

# CITY OF LAGRANGE, GEORGIA

## Comprehensive Annual Financial Report Year ended June 30, 2001





CITY OF LAGRANGE, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2001

PREPARED BY:  
DEPARTMENT OF FINANCE

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# INTRODUCTORY SECTION

*La*GRANGE *georgia*

S M A R T M O V E ®



November 1, 2001

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, 2001 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 over 26,000 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 a dozen Fortune 50 and Fortune 500 companies.

The economic condition and outlook for LaGrange remains cautiously optimistic but steady due to the diversity of industry here. The City's local option sales tax receipts increased just under 1.5% from last year; however, the City's revenues from utility sales increased just under 19%, as discussed in the Financial Information - Enterprise Fund Section.

The unemployment rate for LaGrange for FY 2001 increased 1.3% over last year, and is an indicator of a more cautious business and industrial community. The seven Georgia counties (Carroll, Coweta, Harris, Heard, Meriwether, Talbot and Troup) contain over 135,000 people available 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 26, 2001 contains estimated expenses of \$82,952,009.

City expenses are budgeted to be up \$11.9 million over last year with approximately 73% of the increase coming as a result of huge increases in the wholesale cost of natural gas and increase in the electric costs as a result of demand for increase electricity by commercial and industrial customers. Increased gas and electric revenues offset the cost increases.

The City's projected combined funds balance for fiscal-year ending June 30, 2002 is \$7,313,650, down over \$1.5 million as a result of the increased gas and electric expenses discussed above. The year end cash balance is also lower because the City is required to invest approximately \$3.5 million to construct the next cell in the federally mandated "subtitle D" landfill. The cash balance does not include approximately \$2.5 million set aside for utility relocation for two road widening and improvement projects and associated water line relocation. Further, the City has set aside almost \$5 million in property/liability and health insurance self-insurance funds.

Another source of restricted cash is in the form of monies set aside in the Municipal Electric Authority of Georgia (MEAG) Municipal Competitive Trust Fund and other City accounts for electric rate stabilization. These funds are restricted and are to be used for rate stabilization purposes only in order to assure LaGrange's competitive place in a deregulated electric environment. These funds, along with over \$25 million in MEAG Competitive Trust monies will provide necessary to protect LaGrange from stranded investment exposure and allow us to be competitive in customer marketing.

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's diversified service offerings and enterprises, including telecommunications services, revenues from Municipal Court, Probation and Collection services and residential and commercial sanitation services, now earn money for the community and the additional income earned from these activities lessens the reliance on electric profits to support General Fund activities.

In addition to these alternate sources of revenue, one advantage of diversifying our service offerings is the future opportunity to bundle services when competing for electric customers. In the future, the City will be able to present a potential customer with a package of services including electricity, natural gas, sanitation services, water and sewer service, advanced telecommunication services and internet access. This flexibility should result in a higher success rate for these residential, commercial and industrial customers.

Last year, the City decided to provide free broadband internet access to every home in LaGrange. The City minimized its expense for this project by partnering with Charter Communications who will pay fees to the City for installation of the digital set-top converter boxes installed in customers homes. At the beginning of the 2001-2002 fiscal year, the City made the decision to extend the program for an additional twelve months. The worldwide exposure to this project has been very positive for LaGrange and should continue to result in continued interest and additional investment in our community.

This is also the second year under the State of Georgia Service Delivery Strategies Act, which requires that the cost of services be absorbed by the political jurisdiction whose citizens primarily benefit from the service. Savings in the City's cost for County inmate work crews and funding for Parks and Recreation, Airport and Library services will again result in a \$1.3 million reduction in City expenses for these services. City residents will also benefit from these savings because they will no longer have to pay the cost of many of these services through their County tax bills.

### **FISCAL YEAR 2001-2002 REVENUES**

Again this year, the net tax rate for City residents will be 0. This is possible because General Fund expenses are supported by net revenues from the City's utility system. Other General Fund taxes, including Local Option Sales Tax, Alcoholic Beverage Taxes, Licenses and Occupation Taxes should be similar to the previous year. Likewise, Franchise Taxes are not estimated to change significantly from their prior year. Municipal Court fines and Municipal Probation service fees are expected to remain at prior year levels.

