>	<u>243,065</u>	<u>2,957,514</u>
Net cash provided by operating activities	27,258,711	501,388	27,760,099	25,474,598
Cash flow from noncapital financing activities:				
Operating transfers in	-	-	-	34,414
Operating transfers out	<u>(8,524,315)</u>	<u>-</u>	<u>(8,524,315)</u>	<u>(6,203,211)</u>
Net cash used for noncapital financing activities	(8,524,315)	-	(8,524,315)	(6,168,797)

City of LaGrange, Georgia

COMBINED STATEMENT OF CASH FLOWS -  
ALL PROPRIETARY FUND TYPES - CONTINUED

Year ended June 30, 2000  
(with comparative totals for year ended June 30, 1999)

	<u>Propriety Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>2000</u>	<u>1999</u>
Cash flows from capital and related financing activities:				
Proceeds from bond issuance, net	-	-	-	9,540,000
Principal payments on revenue bonds	(2,680,510)	-	(2,680,510)	(9,195,000)
Acquisition of capital assets	(4,996,178)	-	(4,996,178)	(6,625,232)
Capital lease payments	(583,172)	-	(583,172)	(226,060)
Proceeds from notes payable	1,139,965	-	1,139,965	277,411
Payments on notes payable	(136,925)	-	(136,925)	(59,591)
Interest expense	(2,433,739)	-	(2,433,739)	(2,926,689)
Disposal of capital assets	35,167	-	35,167	40,008
Contributed capital	<u>990,000</u>	-	<u>999,000</u>	<u>10,000</u>
Net cash used for capital financing activities	(8,665,392)	-	(8,665,392)	(9,165,153)
Cash flows from investing activities:				
Interest income	<u>1,071,077</u>	<u>278,650</u>	<u>1,349,727</u>	<u>1,098,864</u>
Net increase in cash	11,140,081	780,038	11,920,119	11,239,512
Cash and cash equivalents, beginning of year	<u>27,014,687</u>	<u>3,897,806</u>	<u>30,912,493</u>	<u>19,672,981</u>
Cash and cash equivalents, end of year	<u>\$ 38,154,768</u>	<u>\$4,677,844</u>	<u>\$ 42,832,612</u>	<u>\$30,912,493</u>
Report on the balance sheet as:				
Cash and cash equivalents	\$ 12,272,546	\$4,677,844	\$ 16,950,390	\$17,018,718
Restricted cash	<u>25,882,222</u>	-	<u>25,882,222</u>	<u>13,893,775</u>
Total	<u>\$ 38,154,768</u>	<u>\$4,677,844</u>	<u>\$ 42,832,612</u>	<u>\$30,912,493</u>

Supplemental Schedule of Noncash Investing and Financing Activities:

Equipment acquired through assumption of capital lease obligation	\$ <u>1,576,627</u>	\$ <u>          </u>	\$ <u>1,576,627</u>	\$ <u>1,313,143</u>
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The accompanying notes are an integral part of these financial statements.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS

June 30, 2000

NOTE A – 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 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.

1. The Reporting Entity

The City of LaGrange, Georgia is a municipal corporation governed by a Mayor and six 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.

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 a part of the City's Solid Waste Fund because its 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.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized on the basis of funds and account groups. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are organized by type in the financial statements. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.



City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Basis of Presentation – Fund Accounting – Continued

The following fund types and account groups are used by the City.

*Governmental funds*

Governmental funds are accounted for on a flow of current financial resources measurement focus. Therefore, generally only current assets and liabilities are included on their balance sheets. One exception is long-term notes receivable. Reported fund balances constitute a measure of available spendable resources or in the case of long-term notes receivable, a reserve for long-term receivables.

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.

Special Revenue Fund – This fund accounts for the activities carried out by the City under the term of certain intergovernmental grants.

Debt Service Fund – This fund accounts for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than the debt of 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.

*Proprietary Funds*

Proprietary Funds are accounted for on the flow of economic resources measurement focus. All assets and liabilities associated with these activities are included on their balance sheets.

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.

Internal Service Funds – These funds account for the activities of the City's group insurance and property and casualty insurance programs which provide for the partial self-insurance of employee medical, workers compensation and liability claims.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - Fund Accounting - Continued

*Fiduciary Funds*

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

Agency Fund - This fund is used to account for assets the City holds on behalf of others as their agent.

*Account Groups*

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. Account Groups are not funds and do not measure results of operations. The following are the City's Account Groups:

General Fixed Assets Account Group - This group accounts for the fixed assets of the City (except those accounted for by the Proprietary Funds).

General Long-term Debt Account Group - This group accounts for the unmatured long-term indebtedness of the City (except debt to be paid from the Enterprise Funds), the resources currently available to extinguish the debt and the amounts to be provided in the future to meet debt service payments.

3. Basis of Accounting

The Governmental Fund type statements are prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Property tax revenues are considered measurable and available to the extent they are collected within the current period or collected by August 30, 2000. Property taxes not collected by August 30, 2000 are recorded as deferred revenue and recognized when subsequently collected. The City Council adopts a millage rate (as part of the budgetary process) based upon estimated property assessments as of January 1. Property taxes attach as an enforceable lien on property as of January 1. After approval of the tax digest by the State of Georgia, taxes are levied on October 1, and are payable to the City on November 15, and, if not paid, become delinquent on November 16.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Basis of Accounting - Continued

Revenues which are susceptible to accrual are property taxes, grants from other governments, charges for services and interest on investments. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are recognized under the modified accrual basis when the fund liability is incurred, except for principal and interest of long-term debt and vacation pay which is recorded as an expenditure when due and payable from available spendable resources. Accumulated vested unpaid vacation pay is recognized as an expenditure only to the extent that it will be paid from "available spendable resources" (net current assets). Those costs that are not to be paid from current resources are recorded in the General Long-term Debt Account Group.

The Proprietary Fund type statements are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they have been earned and are measurable, expenses are recognized when they are incurred, if measurable. Unbilled utility charges are accrued as receivables at year end and are reported as revenue of the Utility Fund. The City applies all FASB pronouncements issued on or before November 30, 1989 in accounting for and reporting its proprietary operations.

3. 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 between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. No supplemental appropriations were made during the year ended June 30, 2000.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding do not constitute expenditures or liabilities and are reappropriated in the subsequent year. Unencumbered appropriations lapse at year-end.

The budgets for the General Fund, Special Revenue and Capital Projects are adopted on a basis consistent with generally accepted accounting principles (GAAP). An annual operating budget is not adopted for the Debt Service Fund. Proprietary fund type budgets are adopted for management control purposes only.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Budgets and Budgetary Accounting - Continued

Adjustments necessary to convert the actual results of operations of the general fund and capital projects fund at June 30, 2000 from GAAP to the non-GAAP budget bases are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - non-GAAP budget basis	\$ (413,458)	\$ 1,203,486
Capital outlay expenditures	(742,944)	(577,133)
Proceeds from capital leases	<u>742,944</u>	<u>3,890,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP basis	\$ <u>(413,458)</u>	\$ <u>4,516,353</u>

5. Cash and Cash Equivalents

Cash and cash equivalents shown on the balance sheet represent demand deposits and certificates of deposit. All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

6. Investments

The statutes of the State of Georgia authorize the City to invest in U.S. government obligations; U.S. government agency obligation; State of Georgia 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; 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.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Receivables

Receivables are reported net of an allowance for amounts deemed uncollectible.

8. Inventory

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.

9. Fixed Assets

Fixed assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at their estimated fair market value on the date donated. Construction period interest is capitalized with the cost of the asset. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings including roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets.

Those assets in the Enterprise Funds are depreciated by the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	50 years
Distribution systems	33-50 years
Furniture and fixtures	5-10 years
Equipment and automobiles	5-10 years

10. Bond Discounts and Issuance Costs

Bond discounts and issuance costs related to the Water and Sewer Revenue bonds are deferred and amortized over the term of the bonds using the interest method. Unamortized bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are presented as other assets.

11. 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.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

12. Memorandum Only – Total Columns

Total columns on the general purpose financial statements and the combined statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. These columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

13. Comparative Data/ Reclassifications

Comparative data for the prior year has been presented in selected accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain prior year amounts have been reclassified to be consistent with the current year presentation.

NOTE B – DEPOSITS AND RESTRICTED INVESTMENTS

Deposits

At year end, the carrying amount of the City's deposits was \$33,967,288 and the bank balance was \$35,239,774. All of the bank balance was insured or collateralized with securities held by the City or its agent in the City's name.

Restricted Investments

At year end, the City's investments consisted of equity securities contributed to the City in a prior year with a fair value of \$562,428. These securities are held by the City in the name of the City.

NOTE C – EXCESS EXPENDITURES OVER APPROPRIATIONS AND ACCUMULATED DEFICITS

The General Fund's expenditures exceeded appropriations by \$1,344,616.

The Sanitation Fund has an accumulated deficit of \$1,084,000. The deficit is due mainly to the accrual of landfill closure and postclosure costs. The fund has equity of \$1,053,061 due to contributed capital which exceeds the accumulated deficit.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE D - NOTES AND ACCOUNTS RECEIVABLE

Notes receivable are from various Federal, state and local community development programs. Funds were loaned to homeowners, landlords and businesses for rehabilitation and construction. These notes receivable bear interest at various rates up to 10% per annum. Upon collection, the proceeds from these notes receivable must be used for future program activity approved by the Department of Housing and Urban Development.

The following is a schedule of future maturities of these notes by fiscal years ending June 30 and the allowance for doubtful accounts:

2001	\$ 23,000
2002	14,000
2003	14,000
2004	14,000
2005	20,000
Thereafter	<u>7,712,356</u>
	7,797,356
Less allowance for doubtful accounts	<u>(4,034,146)</u>
	<u>\$ 3,763,210</u>

NOTE E - FIXED ASSETS

A summary of changes in general fixed assets account group for the year ended June 30, 2000, follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2000</u>
Land and land				
Improvements	\$ 4,981,066	\$ -	\$ -	\$ 4,981,066
Buildings	6,031,623	557,138	-	6,588,761
Furniture and fixtures	130,195	-	-	130,195
Machinery and equipment	3,823,656	283,527	60,673	4,046,510
Vehicles	2,840,753	972,246	55,635	3,757,364
Other	<u>13,970,712</u>	<u>647,623</u>	<u>-</u>	<u>14,618,335</u>
Total	<u>\$ 31,778,005</u>	<u>\$ 2,460,534</u>	<u>\$ 116,308</u>	<u>\$34,122,231</u>

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE E – FIXED ASSETS - Continued

A summary of proprietary fund type property, plant and equipment at June 30, 2000, is presented below:

Land	\$ 3,832,917
Buildings	26,492,446
Equipment	6,863,072
Furniture and fixtures	48,909
Motor vehicles	4,538,716
Transmission and distribution	92,722,852
Other	<u>13,104,863</u>
Total	147,603,775
Less accumulated depreciation	<u>(41,300,469)</u>
Net	<u>\$106,303,306</u>

NOTE F – LONG-TERM DEBT

1. General Long-term Debt

The following is a summary of changes in the City's general long-term debt

	Balance June 30, <u>1999</u>	<u>Additions</u>	<u>Payments</u>	Balance June 30, <u>2000</u>
Bonds	\$ 1,405,000	\$ -	\$ 450,000	\$ 955,000
Capital leases	<u>2,110,385</u>	<u>4,632,944</u>	<u>934,405</u>	<u>5,808,924</u>
	<u>\$ 3,515,385</u>	<u>\$ 4,632,944</u>	<u>\$ 1,384,405</u>	<u>\$ 6,763,924</u>



City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE F - LONG-TERM DEBT - Continued

*Capital Leases*

Capital leases included in the general long-term debt account group bear interest at 4.5% to 5.2%. The carrying value of assets subject to these leases totals approximately \$3,000,000. The following is a summary of future maturities on these capital leases which are being repaid by the Debt Service Fund.

Year ending June 30,	
2001	\$ 1,547,800
2002	914,837
2003	640,887
2004	477,479
2005	464,958
Thereafter	<u>3,859,997</u>
	7,905,958
Less amount representing interest	<u>(2,097,034)</u>
	<u>\$ 5,808,924</u>

*Bonds payable*

The bonds payable bears interest at 4.25%. Future payments including interest of \$70,000 required under this bond to be paid by the Capital Projects are as follows:

Year ended June 30,	
2001	\$ 505,000
2002	<u>520,000</u>
	<u>\$ 1,025,000</u>

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE F – LONG-TERM DEBT – Continued

2. Enterprise Fund Debt

*Bonds*

<u>Series</u>	<u>Interest Rates</u>	<u>Balance</u>
1992 Water and Sewerage Revenue Bonds	4.90% to 6.80%	\$ 695,000
1993 Water and Sewerage Revenue Refunding Bonds	4.25% to 5.25%	29,615,000
1997 Solid Waste Bonds	4.5% to 4.85%	7,665,000
1999 Water and Sewerage Revenue Refunding Bonds	3.5% to 4.3%	<u>8,645,000</u>
Total bonds outstanding		46,620,000
Less unamortized discount		<u>(362,797)</u>
Net bonds outstanding		<u>\$ 46,257,203</u>

The following is a summary of future debt service requirements, including interest of \$15,279,899 for Enterprise Fund bonds:

Year ending June 30,	
2001	\$ 5,106,371
2002	5,070,551
2003	5,067,091
2004	5,073,782
2005	5,076,670
Thereafter	<u>36,505,434</u>
Total	<u>\$ 61,899,899</u>

*Capital Leases*

The City is financing the acquisition of certain Enterprise Fund equipment, with a book value of approximately \$2,000,000, under agreements that qualify as capital leases for accounting purposes. These leases bear interest at variable rates (4.5% to 5.2% at June 30, 2000).

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE F - LONG-TERM DEBT - Continued

2. Enterprise Fund Debt - Continued

The following is a schedule, by year, of future minimum lease payments under Enterprise Fund capital leases together with the present value of the minimum lease payments as of June 30, 2000:

Year ending June 30,	
2001	\$ 899,377
2002	864,912
2003	709,565
2004	585,582
2005	<u>331,375</u>
Total minimum lease payments	3,390,811
Less amounts representing	
Interest	<u>(382,490)</u>
Present value of net minimum	
lease payments	<u>\$ 3,008,321</u>

*Notes Payable*

The City's Utility Fund borrowed funds for system improvements under notes payable bearing interest at 4.24%. As of June 30, 2000, \$1,798,983 has been drawn against the \$2,592,500 notes with future payments including interest of \$658,193 as follows:

Year ending June 30,	
2001	\$ 211,001
2002	256,957
2003	256,958
2004	215,696
2005	91,913
Thereafter	<u>1,424,651</u>
	<u>\$ 2,457,176</u>

*Defeased Bonds*

Periodically, the City will defease revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE F - LONG-TERM DEBT - Continued

2. Enterprise Fund Debt - Continued

*Defeased Bonds - Continued*

As of June 30, 2000, \$32,685,000 of outstanding bonds are considered defeased.

NOTE G - RESERVED RETAINED EARNINGS AND FUND BALANCE

At June 30, 2000, reserved retained earnings consisted of the following:

Reserved for revenue bond debt service	\$ 4,350,075
Reserved for renewal and replacement	223,283
Reserved for rate stabilization	<u>1,387,938</u>
Total reserved retained earnings	<u>\$ 5,961,296</u>

At June 30, 2000, reserved fund balance consisted of the following:

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Reserved for perpetual care	\$ 632,592	\$ -	\$ -	\$ -
Reserved for inventory	223,326	-	-	-
Reserved for long-term receivables	-	3,763,210	-	-
Reserved for prepaid expenditures	-	-	49,827	-
Reserved for capital outlay	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>3,023,665</u>
Total reserved fund balance	<u>\$ 855,918</u>	<u>\$ 3,763,210</u>	<u>\$ 49,827</u>	<u>\$ 3,023,665</u>

NOTE H - CONTRIBUTED CAPITAL

During the year ended June 30, 2000, \$990,000 in cash was contributed to the Utility Fund.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE I - 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 & 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, 2000.

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.

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 \$1,000,000 for the year ended June 30, 2000. Claims exceeding this amount are covered by a private insurance carrier.

Property & Casualty Insurance Fund

The purpose of this Fund is to pay workers' 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 aggregating up to \$600,000 for the plan year ended June 30, 2000. Claims exceeding this amount are covered by a private insurance carrier.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE I - RISK MANAGEMENT AND SELF-INSURANCE - Continued

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

	<u>Group Insurance</u>	<u>Property &amp; Casualty</u>
Liability balance, June 30, 1998	\$ 275,000	\$ 575,000
Claims and changes in estimate	2,132,682	533,463
Claims payments	<u>(2,132,682)</u>	<u>(533,463)</u>
Liability balance, June 30, 1999	275,000	575,000
Claims and changes in estimate	2,283,458	261,291
Claims payments	<u>(2,283,458)</u>	<u>(236,291)</u>
Liability balance, June 30, 2000	<u>\$ 275,000</u>	<u>\$ 600,000</u>

Changes in Coverage and Claims Paid

Neither the Group Insurance nor the Property & 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.

NOTE J - DEFINED BENEFIT PENSION PLAN

Plan Description

The City contributes as a participant to the Georgia Municipal Employees Benefit System (the System), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The System's Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of LaGrange. The Georgia Municipal Employees Benefit system issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE J – DEFINED BENEFIT PENSION PLAN - Continued

Funding Policy

The City's employees participation is noncontributory. The City is required to contribute at an actuarially determined rate; the current rate is 4.3% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the system's Board of Trustees.

Annual Pension Cost

The City's annual pension cost of \$276,160 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2000 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return and (b) projected salary increases of 5.0% for inflation and 0.5% for merit or seniority. The actuarial value of the Plan's assets was determined using a roll forward of prior years' actuarial value with contributions, disbursements and expected return on investments, plus 10% of investment gain (loss) during 10 prior years, which smoothes the effects of short-term volatility in the market value of investments. The plan's period for amortizing the initial unfunded actuarial accrued liability for 30 years for 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization periods, if applicable, are open for this plan year.

Trend Information

Trend information for the Annual Pension Cost (APC) is presented below:

<u>Funding</u>	<u>APC</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/98	\$ 361,486	100%	-
6/30/99	209,377	100	-
6/30/00	276,160	100	-

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE J – DEFINED BENEFIT PENSION PLAN - Continued

Supplementary Information

The schedule of funding progress for the Plan is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded/ (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/98	\$12,377,915	\$11,820,970	\$ (556,945)	104.7%	\$ 8,577,807	(6.5)%
1/1/99	15,152,089	12,531,586	(2,620,503)	120.9	9,266,990	(28.3)
1/1/00	16,014,153	13,487,362	(2,526,791)	118.7	10,501,209	(24.1)

NOTE K – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The following Enterprise funds have been created to provide various services to the general public:

Utility Fund – established to account for the operation of the City’s water, sewer, electrical, gas and fiber optics services.

Sanitation Fund – established to account for the operation of the City’s waste disposal activities.

Segment information for these Enterprise Funds is summarized below for the year ended June 30, 2000:

	Utility Fund	Sanitation Fund
Operating revenue	\$ 53,958,312	\$ 4,810,358
Depreciation	3,561,432	547,000
Operating income	10,149,859	1,232,846
Operating transfers out, net	(8,412,898)	(111,417)
Net income	888,291	868,219
Capital contributions	990,000	-
Property, plant and equipment additions	4,410,499	585,679
Net working capital	10,980,560	(892,236)
Total assets	139,302,948	14,208,369
Total long-term liabilities	38,581,666	8,645,467
Total equity	73,387,691	1,053,061



City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE L - 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, 2000, the outstanding debt of the Authority was approximately \$3.47 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$131,500,000 at June 30, 2000.