The Utility Fund contribution into the General Fund is budgeted at \$6,500,000 for 01-02, up \$500,000 from the prior year. The Utility Fund contribution to the General Capital Improvements Fund is budgeted at \$1.5 million, up \$500,000 from 00-01.

Utility Fund budgeted revenue is down slightly (just over .50%) over the prior year. The proposed areas of decrease include about \$600,000 in State water improvement grants, slightly over \$2 million decrease in gas sales, about \$50,000 decrease in utility penalties and late fees. Areas of increase include about \$80,000 in earned interest, about \$650,000 increase in electric revenues and about \$980,000 in telecommunications system revenue.

Sanitation Fund revenues are expected to increase a modest \$80,000, or about 1.5%. Similar to last year, growth in the Sanitation Fund has leveled off following substantial gains in the City's market share in the past years coupled with the fact that the City has not attempted to grow the sanitation business outside the immediate Troup County area. Net revenues are more than adequate to provide funds to meet the City's obligations with regards to the new landfill construction

### **FISCAL YEAR 2001-2002 EXPENDITURES**

As discussed above, total spending on City operations is budgeted to decrease from actual 00-01 expenses by almost \$1.5 million.

The City merit system, as in past years, is totally funded in this budget and includes money to provide an average of 5% pay increases based on merit. Employee healthcare, workers compensation and liability insurance are all included in this budget at prior year levels. The City's health insurance fund and liability fund are both financially sound and health and liability claims are not anticipated to increase during the year.

Total City employment is expected to remain at the level of the previous fiscal year, and is consistent with the City's multi-year goal of keeping operating costs at minimum levels while not sacrificing customer service.

As mentioned above, total Utility Fund expense is expected to decrease approximately 3% in the wake of wholesale gas prices decreasing from last years record highs.

Sanitation Fund expenses are budgeted to increase approximately \$3.2 million due almost entirely to the federally mandated construction of a new cell in the City's "subtitle D" landfill.

### **CONCLUSION**

The City's 2001-2002 budget, with the exception of electric and gas revenues and expenses as previously discussed and "subtitle D" landfill construction is in line with the prior year budget. There is a minimum amount of new equipment purchased and street and utility construction proposed. However, repair and maintenance funds are fully budgeted to assure high quality utility and telecommunications services to the City's customers. The estimated year end cash balances continue to reflect the City's stable financial condition and provide financial stability which enables LaGrange to continue providing high quality services at affordable competitive prices.

## **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, 2001, 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, 2001 and the amount and percentage of increases and decreases in relation to the prior year's revenue.



Revenues	Amount	% of Total	Increase (Decrease) from 2000	Percent of Increase (Decrease)
Taxes, Licenses and Permits	8,253,038	73.23	176,114	2.18
Intergovernmental	303,031	2.69	(134,702)	(30.77)
Charges for services	263,893	2.34	87,959	50.00
Fines	1,270,246	11.27	146,636	13.05
Investment Income	211,405	1.88	(133,071)	(38.63)
Donations	390,000	3.46	173,489	80.13
Miscellaneous	577,965	5.13	258,191	80.74
TOTAL	11,269,578	100.00	574,616	5.37

As shown above, taxes, licenses and permits revenue was up just over \$175,000, with about 1/3 of the gain being credited to increases in the collection of local option sales tax revenue. Slight gains were also recorded in license and occupational taxes, franchise fees and building permit fees. Revenue from charges for services more than doubled due to a Police Services Agreement generating about \$115,000 in new revenue.

Fines and Forfeitures revenue grew by almost \$150,000, or about 13%, as a result of the City Municipal Court Probation Office completing its first full year of operation.

Expenditures	Amount	% of Total	Increase (Decrease) from 1999	Percent of Increase (Decrease)
General Government	1,305,100	5.82	(137,992)	(9.69)
Public Safety	8,750,529	39.01	252,553	2.97
Public Services	2,962,267	13.20	(84,252)	(2.77)
Culture and Recreation	981,100	4.37	(67,431)	(6.43)
Community Development	1,231,218	5.49	(156,307)	(11.27)
Capital Outlay	5,936,643	26.46	3,346,902	129.24
Debt Service	1,266,869	5.65	(255,559)	(16.79)
TOTAL	22,433,726	100.00	2,895,914	14.82

Governmental funds expenses coupled with Capital Projects Funds expenses increased by almost \$2.9 million due to growth in public safety expenses of over \$250,000 and capital outlays expense increase of over \$3.3 million offset by decreases in general government, public services, community development and culture and recreation expense of \$450,000 and a decrease in debt service of slightly over \$250,000.