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, 2000, \$24,722,198 has been placed into the Trust for the benefit of the City, of which \$4,872,600 is available without restriction and \$19,899,598 is subject to restrictions. Of the \$4,872,600 approximately \$3,020,000 and \$1,852,600 has been recognized as revenue for the years ended June 30, 1999 and 2000, respectively. Due to the restricted nature of the \$19,899,598, the amount is reported as deferred revenue at June 30, 2000.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE L – COMMITMENT AND CONTINGENCIES - Continued

Guarantee of Communication System Debt

The City has guaranteed the payment of debt totaling \$9,245,000 at June 30, 2000 relating to a communication system, a portion of which is utilized by the City for communication activities.

NOTE M – JOINT VENTURES

The City has joined with Troup County, Georgia and other municipalities to create the Troup County Airport Authority for the purpose of operating the LaGrange-Callaway Airport. The City appoints four of the twelve members serving on the Authority. The operating capital budgets are funded by user fees, government grants, and appropriations from the participant governments which vary each year based on the Authority's request. The City remitted \$61,326 to the Authority during the year ended June 30, 2000. The Authority has final authority for all budgeting and financial management. The City's interest is limited to certain City owned fixed assets used by the Authority. These fixed assets are included in the general fixed assets account group.

Complete financial statement for the Troup County Airport Authority can be obtained from the Authority's administrative office at 101 Airport Parkway, LaGrange, Georgia 30240.

Under Georgia Law, the City, in conjunction with other Cities and Counties in the five county west Georgia area, is a member of the Chattahoochee-Flint Regional Development Center (the "RDC") and is required to pay annual dues thereto. During the year ended June 30, 2000, the City paid dues of \$3,606. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC 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 an RDC. Separate financial statements may be obtained from: Chattahoochee-Flint Regional Development Center, P.O. Box 1600, Franklin, Georgia 30217.

NOTE N – HOTEL / MOTEL LODGING TAX

During the year ended June 30, 2000, the City levied a 5% lodging 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 \$121,905 of lodging tax received from the City during the year ended June 30, 2000 was used for the promotion of tourism.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2000

NOTE O - 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.

NOTE P - 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 (30) years after closure. Although closure and postclosure 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 postclosure care costs over the landfill's operational period. The \$3,462,882 reported as the landfill closure and postclosure care liability at June 30, 2000 includes \$1,986,464, 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 postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The remaining amount reported as landfill closure and postclosure cost of \$1,476,418 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 postclosure cost of \$9,845,785, which is based on the current cost necessary to perform all closure and postclosure care. The City expects to close the landfill in 2015. As of June 30, 2000, 15% of this landfill's capacity had been utilized and accordingly, a liability of \$1,476,418 has been recognized. The City will recognize the remaining estimated closure and postclosure care of \$8,369,367 as the remaining capacity is used.

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**COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP  
STATEMENTS AND SCHEDULES**

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## 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,

ASSETS

	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 703,809	\$ 1,068,102
Receivables		
Taxes	337,510	356,617
Other	46,434	34,060
Inventory	223,326	189,404
Restricted cash and cash equivalents	70,164	63,657
Restricted investments	<u>562,428</u>	<u>612,000</u>
 Total assets	 <u>\$ 1,943,671</u>	 <u>\$ 2,323,840</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$ 108,560	\$ 100,268
Accrued vacation	277,917	268,294
Other accrued liabilities	<u>710,587</u>	<u>695,213</u>
 Total liabilities	 1,097,064	 1,063,775
 Fund balance		
Reserved for inventory	223,326	189,404
Reserved for perpetual care	632,592	675,657
Unreserved	<u>(9,311)</u>	<u>395,004</u>
 Total fund balance	 <u>846,607</u>	 <u>1,260,065</u>
 Total liabilities and fund balance	 <u>\$ 1,943,671</u>	 <u>\$ 2,323,840</u>



City of LaGrange, Georgia  
General Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURED  
AND CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2000</u>	<u>1999</u>
<b>Revenues</b>		
Taxes, licenses and permits	\$ 8,076,924	\$ 7,561,380
Intergovernmental	187,444	132,400
Charges for services	175,934	157,221
Fines and forfeitures	1,123,610	999,915
Investment income (loss)	39,214	(112,503)
Miscellaneous	<u>40,822</u>	<u>62,587</u>
Total revenues	9,643,948	8,801,000
<b>Expenditures</b>		
Current		
General government	1,445,092	1,412,244
Public safety	8,497,976	7,964,829
Public service	3,046,519	2,814,926
Culture and recreation	1,048,531	876,000
Community development	1,020,600	756,810
Capital outlay	<u>1,330,198</u>	<u>491,144</u>
Total expenditures	<u>16,388,916</u>	<u>14,315,953</u>
Excess of expenditures over revenues	(6,744,968)	(5,514,953)
<b>Other financing sources (uses)</b>		
Operating transfers in	6,000,000	4,750,000
Operating transfers out	(411,434)	(569,487)
Proceeds from capital lease	<u>742,944</u>	<u>169,655</u>
Total other financing sources	<u>6,331,510</u>	<u>4,350,168</u>
Excess of expenditures and other financing uses over revenues and other sources	(413,458)	(1,164,785)
Fund balance, beginning of year	<u>1,260,065</u>	<u>2,424,850</u>
Fund balance, end of year	\$ <u>846,607</u>	\$ <u>1,260,065</u>

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## SPECIAL REVENUE FUND

This fund accounts for activities carried out by the City under the terms of certain governmental grants.

Community Development Fund – to account for the revenues and expenditures provided under Title I of the Housing and Community Development Act of 1974 to provide for development of viable urban communities, including decent housing and suitable living environments and expansion of economic opportunities, principally for persons of low and moderate income.

City of LaGrange, Georgia  
Special Revenue Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 150,297	\$ 65,680
Receivables		
Notes	3,763,210	3,875,370
Intergovernmental	44,880	44,880
Accounts	<u>27,676</u>	<u>45,267</u>
Total assets	<u>\$ 3,986,063</u>	<u>\$ 4,031,197</u>

LIABILITIES AND FUND BALANCE

<b>Liabilities</b>		
Accounts payable	\$ -	\$ 45,267
Accrued vacation	5,151	1,414
Customer deposits	<u>7,762</u>	<u>6,845</u>
Total liabilities	12,913	53,526
<b>Fund balance</b>		
Reserved for long-term receivables	3,763,210	3,875,370
Unreserved	<u>209,940</u>	<u>102,301</u>
Total fund balance	<u>3,973,150</u>	<u>3,977,671</u>
Total liabilities and fund balance	<u>\$ 3,986,063</u>	<u>\$ 4,031,197</u>

City of LaGrange, Georgia  
Special Revenue Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Revenues		
Intergovernmental	\$ 159,614	\$ 252,283
Interest	64,344	51,267
Miscellaneous	<u>104,032</u>	<u>100,285</u>
Total revenues	327,990	403,835
Expenditures		
Current		
Redevelopment and housing	330,230	512,242
Administrative and management	36,695	80,340
Provision for estimated uncollectible notes receivable	<u>          -</u>	<u>55,148</u>
Total expenditures	<u>366,925</u>	<u>647,730</u>
Excess of expenditures over revenues	(38,935)	(243,895)
Other financing sources (uses)		
Operating transfers in (out)	<u>34,414</u>	<u>(34,414)</u>
Excess of expenditures and other financing uses over revenue and other financing sources	(4,521)	(278,309)
Fund balance, beginning of year	<u>3,977,671</u>	<u>4,255,980</u>
Fund balance, end of year	<u>\$ 3,973,150</u>	<u>\$ 3,977,671</u>

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## DEBT SERVICE FUND

This fund accounts for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of Proprietary Fund Types).

City of LaGrange, Georgia  
Debt Service Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	<u>2000</u>	<u>1999</u>
Cash	\$ 2,363,962	\$ 2,148,401
Prepaid interest	<u>49,827</u>	<u>49,353</u>
Total assets	<u>\$ 2,413,789</u>	<u>\$ 2,197,754</u>

LIABILITIES AND FUND BALANCE

Fund balance		
Reserved for prepaid expenditures	\$ 49,827	\$ 49,353
Unreserved	<u>2,363,962</u>	<u>2,148,401</u>
Total fund balance	<u>2,413,789</u>	<u>2,197,754</u>
Total liabilities and fund balance	<u>\$ 2,413,789</u>	<u>\$ 2,197,754</u>



City of LaGrange, Georgia  
Debt Service Fund

COMPARATIVE STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Revenues		
Interest	\$ <u>123,882</u>	\$ <u>95,194</u>
Total revenue	123,882	95,194
Expenditures		
Principal retirement	934,405	885,155
Interest	<u>78,760</u>	<u>105,720</u>
Total expenditures	<u>1,013,165</u>	<u>990,875</u>
Excess of expenditures over revenues	(889,283)	(895,681)
Other financing sources		
Operating transfers in	<u>1,105,318</u>	<u>1,326,681</u>
Total other financing sources	<u>1,105,318</u>	<u>1,326,681</u>
Excess of revenues and other financing sources over expenditures	216,035	431,000
Fund balance, beginning of year	<u>2,197,754</u>	<u>1,766,754</u>
Fund balance, end of year	\$ <u>2,413,789</u>	\$ <u>2,197,754</u>

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### CAPITAL PROJECTS FUND

This fund accounts 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).

City of LaGrange, Georgia  
Capital Projects Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	<u>2000</u>	<u>1999</u>
Cash	\$ 1,229,314	\$ 8,640
Restricted cash	3,023,665	-
Accounts receivable	<u>2,500</u>	<u>-</u>
 Total assets	 <u>\$ 4,255,479</u>	 <u>\$ 8,640</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$ 37,151	\$ 306,665
 Fund balance		
Unreserved	1,194,663	(298,025)
Reserved for capital outlay	<u>3,023,665</u>	<u>-</u>
 Total fund equity	 <u>4,218,328</u>	 <u>(298,025)</u>
 Total liabilities and fund balance	 <u>\$ 4,255,479</u>	 <u>\$ 8,640</u>

City of LaGrange, Georgia  
Capital Projects Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Revenues		
Intergovernmental	\$ 90,675	\$ 148,926
Interest	117,036	27,923
Donations	216,511	1,184,290
Miscellaneous	<u>174,920</u>	<u>2,024</u>
Total revenues	599,142	1,363,163
Expenditures		
Capital outlays	1,259,543	2,478,025
Debt service		
Principal retirement	450,000	430,000
Interest	<u>59,263</u>	<u>70,091</u>
Total expenditures	<u>1,768,806</u>	<u>2,978,116</u>
Excess of expenditures over revenues	(1,169,664)	(1,614,953)
Other financing sources (uses)		
Operating transfers in	2,000,000	900,000
Operating transfers out	(203,983)	(203,983)
Proceeds from capital leases	<u>3,890,000</u>	<u>-</u>
Total other financing sources	<u>5,686,017</u>	<u>696,017</u>
Excess of revenue and other sources over (under) expenditures and other uses	4,516,353	(918,936)
Fund balance (deficit), beginning of year	<u>(298,025)</u>	<u>620,911</u>
Fund balance (deficit), end of year	<u>\$ 4,218,328</u>	<u>\$ (298,025)</u>

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## 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.

Sanitation Fund – This fund accounts for the operation of the City’s waste disposal activities.

City of LaGrange, Georgia  
Enterprise Funds

COMBINING BALANCE SHEET

June 30, 2000

ASSETS

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 9,154,834	\$ 3,117,712	\$ 12,272,546
Receivables			
Accounts	7,115,437	427,376	7,542,813
Other	56,037	65,001	121,038
Inventory	1,257,317	4,759	1,262,076
Restricted cash	25,882,222	-	25,882,222
Fixed assets – net	95,745,241	10,558,065	106,303,306
Other assets	<u>91,860</u>	<u>35,456</u>	<u>127,316</u>
 Total assets	 <u>\$ 139,302,948</u>	 <u>\$ 14,208,369</u>	 <u>\$ 153,511,317</u>

LIABILITIES AND FUND EQUITY

Liabilities			
Accounts payable	\$ 3,650,220	\$ 20,838	\$ 3,671,058
Accrued liabilities	101,204	3,500,513	3,601,717
Deferred revenue	19,899,598	-	19,899,598
Customer deposits	830,928	2,757	833,685
Revenue bonds – current	2,485,000	425,000	2,910,000
Notes payable – current	160,570	-	160,570
Capital leases – current	206,071	560,733	766,804
Revenue bonds – long-term	36,155,623	7,191,580	43,347,203
Note payable – long-term	1,638,413	-	1,638,413
Capital leases – long-term	<u>787,630</u>	<u>1,453,887</u>	<u>2,241,517</u>
 Total liabilities	 65,915,257	 13,155,308	 79,070,565
Fund equity			
Contributed capital	28,356,527	2,137,061	30,493,588
Retained earnings (deficit)			
Reserved for revenue bond debt service	4,350,075	-	4,350,075
Reserved for renewal and replacement	223,283	-	223,283
Reserved for rate stabilization	1,387,938	-	1,387,938
Unreserved	<u>39,069,868</u>	<u>(1,084,000)</u>	<u>37,985,868</u>
 Total fund equity	 <u>73,387,691</u>	 <u>1,053,061</u>	 <u>74,440,752</u>
 Total liabilities and fund equity	 <u>\$ 139,302,948</u>	 <u>\$ 14,208,369</u>	 <u>\$ 153,511,317</u>



City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30, 2000

	Utility Fund	Sanitation Fund	Total
Operating revenues			
Water system	\$ 6,924,752	\$ -	\$ 6,924,752
Sewer system	4,815,745	-	4,815,745
Gas system	10,369,616	-	10,369,616
Electric system	30,473,645	-	30,473,645
Sanitation	-	4,810,358	4,810,358
Other	<u>1,374,554</u>	-	<u>1,374,554</u>
Total operating revenues	53,958,312	4,810,358	58,768,670
Operating expenses			
Water system	2,467,860	-	2,467,860
Sewer system	3,021,616	-	3,021,616
Gas system	7,929,265	-	7,929,265
Electric system	24,896,532	-	24,896,532
Sanitation	-	3,030,512	3,030,512
Administrative support	1,931,748	-	1,931,748
Depreciation	<u>3,561,432</u>	<u>547,000</u>	<u>4,108,432</u>
Total operating expenses	<u>43,808,453</u>	<u>3,577,512</u>	<u>47,385,965</u>
Operating income	10,149,859	1,232,846	11,382,705
Nonoperating revenues (expenses)			
Investment income	916,705	154,372	1,071,077
Other income	246,637	17,048	263,685
Interest expense	(2,009,109)	(424,630)	(2,433,739)
Other expense	<u>(2,903)</u>	-	<u>(2,903)</u>
Total nonoperating revenues (expenses)	<u>(848,670)</u>	<u>(253,210)</u>	<u>(1,101,880)</u>
Income before operating transfers	9,301,189	979,636	10,280,825
Operating transfers out	<u>(8,412,898)</u>	<u>(111,417)</u>	<u>(8,524,315)</u>
Net income	888,291	868,219	1,756,510
Retained earnings (deficit), beginning of year	<u>44,142,873</u>	<u>(1,952,219)</u>	<u>42,190,654</u>
Retained earnings (deficit), end of year	<u>\$ 45,031,164</u>	<u>\$ (1,084,000)</u>	<u>\$ 43,947,164</u>

City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2000

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Cash flows from operating activities			
Operating income	\$ 10,149,859	\$ 1,232,846	\$11,382,705
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	3,561,432	547,000	4,108,432
Gain on sale of fixed assets	(6,738)	(21,283)	(28,021)
Changes in operating assets and liabilities			
Accounts receivable	(1,931,188)	(100,289)	(2,031,477)
Inventory	(334)	(460)	(794)
Other assets	9,200	17,729	26,929
Accounts payable	1,092,761	(400,175)	692,586
Accrued vacation	5,764	-	5,764
Deferred revenue	12,120,668	-	12,120,668
Other accrued expenses	-	684,989	684,989
Customer deposits	36,817	17,048	53,865
Other nonoperating revenue, net	<u>243,734</u>	<u>(669)</u>	<u>243,065</u>
Net cash provided by operating activities	25,281,975	1,976,736	27,258,711
Cash flows from noncapital financing activities			
Operating transfers out	(8,412,898)	(111,417)	(8,524,315)
Cash flows from capital and related financing activities			
Principal payments on revenue bonds	(2,275,510)	(405,000)	(2,680,510)
Acquisition of capital assets	(4,410,499)	(585,679)	(4,996,178)
Capital lease payments	(36,639)	(546,533)	(583,172)
Proceeds from notes payable	1,139,965	-	1,139,965
Payments on notes payable	(136,925)	-	(136,925)
Interest expense	(2,009,109)	(424,630)	(2,433,739)
Disposal of capital assets	11,171	23,996	35,167
Contributed capital	<u>990,000</u>	<u>-</u>	<u>990,000</u>
Net cash used for capital and related financing activities	(6,727,546)	(1,937,846)	(8,665,392)

City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2000

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Cash flows from investing activities			
Interest income	<u>916,705</u>	<u>154,372</u>	<u>1,071,077</u>
Net increase in cash	11,058,236	81,845	11,140,081
Cash, beginning of year	<u>23,978,820</u>	<u>3,035,867</u>	<u>27,014,687</u>
Cash, end of year	<u>\$ 35,037,056</u>	<u>\$ 3,117,712</u>	<u>\$ 38,154,768</u>
Report on the balance sheet as			
Cash and certificates of deposit	\$ 9,154,834	\$ 3,117,712	\$ 12,272,546
Restricted cash	<u>25,882,222</u>	-	<u>25,882,222</u>
Total	<u>\$ 35,037,056</u>	<u>\$ 3,117,712</u>	<u>\$ 38,154,768</u>
<u>Supplemental Schedule of Noncash Investing and Financing Activities:</u>			
Equipment acquired through assumption of capital lease obligation	<u>\$ 847,122</u>	<u>\$ 729,505</u>	<u>\$ 1,576,627</u>

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	2000	1999
Cash and cash equivalents	\$ 9,154,834	\$ 10,085,045
Receivables		
Accounts	7,115,437	5,169,895
Other	56,037	70,391
Inventory	1,257,317	1,256,983
Restricted cash	25,882,222	13,893,775
Fixed assets, net	95,745,241	94,053,485
Other assets	91,860	101,060
Total assets	\$ 139,302,948	\$ 124,630,634

LIABILITIES AND FUND EQUITY

Liabilities		
Accounts payable	\$ 3,650,220	\$ 2,557,459
Accrued vacation	101,204	95,440
Deferred revenue	19,899,598	7,778,930
Customer deposits	830,928	794,111
Revenue bonds – current	2,485,000	3,030,000
Notes payable – current	160,570	184,095
Capital leases – current	206,071	36,644
Revenue bonds – long-term, net	36,155,623	37,886,133
Note payable – long-term	1,638,413	611,848
Capital leases – long-term	787,630	146,574
Total liabilities	65,915,257	53,121,234
Fund equity		
Contributed capital	28,356,527	27,366,527
Retained earnings		
Reserved for revenue bond debt service	4,350,075	4,594,293
Reserved for renewal and replacement	223,283	210,776
Reserved for rate stabilization	1,387,938	1,309,776
Unreserved	39,069,868	38,028,028
Total fund equity	73,387,691	71,509,400
Total liabilities and fund equity	\$ 139,302,948	\$ 124,630,634