The above schedule presents a summary of governmental funds and Capital Projects Fund expenditures for fiscal year ended June 30, 2001, and the percentage of increases and decreases in relation to the prior year amounts.

#### **Enterprise Fund:**

Total Utility Fund revenue (electricity, gas, water, sewer and telecommunications) increased by over 21% or about \$11.4 million while Sanitation Fund revenues grew by almost 6% at \$277,213. Water and sewer revenues shrunk by just over \$300,000, gas revenues had tremendous gains of over \$9.2 million (up 88%) and electric system revenues grew by about \$3.9 million (up just under 13%). Overall, total Enterprise Funds operating income was at down from the prior year by \$3.5 million due to huge increases in wholesale gas prices caused by the extremely cold winter and resultant gas shortages; however, increases in the non-operating revenue of over \$800,000 brought "income before transfers" to within 95% of the prior year level.

#### **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, 2001, the general long term debt balance was \$6,100,405, consisting of \$490,000 in General Fund bonds which were issued to purchase property to be used for industrial development purposes, and \$5,610,405 in capital leases. Enterprise Fund debt included \$36,470,000 in water and sewer bonds and \$7,240,000 in solid waste bonds, less \$389,274 in unamortized discounts. Outstanding debt in the Enterprise Fund also included capital leases of \$2,660,301 and notes payable of \$2,252,710 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 3.78% and 6.20% 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, 2000. This was the thirteenth 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.

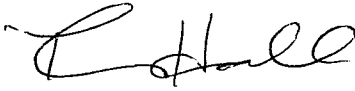
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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**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, 2000

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.