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30,

	<u>2000</u>	<u>1999</u>
Operating revenues		
Water system	\$ 6,924,752	\$ 6,311,238
Sewer system	4,815,745	4,537,606
Gas system	10,369,616	9,876,480
Electric system	30,473,645	29,064,077
Other	<u>1,374,554</u>	<u>1,308,779</u>
Total operating revenues	53,958,312	51,098,180
 Operating expenses		
Water pumping and purification	1,465,043	1,195,547
Water distribution	1,002,817	930,459
Sewerage collection	688,193	653,099
Sewerage pumping and treatment	2,191,993	2,226,857
Water pollution control laboratory	141,430	172,673
Gas system	7,929,265	6,866,839
Electric system	24,896,532	23,250,437
Administrative services	1,931,748	2,239,978
Depreciation	<u>3,561,432</u>	<u>3,422,896</u>
Total operating expenses	<u>43,808,453</u>	<u>40,958,785</u>
 Operating income	10,149,859	10,139,395
 Nonoperating revenues (expenses)		
Investment income	916,705	642,003
Other income	246,637	3,263,338
Interest expense	(2,009,109)	(2,491,350)
Other expense	<u>(2,903)</u>	<u>(305,824)</u>
Total nonoperating revenues (expenses)	<u>(848,670)</u>	<u>1,108,167</u>
 Income before operating transfers	9,301,189	11,247,562
 Operating transfers in	-	34,414
Operating transfers out	<u>(8,412,898)</u>	<u>(5,644,635)</u>
Total operating transfers	<u>(8,412,898)</u>	<u>(5,610,221)</u>
 Net income	888,291	5,637,341
 Retained earnings, beginning of year	<u>44,142,873</u>	<u>38,505,532</u>
 Retained earnings, end of year	<u>\$ 45,031,164</u>	<u>\$ 44,142,873</u>

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF CASH FLOWS

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities		
Operating income	\$ 10,149,859	\$ 10,139,395
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,561,432	3,422,896
Amortization	-	143,386
Gain on sale of fixed assets	(6,738)	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,931,188)	431,533
Inventory	(334)	116,190
Other assets	9,200	1,279
Accounts payable	1,092,761	(141,001)
Accrued vacation	5,764	8,998
Deferred revenue	12,120,668	7,778,930
Customer deposits	36,817	30,901
Other revenue, net	<u>243,734</u>	<u>2,957,514</u>
Net cash provided by operating activities	25,281,975	24,890,021
Cash flows from noncapital financing activities		
Operating transfers in	-	34,414
Operating transfers out	<u>(8,412,898)</u>	<u>(5,644,635)</u>
Net cash used for noncapital financing activities	(8,412,898)	(5,610,221)
Cash flows from capital and related financing activities		
Proceeds from revenue bonds, net	-	9,540,000
Principal payments on revenue bonds	(2,275,510)	(9,195,000)
Acquisition of capital assets	(4,410,499)	(4,336,995)
Capital lease payments	(36,639)	-
Proceeds from notes payable	1,139,965	277,411
Payments on notes payable	(136,925)	(59,591)
Interest expense	(2,009,109)	(2,491,350)
Disposal of capital assets	11,171	23,173
Contributed capital	<u>990,000</u>	<u>10,000</u>
Net cash used for capital and related financing activities	<u>(6,727,546)</u>	<u>(6,232,352)</u>

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF CASH FLOWS - CONTINUED

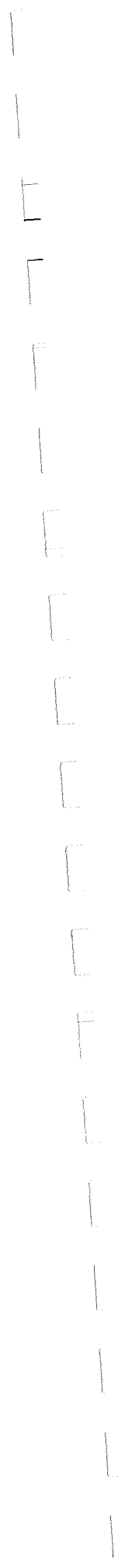
Years ended June 30,

	<u>2000</u>	<u>1999</u>
Cash flows from investing activities		
Investment income	<u>916,705</u>	<u>642,003</u>
Net increase in cash	<u>11,058,236</u>	<u>13,689,451</u>
Cash, beginning of year	<u>23,978,820</u>	<u>10,289,369</u>
Cash, end of year	<u>\$ 35,037,056</u>	<u>\$ 23,978,820</u>
Report on the balance sheet as		
Cash and certificate of deposit	\$ 9,154,834	\$ 10,085,045
Restricted cash	<u>25,882,222</u>	<u>13,893,775</u>
Total	<u>\$ 35,037,056</u>	<u>\$ 23,978,820</u>

Supplemental Schedule of Noncash Investing and Financing Activities:

Equipment acquired through assumption of capital lease obligation	\$ <u>847,122</u>	\$ <u>183,218</u>
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City of LaGrange, Georgia  
Utility Fund

COMPARATIVE SCHEDULES OF REVENUES

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Water system		
Water sales	\$ 6,678,329	\$ 6,120,691
Fire services	78,687	72,311
Connection fees	129,100	78,336
Miscellaneous	<u>38,636</u>	<u>39,900</u>
	6,924,752	6,311,238
Sewer system		
Sewer service charge	4,803,424	4,511,978
Connection fees	11,221	24,778
Miscellaneous	<u>1,100</u>	<u>850</u>
	4,815,745	4,537,606
Gas system		
Gas sales	10,324,579	9,783,984
Miscellaneous	<u>45,037</u>	<u>92,496</u>
	10,369,616	9,876,480
Electric system		
Electricity sales	29,828,039	28,538,286
Street and security lights	561,811	492,313
Miscellaneous	<u>83,795</u>	<u>33,478</u>
	30,473,645	29,064,077
Other		
Telecommunications sales	782,456	571,349
Penalties	445,614	567,499
Bad debt recoveries	188,468	213,737
Intergovernmental	13,368	17,819
Discounts to elderly	<u>(55,352)</u>	<u>(61,625)</u>
	<u>1,374,554</u>	<u>1,308,779</u>
Total operating revenues	<u>\$ 53,958,312</u>	<u>\$ 51,098,180</u>

City of LaGrange, Georgia  
Sanitation Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	2000	1999
Cash and cash equivalents	\$ 3,117,712	\$ 3,035,867
Accounts receivable	492,377	392,088
Inventory	4,759	4,299
Fixed assets, net	10,558,065	9,792,594
Other assets	35,456	53,185
Total assets	\$ 14,208,369	\$ 13,278,033

LIABILITIES AND FUND EQUITY

Liabilities		
Accounts payable	\$ 20,838	\$ 421,013
Accrued liabilities	3,500,513	2,815,524
Customer deposits	2,757	3,426
Bonds payable – current	425,000	405,000
Capital leases - current	560,733	477,055
Bonds payable - long-term, net	7,191,580	7,616,580
Capital leases – long-term	1,453,887	1,354,593
Total liabilities	13,155,308	13,093,191
Fund equity		
Contributed capital	2,137,061	2,137,061
Accumulated deficit	(1,084,000)	(1,952,219)
Total fund equity	1,053,061	184,842
Total liabilities and fund equity	\$ 14,208,369	\$ 13,278,033

City of LaGrange, Georgia  
Sanitation Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN ACCUMULATED DEFICIT

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Operating revenues		
Garbage collection	\$ 3,002,923	\$ 2,688,160
Landfill	1,706,806	1,507,475
Other	<u>100,629</u>	<u>52,086</u>
Total operating revenues	4,810,358	4,247,721
Operating expenses		
Garbage collection	1,261,598	1,667,186
Landfill	1,682,879	1,576,439
Recycling center	86,035	117,687
Depreciation	<u>547,000</u>	<u>500,261</u>
Total operating expenses	<u>3,577,512</u>	<u>3,861,573</u>
Operating income	1,232,846	386,148
Nonoperating revenues (expenses)		
Investment income	154,372	251,562
Other income	17,048	-
Interest expense	<u>(424,630)</u>	<u>(435,339)</u>
Total nonoperating revenue (expenses)	<u>(253,210)</u>	<u>(183,777)</u>
Income before operating transfers	<u>979,636</u>	<u>202,371</u>
Operating transfers out	<u>(111,417)</u>	<u>(488,576)</u>
Net income (loss)	868,219	(286,205)
Accumulated deficit, beginning of year	<u>(1,952,219)</u>	<u>(1,666,014)</u>
Accumulated deficit, end of year	\$ <u>(1,084,000)</u>	\$ <u>(1,952,219)</u>

City of LaGrange, Georgia  
Sanitation Fund

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Operating income	\$ 1,232,846	\$ 386,148
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation and amortization	547,000	500,261
Amortization	-	21,764
Gain on sale of fixed assets	(21,283)	
Changes in operating assets and liabilities:		
Accounts receivable	(100,289)	(93,825)
Inventory	(460)	(521)
Other assets	17,729	-
Accounts payable	(400,175)	144,088
Other accrued expenses	684,989	(764,817)
Other nonoperating revenue, net	17,048	-
Customer deposits	(669)	97
Net cash provided by operating activities	<u>1,976,736</u>	<u>193,195</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(585,679)	(2,288,237)
Disposal of capital assets	23,996	16,835
Capital lease payments	(546,533)	(226,060)
Principal payments on revenue bonds	(405,000)	-
Interest expense	<u>(424,630)</u>	<u>(435,339)</u>
Net cash provided by (used for) capital and related financing activities	(1,937,846)	(2,932,801)
Cash flows from noncapital financing activities:		
Operating transfers out	<u>(111,417)</u>	<u>(488,576)</u>
Net cash used for noncapital financing activities	(111,417)	(488,576)
Cash flows from investing activities:		
Investment income	<u>154,372</u>	<u>251,562</u>
Net increase (decrease) in cash	81,845	(2,976,620)
Cash, beginning of year	<u>3,035,867</u>	<u>6,012,487</u>
Cash, end of year	<u>\$ 3,117,712</u>	<u>\$ 3,035,867</u>
<u>Supplemental Schedule of Noncash Investing and Financing Activities:</u>		
Equipment acquired through assumption of capital lease obligation	<u>\$ 729,505</u>	<u>\$ 1,129,925</u>

#### INTERNAL SERVICE FUNDS

Group Insurance Program – To account for the City’s partial self-insurance of employees’ medical claims.

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

City of LaGrange, Georgia  
Internal Service Funds

COMBINING BALANCE SHEETS

June 30, 2000

ASSETS

	<u>Group Insurance Fund</u>	<u>Property &amp; Casualty Fund</u>	<u>Total</u>
Cash and cash equivalents	\$2,315,348	\$ 2,362,496	\$ 4,677,844
Deposits	<u>          -</u>	<u>      62,000</u>	<u>      62,000</u>
Total assets	<u>\$2,315,348</u>	<u>\$ 2,424,496</u>	<u>\$ 4,739,844</u>

LIABILITIES AND FUND EQUITY

Liabilities			
Claims payable	\$ <u>275,000</u>	\$ <u>600,000</u>	\$ <u>875,000</u>
Total liabilities	275,000	600,000	875,000
Fund equity			
Retained earnings	<u>2,040,348</u>	<u>1,824,496</u>	<u>3,864,844</u>
Total liabilities and fund equity	<u>\$2,315,348</u>	<u>\$ 2,424,496</u>	<u>\$ 4,739,844</u>

City of LaGrange, Georgia  
Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30, 2000

	<u>Group Insurance Fund</u>	<u>Property &amp; Casualty Fund</u>	<u>Total</u>
Operating revenues, premiums	\$2,648,738	\$ 1,021,475	\$ 3,670,213
Operating expenses			
Liability claims	-	144,717	144,717
Liability premiums	-	407,727	407,727
Medical claims	2,283,458	-	2,283,458
Reinsurance premium	9,941	-	9,941
Administrative fee	126,705	41,566	168,271
Other premiums	<u>179,711</u>	<u>-</u>	<u>179,711</u>
Total operating expenses	<u>2,599,815</u>	<u>594,010</u>	<u>3,193,825</u>
Operating income	48,923	427,465	476,388
Nonoperating revenues			
Interest	<u>156,485</u>	<u>122,165</u>	<u>278,650</u>
Total nonoperating revenues	<u>156,485</u>	<u>122,165</u>	<u>278,650</u>
Net income	205,408	549,630	755,038
Retained earnings, beginning of year	<u>1,834,940</u>	<u>1,274,866</u>	<u>3,109,806</u>
Retained earnings, end of year	<u>\$2,040,348</u>	<u>\$ 1,824,496</u>	<u>\$ 3,864,844</u>

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City of LaGrange, Georgia  
Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2000

	<u>Group Insurance Fund</u>	<u>Property &amp; Casualty Fund</u>	<u>Total</u>
Cash flows from operating activities			
Operating income	\$ 48,923	\$ 427,465	\$ 476,388
Adjustments to reconcile operating income to net cash provided by operating activities			
Claims payable and accounts payable	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Net cash provided by operating activities	48,923	452,465	501,388
Cash flows from investing activities			
Investment income	<u>156,485</u>	<u>122,165</u>	<u>278,650</u>
Net increase in cash	205,408	574,630	780,038
Cash, beginning of year	<u>2,109,940</u>	<u>1,787,866</u>	<u>3,897,806</u>
Cash, end of year	<u>\$2,315,348</u>	<u>\$ 2,362,496</u>	<u>\$ 4,677,844</u>

City of LaGrange, Georgia  
Group Insurance Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ <u>2,315,348</u>	\$ <u>2,109,940</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Claims payable	\$ <u>275,000</u>	\$ <u>275,000</u>
Total liabilities	275,000	275,000
Fund equity		
Retained earnings	<u>2,040,348</u>	<u>1,834,940</u>
Total liabilities and fund equity	\$ <u>2,315,348</u>	\$ <u>2,109,940</u>

City of LaGrange, Georgia  
Group Insurance Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Operating revenues, premiums	\$ 2,648,738	\$ 2,712,554
Operating expenses		
Medical claims	2,283,458	2,132,682
Reinsurance premium	9,941	9,927
Administrative fee	126,705	114,266
Other premiums	<u>179,711</u>	<u>192,895</u>
Total operating expenses	<u>2,599,815</u>	<u>2,449,770</u>
Operating income	48,923	262,784
Nonoperating revenues		
Interest	<u>156,485</u>	<u>112,033</u>
Total nonoperating revenues	<u>156,485</u>	<u>112,033</u>
Net income	205,408	374,817
Retained earnings, beginning of year	<u>1,834,940</u>	<u>1,460,123</u>
Retained earnings, end of year	<u>\$ 2,040,348</u>	<u>\$ 1,834,940</u>

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City of LaGrange, Georgia  
Group Insurance Fund

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities		
Operating income	\$ 48,923	\$ 262,784
Cash flows from investing activities		
Investment income	<u>156,485</u>	<u>112,033</u>
Net increase in cash	205,408	374,817
Cash, beginning of year	<u>2,109,940</u>	<u>1,735,123</u>
Cash, at end of year	<u>\$ 2,315,348</u>	<u>\$ 2,109,940</u>

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE BALANCE SHEETS

June 30,

	<u>2000</u>	<u>1999</u>
Cash and cash equivalents	\$ 2,362,496	\$ 1,787,866
Deposits	<u>62,000</u>	<u>62,000</u>
Total assets	<u>\$ 2,424,496</u>	<u>\$ 1,849,866</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Claims payable	\$ <u>600,000</u>	\$ <u>575,000</u>
Total liabilities	600,000	575,000
Fund equity		
Retained earnings	<u>1,824,496</u>	<u>1,274,866</u>
Total liabilities and fund equity	<u>\$ 2,424,496</u>	<u>\$ 1,849,866</u>

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Years ended June 30,

	2000	1999
Operating revenues, premiums	\$ 1,021,475	\$ 1,011,470
Operating expenses		
Liability claims	144,717	463,463
Liability premiums	407,727	381,721
Administrative fee	41,566	37,688
Total operating expenses	594,010	882,872
Operating income	427,465	128,598
Nonoperating revenues		
Interest	122,165	93,266
Total nonoperating revenues	122,165	93,266
Net income before operating transfers	549,630	221,864
Operating transfers out	-	(70,000)
Net income	549,630	151,864
Retained earnings, beginning of year	1,274,866	1,123,002
Retained earnings, end of year	\$ 1,824,496	\$ 1,274,866

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities		
Operating income	\$ 427,465	\$ 128,598
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities		
Claims payable and accounts payable	<u>25,000</u>	<u>-</u>
Net cash provided by operating activities	452,465	128,598
Cash flows from investing activities		
Investment income	122,165	93,266
Cash flows from financing activities		
Transfers out	<u>-</u>	<u>(70,000)</u>
Net increase in cash	574,630	151,864
Cash, beginning of year	<u>1,787,866</u>	<u>1,636,002</u>
Cash, end of year	\$ <u>2,362,496</u>	\$ <u>1,787,866</u>



## ACCOUNT GROUPS

General Fixed Assets – Represents a summary of the fixed assets of the City, other than those fixed assets which are accounted for in the Enterprise Funds. Fixed assets generally include items of a nonexpendable nature presumed to have a useful life in excess of one year and represent a monetary investment large enough to warrant maintaining records of the items. These assets are recorded at cost or at amounts considered by management to represent estimated historical cost. The City has elected not to include their public domain or infrastructure general fixed assets in the general fixed asset account group.

City of LaGrange, Georgia  
General Fixed Assets

COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS – BY SOURCE

June 30, 2000

	<u>2000</u>	<u>1999</u>
General fixed assets:		
Land and land improvements	\$ 4,981,066	\$ 4,981,066
Buildings	6,588,761	6,031,623
Furniture and fixtures	130,195	130,196
Machinery and equipment	4,046,510	3,823,656
Vehicles	3,757,364	2,840,753
Other	<u>14,618,335</u>	<u>13,970,711</u>
Total general fixed assets	<u>\$ 34,122,231</u>	<u>\$ 31,778,005</u>
Investment in general fixed assets from:		
General fund revenues	\$ 10,749,772	\$ 9,697,798
General obligation bonds	3,000,000	3,000,000
Capital projects fund	14,245,637	13,169,596
Special revenues funds	2,623,757	2,623,757
Donations	<u>3,503,065</u>	<u>3,286,854</u>
Total investment in general fixed assets	<u>\$ 34,122,231</u>	<u>\$ 31,778,005</u>

City of LaGrange, Georgia  
General Fixed Assets

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

June 30, 2000

	Total	Land and Improvements	Buildings	Furniture and Fixtures	Machinery and Equipment	Vehicles	Other
Health facilities	\$ 28,333	-	-	-	-	-	\$ 28,333
Highway safety project	187	-	-	187	-	-	-
Other	3,835,425	614,107	-	-	-	-	3,221,318
Miscellaneous and real estate	2,394,835	1,807,310	587,525	-	-	-	-
General government	5,181,190	363,388	2,936,897	59,584	1,621,150	101,850	98,321
Police department	3,454,094	25,244	1,409,343	46,474	829,296	1,111,737	32,000
Fire department	2,243,367	-	693,281	1,768	454,489	1,084,658	9,171
Animal control	23,231	-	-	-	5,703	17,528	-
Community service	3,636	-	-	-	-	3,636	-
Meditation center	17,613	-	-	2,819	14,794	-	-
Lights, meters and traffic control	27,538	-	-	-	14,245	-	13,293
Engineering and supervision	134,583	-	-	2,418	31,302	49,227	51,636
Parks and cemeteries	2,247,423	609,070	71,889	1,030	217,589	425,226	922,619
Streets	3,122,071	357,045	857	10,777	554,409	603,341	1,595,642
Recreation	3,675,876	1,128,665	135,054	5,138	27,110	18,886	2,361,023
Swimming pool	24,229	-	-	-	405	-	23,824
Airport	4,359,001	76,237	476,240	-	58,780	-	3,747,744
West Georgia Medical	479,480	-	-	-	-	-	479,480
Community and economic development	188,640	-	-	-	40,236	91,104	57,300
School system	250,000	-	250,000	-	-	-	-
Garage	2,246,770	-	27,675	-	177,002	65,462	1,976,631
Trash and refuse	184,709	-	-	-	-	184,709	-
<b>Total</b>	<b>\$ 34,122,231</b>	<b>\$ 4,981,066</b>	<b>\$ 6,588,761</b>	<b>\$ 130,195</b>	<b>\$ 4,046,510</b>	<b>\$ 3,757,364</b>	<b>\$ 14,618,335</b>