*Anne Spray Kinney*  
President

*Jeffrey L. Essler*  
Executive Director

City of LaGrange, Georgia  
LIST OF PRINCIPAL OFFICIALS

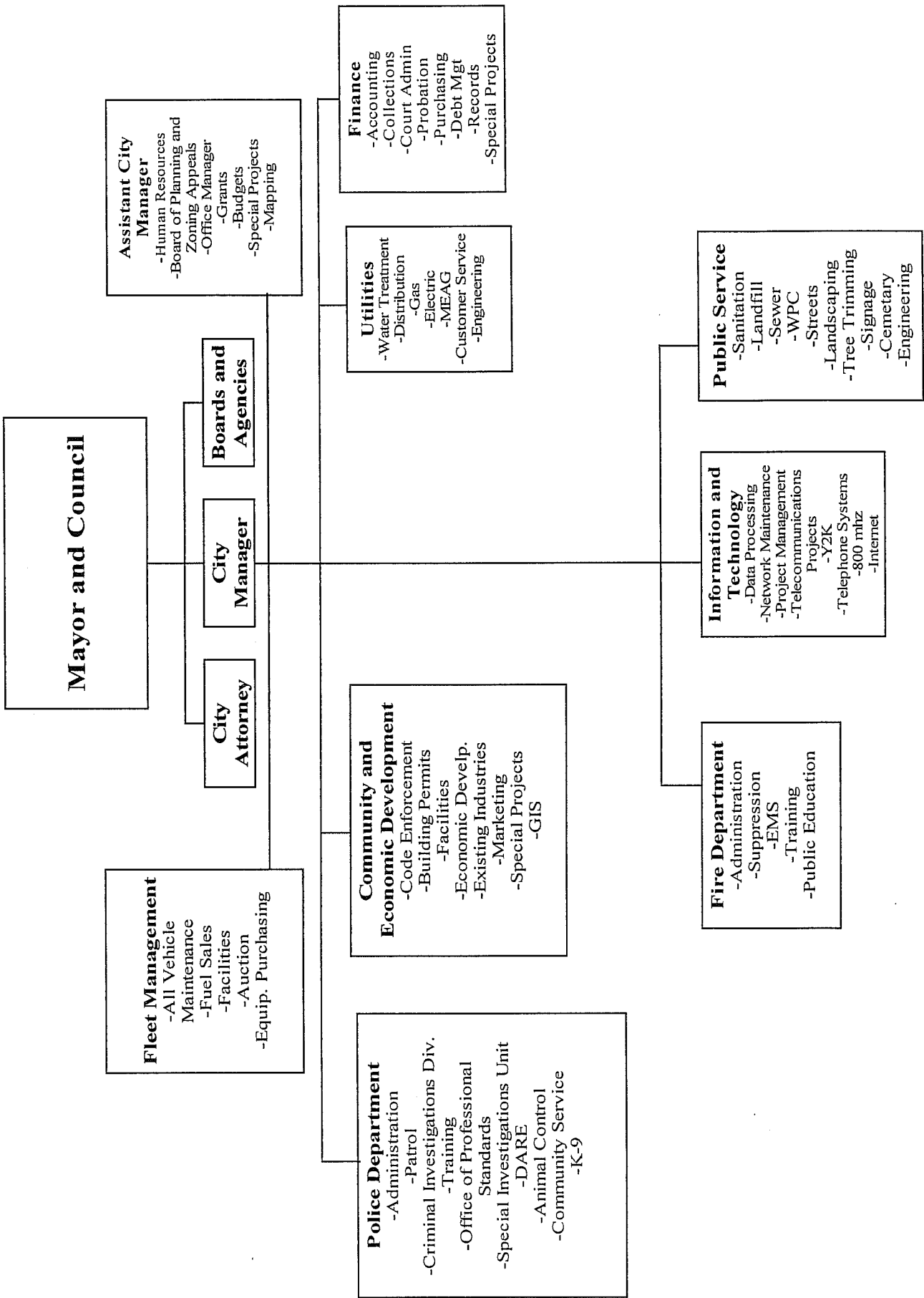
June 30, 2001

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





## FINANCIAL SECTION



## STATISTICAL SECTION

*L*aGRANGE *georgia*

S M A R T M O V E ®

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, 2001, 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, 2001, 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 31, 2001 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.



Atlanta, Georgia  
August 31, 2001

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## GENERAL PURPOSE FINANCIAL STATEMENTS

City of LaGrange, Georgia

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001  
(with comparative totals for June 30, 2000)

	Governmental Fund Types				Proprietary Fund Types			Account Groups			Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	General Fixed Assets	Long-Term Debt			(Memorandum only)	
											2001	2000
ASSETS AND OTHER DEBITS												
Cash and cash equivalents	\$ 843,349	\$ 220,993	\$ 2,350,205	\$ 1,101,485	\$ 13,731,569	\$ 5,017,456	\$ -	\$ -	\$ -	\$ 23,265,057	\$ 21,397,772	
Receivables (net of allowances for doubtful receivables)												
Notes	-	3,674,437	-	-	-	-	-	-	-	3,674,437	3,763,210	
Intergovernmental	-	41,140	-	-	-	-	-	-	-	41,140	44,880	
Taxes	419,050	-	-	-	-	-	-	-	-	419,050	337,510	
Accounts	-	-	-	-	8,841,532	-	-	-	-	8,841,532	7,572,989	
Other	17,996	-	-	-	2,315	-	-	-	-	20,311	167,472	
Inventories	257,333	-	-	-	1,360,667	-	-	-	-	1,618,000	1,485,402	
Restricted cash	75,374	-	-	7,555	26,645,895	-	-	-	-	26,728,824	28,976,051	
Restricted investments	385,315	-	-	-	-	-	-	-	-	385,315	562,428	
Fixed assets (net of accumulated depreciation, where applicable)	-	-	-	-	104,605,133	-	39,694,388	-	-	144,299,521	140,425,537	
Other assets	-	-	36,532	-	101,557	101,990	-	-	-	240,079	239,143	
Amount available in debt service fund	-	-	-	-	-	-	-	2,350,205	-	2,350,205	2,363,962	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	3,750,200	-	3,750,200	4,399,962	
	\$ 1,998,417	\$ 3,936,570	\$ 2,386,737	\$ 1,109,040	\$ 155,288,668	\$ 5,119,446	\$ 39,694,388	\$ 6,100,405	\$ 215,633,671	\$ 211,736,318		