City of LaGrange, Georgia  
General Fixed Assets

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION AND ACTIVITY

Year ended June 30, 2000

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Health facilities project	\$ 28,333	\$ -	\$ -	\$ 28,333
Highway safety	187	-	-	187
Other	3,835,425	-	-	3,835,425
Miscellaneous real estate	2,394,835	-	-	2,394,835
General government	4,511,802	669,388	-	5,181,190
Police department	3,027,959	426,135	-	3,454,094
Fire department	1,940,042	303,325	-	2,243,367
Animal control	23,231	-	-	23,231
Community service	3,636	-	-	3,636
Mediation center	9,113	8,500	-	17,613
Lights, meters and traffic control	27,538	-	-	27,538
Engineering and supervision	111,737	22,846	-	134,583
Parks and cemeteries	2,099,071	198,696	50,344	2,247,423
Street	2,505,524	662,838	46,291	3,122,071
Recreation	3,634,190	52,003	10,317	3,675,876
Swimming pool	24,229	-	-	24,229
Airport	4,359,001	-	-	4,359,001
West Georgia Medical	479,480	-	-	479,480
Community and economic development	174,860	13,780	-	188,640
School system	250,000	-	-	250,000
Garage	2,238,096	18,030	9,356	2,246,770
Trash and refuse	99,716	84,993	-	184,709
<b>Total</b>	<b><u>\$ 31,778,005</u></b>	<b><u>\$2,460,534</u></b>	<b><u>\$ 116,308</u></b>	<b><u>\$ 34,122,231</u></b>

# STATISTICAL SECTION

*La*GRANGE

*georgia*

S M A R T M O V E ®

**STATISTICAL SECTION**  
**(Unaudited)**

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These tables reflect social economic data, financial trends and the fiscal capacity of the government.

City of LaGrange, Georgia

GENERAL GOVERNMENTAL EXPENDITURES FOR SELECTED FUNCTIONS (1)

LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year Ending June 30.	General Government	Public Safety	Public Services*	Culture and Recreation	Education	Community Development	Capital Outlays	Debt Service	Total
1991	\$ 979,247	\$ 6,195,490	\$ 4,530,645	\$ 501,439	\$ 6,375,478	\$ 619,353	\$ 15,976	\$ 434,908	\$ 19,652,536
1992	984,971	6,122,687	2,186,150	383,511	6,568,800	474,892	44,295	751,833	17,517,139
1993	1,113,410	6,342,029	2,473,491	547,754	6,956,200	634,873	445,879	905,386	19,419,022
1994	1,034,668	5,928,482	2,513,548	645,791	7,323,591	745,981	440,323	979,280	19,611,664
1995	1,182,015	6,342,556	2,438,617	650,397	410,509	1,615,425	321,528	1,244,926	14,205,973
1996	1,224,502	6,321,070	2,660,278	806,675	400,000	3,222,425	173,946	1,166,302	15,975,198
1997	1,556,769	6,688,297	2,455,546	874,449	400,000	1,888,673	161,137	1,122,401	15,147,272
1998	1,337,076	7,691,045	2,722,215	876,100	-	6,103,804	1,044,540	1,055,419	20,830,199
1999	1,412,244	7,964,829	2,814,926	876,000	-	1,404,540	491,144	990,875	15,954,558
2000	1,445,092	8,497,976	3,046,519	1,048,531	-	1,387,525	1,330,198	1,013,165	17,769,006

(1) Includes the general, special revenue and debt service funds.

\* Sanitation expenditures were included in public services through 1991.

N/A Information not available

Source Audited financial statements.



City of LaGrange, Georgia

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN YEARS

Fiscal Year Ending June 30,	Taxes Licenses and Permits	Intergovernmental	Charges for			Investment Income**	Miscellaneous	Total
			Services*	Fines and Forfeitures				
1991	\$ 10,023,470	\$ 216,614	\$ 1,179,015	\$ 250,906	\$ 108,779	\$ 190,488	\$ 11,969,272	
1992	10,266,316	142,470	210,597	448,343	80,008	340,497	11,488,231	
1993	11,009,287	54,377	247,116	350,569	85,945	294,524	12,041,818	
1994	11,416,150	161,900	248,431	17,250	155,884	195,912	12,195,527	
1995	6,677,051	924,161	174,549	18,415	178,366	122,023	8,094,565	
1996	6,989,353	2,125,549	230,222	9,080	160,248	392,151	9,906,603	
1997	7,056,705	894,024	175,434	377,164	124,811	539,798	9,167,936	
1998	7,344,338	1,322,241	147,316	1,129,764	248,790	493,944	10,686,393	
1999	7,561,380	384,683	157,221	999,915	(11,571)	208,401	9,300,029	
2000	8,076,924	347,058	175,934	1,123,610	227,440	144,854	10,095,820	

(1) Includes the general, special revenue and debt service funds.

\* Sanitation revenues were included in charges for services through 1991.

\*\* Appreciation/depreciation of the fair value of investments included beginning 1998.

Source: Audited financial statements

City of LaGrange, Georgia

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS  
(Unaudited)

Fiscal Year Ending June 30, ___	Tax Year	Total Tax Levy	Current Tax Collection	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Levy
1991	1990	\$ 4,463,900	\$ 4,384,636	98.2	\$ 51,113	\$ 4,435,949	99.4	\$ 4,840	0.1
1992	1991	4,806,362	4,766,669	99.2	27,322	4,793,991	99.7	3,735	9.1
1993	1992	5,148,804	5,157,480	100.2	178	5,157,548	100.2	-	N/A
1994	1993	5,241,090	5,267,665	100.5	15,130	5,282,795	100.8	-	N/A
1995	1994	275,938	280,833	101.8	13,789	294,622	110.4	5,401	2.0
1996	1995	274,423	273,107	99.5	14,225	287,332	104.7	1,548	0.6
1997	1996	288,257	284,314	99.3	2,359	286,723	99.5	1,943	0.7
1998	1997	305,756	285,843	93.5	11,920	297,763	97.4	-	N/A
1999	1998	-	-	-	8,100	8,100	-	-	N/A
2000	1999	-	-	-	4,701	4,701	-	-	N/A

Source: Troup County Tax Assessor/Tax Commissioner and City of LaGrange financial statements.

City of LaGrange, Georgia

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(Unaudited)

<u>Tax Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
1991	\$ 451,121,700	\$ 1,127,801,750	40
1992	491,767,293	1,229,418,232	40
1993	500,581,695	1,251,454,237	40
1994	525,595,686	1,313,989,215	40
1995	551,875,470	1,379,688,675	40
1996	548,846,682	1,372,116,705	40
1997	611,507,683	1,528,769,207	40
1998	654,879,615	1,637,199,037	40
1999	704,891,891	1,762,229,728	40
2000	734,031,598	1,835,078,995	40

Source: Troup County Tax Assessor

City of LaGrange, Georgia

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS  
(Unaudited)

Tax Year	City	Troup County (1)	Subtotal	Downtown Development Authority Tax (2)	Total
1991	10.47	8.85	19.32	3.00	22.32
1992	10.47	8.51	18.98	3.50	22.48
1993	10.47	8.59	19.06	3.50	22.56
1994	0.50	27.65	28.15	3.50	31.65
1995	0.50	29.24	29.74	3.50	33.24
1996	0.50	28.52	29.02	3.50	32.52
1997	0.50	25.86	26.36	3.50	29.86
1998	0.00	26.86	26.86	3.50	30.36
1999	0.00	26.86	26.86	4.00	30.86
2000	0.00	26.86	26.86	4.00	30.86

(1) Rates for incorporated area only. Beginning in 1994, rates reflect the merging of the City School System into the County School System.

(2) Applied only to commercial property located in the downtown business district.

Note: Tax rate per \$1,000 of assessed valuation.

Source: Troup County Tax Commissioner

City of LaGrange, Georgia

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2000

Approximate assessed valuation \$ 734,031,598

Debt limit: 10% of assessed value (1) \$ 73,403,160

Amount of debt applicable to debt limit \_\_\_\_\_

Legal debt margin \$ ~~660,628,438~~

73,403,160

(1) State of Georgia constitutional unit.

Source: Troup County Tax Assessor

City of LaGrange, Georgia

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS  
(Unaudited)

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1991	25,981	\$ 451,120,700	\$ 2,536,192	.006	98
1992	26,365	493,064,488	3,798,077	.008	144
1993	26,752	500,581,695	3,708,070	.007	139
1994	27,032	525,595,686	3,322,470	.006	123
1995	27,390	551,875,470	2,362,563	.004	86
1996	27,664	590,582,394	1,791,077	.003	65
1997	27,941	611,512,279	1,319,814	.002	47
1998	28,220	654,879,615	-	-	-
1999	28,502	704,891,891	-	-	-
2000	28,786	734,031,598	-	-	-

Source: (1) 1990 U.S. Census; years through 1993 Troup County Planning Commission; 1994 State of Georgia Office of Planning and budget; 1995 - 1999 LaGrange Planning Office.

(2) Troup County Tax Assessor

(3) City of LaGrange (Gross bonds, less available cash)

City of LaGrange, Georgia

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS  
(Unaudited)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to General Expenditures</u>
1991	\$ 180,000	\$ 71,561	\$ 251,561	\$ 19,652,536	1.3
1992	190,000	62,080	252,080	17,517,139	1.4
1993	205,000	52,372	257,372	19,419,022	1.3
1994	215,000	41,771	256,771	19,611,664	1.3
1995	230,000	30,500	260,500	14,205,973	1.8
1996	240,000	18,750	258,750	15,975,198	1.6
1997	255,000	6,700	261,700	15,147,272	1.7
1998	-	-	-	N/A	-
1999	-	-	-	N/A	-
2000	-	-	-	N/A	-

(1) Includes General, Special Revenue and Debt Service Funds.

Source: Prior and current year audited financial statements.

City of LaGrange, Georgia

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2000  
(Unaudited)

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of LaGrange</u>	<u>Amount Applicable to City of LaGrange</u>
City of LaGrange	\$ -	100%	\$ -
Troup County	-	N/A	-
LaGrange Development Authority	1,405,000	100%	1,405,000

Source: Financial statements for each of the above entities.



City of LaGrange, Georgia

REVENUE BOND COVERAGE  
WATER AND SEWER BONDS

LAST TEN FISCAL YEARS  
(UNAUDITED)

	<u>Net Revenue Available for Debt Service</u>		<u>Debt Service Requirements</u>			<u>Revenue Bond Coverage (3)</u>	
	<u>Total Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>
1991	\$ 8,864,712	\$ 4,539,327	\$ 4,325,385	\$ 365,000	\$ 1,985,534	\$ 2,350,534	1.84
1992	8,808,255	4,137,531	4,670,724	960,000	2,806,866	3,766,866	1.24
1993	9,563,851	4,568,656	4,995,195	1,015,000	2,611,713	3,626,713	1.38
1994	10,433,570	5,199,415	5,234,155	1,515,000	1,049,042	2,564,042	2.04
1995	10,573,076	5,048,184	5,524,892	1,595,000	2,563,845	4,158,845	1.33
1996	12,143,227	5,379,615	6,763,612	1,688,000	2,489,306	4,177,306	1.62
1997	11,404,693	5,748,489	5,656,204	1,785,000	2,390,764	4,175,764	1.35
1998	11,440,383	5,676,435	5,763,948	1,895,000	2,255,013	4,150,013	1.39
1999	11,538,561	5,757,190	5,781,371	2,375,000	1,963,583	4,338,583	1.33
2000	12,516,694	5,970,708	6,545,986	2,485,000	1,816,438	4,301,438	1.52

(1) Operating and nonoperating revenue available for debt service.

(2) Operating expenses other than interest on debt, depreciation and amortization.

(3) 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.

Source: Prior and current year audited financial statements.

City of LaGrange, Georgia

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS  
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1991	25,981	\$ 13,024	31.9	4,683	5.6%
1992	26,365	13,445	32.0	4,750	6.3%
1993	26,752	14,347	32.0	4,735	8.5%
1994	27,032	14,997	32.9	4,582	7.7%
1995	27,390	16,978	32.9	10,779	6.4%
1996	27,664	17,657	33.3	11,283	7.8%
1997	27,941	18,187	33.3	11,112	6.9%
1998	28,220	18,733	33.6	11,082	7.1%
1999	28,502	19,295	33.6	11,299	6.8%
2000	28,786	19,873	34.0	11,653	5.4%

Source: (1) 1990 U.S. Census: years 1991 through 1993 Troup County Planning Commission; 1994 State of Georgia Office of Planning and budget; 1995 - 1999 LaGrange Planning Office.

(2) LaGrange Board of Education through 1993; thereafter, Troup County Board of Education

(3) Troup County Department of Labor, (latest completed calendar year, 1994 - 1995 is for all Troup County, other years are for City of LaGrange only)

City of LaGrange, Georgia

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Property Value (1)		Residential Construction (2)		Commercial Construction (2)		Commercial Bank Deposits (3) (In Thousands)
	Industrial and Commercial (4)	Residential	Number of Units	Value	Number of Units	Value	
1991	\$ 275,273,090	\$ 417,602,960	52	\$ 4,183,635	10	\$ 17,008,314	\$ 469,888
1992	188,421,532	409,907,123	46	48,616,120	13	1,646,709	469,790
1993	185,106,838	414,720,730	34	3,026,465	16	5,938,450	472,099
1994	190,259,100	422,670,758	241	8,152,278	15	7,715,505	467,622
1995	321,032,152	422,255,837	261	4,434,769	73	36,130,319	490,990
1996	321,032,152	422,255,837	306	10,094,911	96	33,761,076	484,057
1997	373,473,143	446,028,990	322	14,466,711	52	14,825,891	497,505
1998	387,943,133	466,970,520	323	10,732,467	150	11,953,068	N/A
1999	1,189,456,733	506,977,440	311	16,659,244	173	79,689,819	N/A
2000	1,236,106,650	529,640,810	363	22,558,200	147	13,738,656	N/A

Source: (1) Troup County Tax Assessor/Tax Commissioner.

(2) City of LaGrange Building Permit records; beginning in 1994, residential figures include residential additions; commercial figures include industrial construction, additions to structures also included for commercial industry construction.

(3) Federal Reserve System. This information reflects commercial bank activity only. Balances presented represent latest completed calendar year, i.e. fiscal year 1991 deposits is for calendar year 1990.

(4) Values through 1998 include commercial only; beginning in 1999 values include commercial and industrial, less freeport exemptions.

City of LaGrange, Georgia

PRINCIPAL TAXPAYERS

June 30, 2000  
(Unaudited)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Real and Personal Property Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Milliken and Company	Textiles	\$ 82,521,591	11%
Kimberly-Clark Corp.	Non-woven fabric	32,677,050	4%
Mobil Chemical Co.	Packaging	25,790,274	4%
SPC - Shorewood	Packaging	22,236,517	3%
NOK, Inc.	Oil Seals	19,566,990	3%
Duracell	Batteries	18,026,492	2%
West Point Stevens	Textiles	15,908,650	2%
Inflating Systems	Automotive	14,650,026	2%
Interface, Inc.	Carpet	12,197,518	2%
LaGrange Moulding	Automotive	7,040,676	1%
All other taxpayers		<u>483,415,814</u>	66%
		\$ 734,031,598	100%

Note: These are assessed value for calendar year 1999

Source: Troup County Tax Assessor

City of LaGrange, Georgia

MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2000  
(Unaudited)

Date of incorporation	1828
Form of government	Council-Manager
City limits area	29.4 square miles
Population (1999 estimate)	28,786
Number of employees:	
Full time	399
Part time	<u>201</u>
Total employees	600
Electric customers, June 2000	12,300
Gas customers, June 2000	9,256
Water customers, June 2000	16,851
Sewer customers, June 2000	10,781
Utilities sales July 1999 – June 2000:	
Electric sales	29,954,930
Gas sales	10,322,393
Water sales (1,000 gallons)	6,710,962
Garbage customers, June 2000	
Residential	10,284
Commercial/Industrial	802

Source: City of LaGrange

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# SINGLE AUDIT SECTION

*L*AGRANGE

*georgia*

S M A R T M O V E ®



SINGLE AUDIT REPORTS

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor  
Members of the City Council  
The City of LaGrange, Georgia

We have audited the financial statements of the City of LaGrange, Georgia (the "City") as of and for the year ended June 30, 2000, and have issued our report thereon dated August 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the Mayor and City Council, management and others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified users.

*Grant Thornton LLP*

Atlanta, Georgia  
August 11, 2000

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor  
Members of the City Council  
The City of LaGrange, Georgia

Compliance

We have audited the compliance of the City of LaGrange, Georgia (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The City's major federal programs is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the City as of and for the year ended June 30, 2000, and have issued our report thereon dated August 11, 2000. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by OMB Circular A-133, and the accompanying project cost schedules and source and application of funds schedules are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor and City Council, management and others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified users.

*Grant Thornton LLP*

Atlanta, Georgia  
August 11, 2000

City of LaGrange, Georgia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2000

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Summer Food Program	10.555	S99-08016	\$ 58,869
U.S. Department of Health and Human Services Passed-through Georgia Department of Human Resources Social Service Block Grant	93.667	427-93-02018	61,100
Chattahoochee - Flint RDC	93.044	04-141-00	<u>69,118</u>
Total U.S. Department of Health and Human Services			130,218
U.S. Department of Housing and Urban Development Passed-through Georgia Department of Community Affairs Community Home Investment Program (CHIP)	14.239	96m-x-141-276-011	59,125
U.S. Department of Justice Local Law Enforcement Block Grant	16.579	98-00-LLEBG	66,466
Local Law Enforcement Block Grant	16.579	99-01-LLEBG	64,330
Bullet Proof Vest Partnership Grant	16.607	15-04-001	<u>6,300</u>
Total U.S. Department of Justice			137,096
U.S. Department of Transportation Highway Safety Grant	20.600	CP-99-14-202	9,464
Highway Safety Grant	20.600	CP-99-14-202	<u>32,775</u>
Total U. S. Department of Transportation			<u>42,239</u>
Grand total			<u>\$ 427,547</u>

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City of LaGrange, Georgia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2000

Note A – Significant Accounting Policies

This schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the City's general purpose financial statements.

Note B – Loans Outstanding

The City had the following loan balances outstanding at June 30, 2000.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Community Development		
Block Grants - State's Program	14.228	\$ 172,192
Other		\$ 147,494
HODAG		\$ 7,499,554

Note C – Subrecipients

The City provided the following amounts to subrecipients.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Summer Food Program	10.555	\$ 58,869
Community Home Investment Program	14.305	\$ 59,125
Social Service Block Grant	93.667	\$ 61,100
Chattahoochee - Flint RDC	93.044	\$ 69,118

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City of LaGrange, Georgia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2000

**Section I - Summary Of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified.

Internal control over financial reporting:

Material weakness identified? No.

Reportable conditions not considered to be material weakness? None reported

Noncompliance material to financial statements reported? No.

*Federal Awards*

Internal control over major program:

Material weaknesses identified? No.

Reportable conditions not considered to be material weakness? None reported

Type of auditors' report on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No.

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.579	Local Law Enforcement Block Grant - 98-00-LLEBG
16.579	Local Law Enforcement Block Grant - 99-01-LLEBG

The threshold used to distinguish between Types A and B programs: \$300,000.

Auditee qualified as a low-risk auditee? Yes.

**Section II - Financial Statement Findings**

There were no financial statement findings.

**Section III - Federal Award Findings and Questioned Costs**

There were no financial statement findings.