Continued



City of LaGrange, Georgia

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS - CONTINUED

June 30, 2001

(with comparative totals for June 30, 2000

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types				Proprietary Fund Types		Account Groups		Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	General Fixed Assets	Long-Term Debt	(Memorandum only)	
									2001	2000
Liabilities										
Accounts payable	\$ 139,029	\$ 4,704	\$ -	\$ 15,356	\$ 3,162,217	\$ -	\$ -	\$ -	\$ 3,321,306	\$ 3,816,769
Accrued liabilities	1,011,980	3,148	-	-	4,115,272	1,145,888	-	-	6,276,288	5,470,372
Customer deposits	-	10,856	-	-	857,512	-	-	-	868,368	841,447
Deferred revenue	-	-	-	-	22,108,751	-	-	-	22,108,751	19,899,598
Bonds - current	-	-	-	-	3,035,000	-	-	-	3,035,000	2,910,000
Notes payable - current	-	-	-	-	174,277	-	-	-	174,277	160,570
Capital leases - current	-	-	-	-	772,529	-	-	-	772,529	766,804
Bonds - long-term	-	-	-	-	40,285,726	-	-	490,000	40,775,726	44,302,203
Notes payable - long-term	-	-	-	-	2,078,433	-	-	-	2,078,433	1,638,413
Capital leases - long-term	-	-	-	-	1,887,772	-	-	5,610,405	7,498,177	8,050,441
Total liabilities	1,151,009	18,708	-	15,356	78,477,489	1,145,888	-	6,100,405	86,908,855	87,856,617
Equity and other credits										
Investment in general fixed assets	-	-	-	-	-	-	39,694,388	-	39,694,388	34,122,231
Contributed capital	-	-	-	-	30,493,588	-	-	-	30,493,588	30,493,588
Retained earnings	-	-	-	-	4,537,001	-	-	-	4,537,001	5,961,296
Unreserved	-	-	-	-	41,780,590	3,973,558	-	-	45,754,148	41,850,712
Fund balances										
Reserved	718,022	3,674,437	36,532	1,093,684	-	-	-	-	5,522,675	7,692,620
Unreserved	129,386	243,425	2,350,205	-	-	-	-	-	2,723,016	3,759,254
Total equity and other credits	847,408	3,917,862	2,386,737	1,093,684	76,811,179	3,973,558	39,694,388	-	128,724,816	123,879,701
	\$ 1,998,417	\$ 3,936,570	\$ 2,386,737	\$ 1,109,040	\$ 155,288,668	\$ 5,119,446	\$ 39,694,388	\$ 6,100,405	\$ 215,633,671	\$ 211,736,318

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, 2001  
(with comparative totals for June 30, 2000)

	Governmental Fund Types				Totals (Memorandum only)	
	General	Special Revenue	Debt Service	Capital Projects	2001	2000
<b>Revenues</b>						
Taxes, licenses and permits	\$ 8,253,038	\$ -	\$ -	-	\$ 8,253,038	\$ 8,076,924
Intergovernmental	155,855	139,676	-	7,500	303,031	437,733
Charges for services	263,893	-	-	-	263,893	175,934
Fines and forfeitures	1,270,246	-	-	-	1,270,246	1,123,610
Donations	-	-	-	390,000	390,000	216,511
Investment income (loss)	(101,234)	65,261	122,521	124,857	211,405	344,476
Miscellaneous	133,622	100,194	-	344,149	577,965	319,774
<b>Total revenues</b>	<b>9,975,420</b>	<b>305,131</b>	<b>122,521</b>	<b>866,506</b>	<b>11,269,578</b>	<b>10,694,962</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	1,305,100	-	-	-	1,305,100	1,445,092
Public safety	8,750,529	-	-	-	8,750,529	8,497,976
Public service	2,962,267	-	-	-	2,962,267	3,046,519
Culture and recreation	981,100	-	-	-	981,100	1,048,531
Community development	870,799	360,419	-	-	1,231,218	1,387,525
Capital outlays	1,149,978	-	-	4,786,665	5,936,643	2,589,741
Debt service	-	-	-	-	-	-
Principal retirement	-	-	1,071,711	-	1,071,711	1,384,405
Interest and fiscal charges	-	-	195,158	-	195,158	138,023
<b>Total expenditures</b>	<b>16,019,773</b>	<b>360,419</b>	<b>1,266,869</b>	<b>4,786,665</b>	<b>22,433,726</b>	<b>19,537,812</b>

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, 2001  
(with comparative totals for June 30, 2000)

	Governmental Fund Types			Totals (Memorandum only)	
	General	Special Revenue	Debt Service	Capital Projects	
Excess of expenditures over revenues	(6,044,353)	(55,288)	(1,144,348)	(3,920,159)	(11,164,148)
Other financing sources (uses)					(8,842,850)
Operating transfers in	6,003,879	-	1,117,296	1,000,000	8,121,175
Operating transfers out	(1,000,703)	-	-	(204,485)	(1,205,188)
Proceeds from capital leases	1,041,978	-	-	-	1,041,978
Total other financing sources	6,045,154	-	1,117,296	795,515	7,957,965
Excess of revenues and other sources over (under) expenditures and other uses	801	(55,288)	(27,052)	(3,124,644)	(3,206,183)
Fund balance, beginning of year	846,607	3,973,150	2,413,789	4,218,328	11,451,874
Fund balance, end of year	\$ 847,408	\$ 3,917,862	\$ 2,386,737	\$ 1,093,684	\$ 8,245,691
					\$ 11,451,874

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

City of LaGrange, Georgia

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

Year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes, licenses and permits	\$ 8,210,300	\$ 8,253,038	\$ 42,738
Intergovernmental	-	155,855	155,855
Charges for services	162,000	263,893	101,893
Fines and forfeitures	1,288,000	1,270,246	(17,754)
Investment income (loss)	63,300	(101,234)	(164,534)
Miscellaneous	<u>72,300</u>	<u>133,622</u>	<u>61,322</u>
Total revenues	9,795,900	9,975,420	179,520
Expenditures			
Current			
General government	1,191,400	1,305,100	(113,700)
Public safety	8,443,100	8,750,529	(307,429)
Public service	2,497,400	2,962,267	(464,867)
Culture and recreation	1,460,500	981,100	479,400
Community development	824,900	870,799	(45,899)
Capital outlay	<u>965,900</u>	<u>1,149,978</u>	<u>(184,078)</u>
Total expenditures	<u>15,383,200</u>	<u>16,019,773</u>	<u>(636,573)</u>
Excess of expenditures over revenues	(5,587,300)	(6,044,353)	(457,053)
Other financing sources (uses)			
Operating transfers in	6,000,000	6,003,879	3,879
Operating transfers out	-	(1,000,703)	(1,000,703)
Proceeds from capital lease	<u>-</u>	<u>1,041,978</u>	<u>1,041,978</u>
Total other financing sources	<u>6,000,000</u>	<u>6,045,154</u>	<u>45,154</u>
Excess of revenues and other sources over expenditures and other uses	412,700	801	(411,899)
Fund balance, beginning of year	<u>846,607</u>	<u>846,607</u>	<u>-</u>
Fund balance, end of year	\$ <u>1,259,307</u>	\$ <u>847,408</u>	\$ <u>(411,899)</u>

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

City of LaGrange, Georgia

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

Year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ -	\$ 139,676	\$ 139,676
Interest	60,900	65,261	4,361
Miscellaneous	<u>91,500</u>	<u>100,194</u>	<u>8,694</u>
Total revenues	152,400	305,131	152,731
Expenditures			
Current			
Redevelopment and housing	196,500	289,320	(92,820)
Administrative and management	<u>36,933</u>	<u>71,099</u>	<u>(34,166)</u>
Total expenditures	<u>233,433</u>	<u>360,419</u>	<u>(126,986)</u>
Excess of expenditures over revenues	(81,033)	(55,288)	25,745
Fund balance, beginning of year	<u>3,973,150</u>	<u>3,973,150</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,892,117</u>	<u>\$3,917,862</u>	<u>\$ 25,745</u>

City of LaGrange, Georgia

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

Year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment income	\$ <u>105,000</u>	\$ <u>122,521</u>	\$ <u>17,521</u>
Total revenues	105,000	122,521	17,521
Expenditures			
Debt service			
Principal retirement	-	1,071,711	-
Interest and fiscal charges	<u>90,250</u>	<u>195,158</u>	<u>(104,908)</u>
Total expenditures	<u>90,250</u>	<u>1,266,869</u>	<u>(104,908)</u>
Excess of expenditures over revenues	14,750	(1,144,348)	(2,547,159)
Other financing sources (uses)			
Operating transfers in	<u>-</u>	<u>1,117,296</u>	<u>1,117,296</u>
Total other financing sources	<u>-</u>	<u>1,117,296</u>	<u>1,117,296</u>
Excess of expenditures over revenue	14,750	(27,052)	(41,802)
Fund balance, beginning of year	<u>2,413,789</u>	<u>2,413,789</u>	<u>-</u>
Fund balance, end of year	\$ <u>2,428,539</u>	\$ <u>2,386,737</u>	\$ <u>(41,802)</u>

City of LaGrange, Georgia

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

Year ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ -	\$ 7,500	\$ 7,500
Interest	30,000	124,857	94,857
Donations	1,000	390,000	389,000
Miscellaneous	<u>-</u>	<u>344,149</u>	<u>344,149</u>
Total revenues	31,000	866,506	835,506
Expenditures			
Capital outlays	<u>1,404,000</u>	<u>4,786,665</u>	<u>(3,382,665)</u>
Total expenditures	<u>1,404,000</u>	<u>4,786,665</u>	<u>(3,382,665)</u>
Excess of expenditures over revenues	(1,373,000)	(3,920,159)	(2,547,159)
Other financing sources (uses)			
Operating transfers in	1,000,000	1,000,000	-
Operating transfers out	<u>-</u>	<u>(204,485)</u>	<u>(204,485)</u>
Total other financing sources	<u>1,000,000</u>	<u>795,515</u>	<u>(204,485)</u>
Excess of expenditures over revenue	(373,000)	(3,124,644)	(2,751,644)
Fund balance, beginning of year	<u>4,218,328</u>	<u>4,218,328</u>	<u>-</u>
Fund balance, end of year	\$ <u>3,845,328</u>	\$ <u>1,093,684</u>	\$ <u>(2,751,644)</u>

City of LaGrange, Georgia

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

Year ended June 30, 2001  
(with comparative totals for year ended June 30, 2000)

	<u>Propriety Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>2001</u>	<u>2000</u>
Operating revenues				
Water system	\$ 6,697,286	\$ -	\$ 6,697,286	\$ 6,924,752
Sewer system	4,733,371	-	4,733,371	4,815,745
Gas system	19,523,208	-	19,523,208	10,369,616
Electric system	34,366,002	-	34,366,002	30,473,645
Sanitation	5,087,571	-	5,087,571	4,810,358
Premiums	-	3,744,734	3,744,734	3,670,213
Other	<u>43,289</u>	<u>-</u>	<u>43,289</u>	<u>1,374,554</u>
Total operating revenues	70,450,727	3,744,734	74,195,461	62,438,883
Operating expenses				
Water system	2,292,184	-	2,292,184	2,467,860
Sewer system	3,053,188	-	3,053,188	3,021,616
Gas system	16,639,351	-	16,639,351	7,929,265
Electric system	28,991,399	-	28,991,399	24,896,532
Sanitation	3,143,433	-	3,143,433	3,030,512
Administrative support	2,415,635	-	2,415,635	1,931,748
Depreciation	4,708,147	-	4,708,147	4,108,432
Risk management	<u>-</u>	<u>3,902,332</u>	<u>3,902,332</u>	<u>3,193,825</u>
Total operating expenses	<u>61,243,337</u>	<u>3,902,332</u>	<u>65,145,669</u>	<u>50,579,790</u>
Operating income (loss)	9,207,390	(157,598)	9,049,792	11,859,093



City of LaGrange, Georgia

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

Year ended June 30, 2001  
(with comparative totals for year ended June 30, 2000)

	<u>Propriety Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>2001</u>	<u>2000</u>
Nonoperating revenues (expenses)				
Investment income	955,940	266,312	1,222,252	1,349,727
Other revenue	1,533,068	-	1,533,068	263,685
Interest expense	(2,409,053)	-	(2,409,053)	(2,433,739)
Other expense	<u>(931)</u>	<u>-</u>	<u>(931)</u>	<u>(2,903)</u>
Total nonoperating revenues (expenses)	<u>79,024</u>	<u>266,312</u>	<u>345,336</u>	<u>(823,230)</u>
Income before operating transfers	9,286,414	108,714	9,395,128	11,035,863
Operating transfers in	4,143,433	-	4,143,433	-
Operating transfers out	<u>(11,059,420)</u>	<u>-</u>	<u>(11,059,420)</u>	<u>(8,524,315)</u>
Total operating transfers	<u>(6,915,987)</u>	<u>-</u>	<u>(6,915,987)</u>	<u>(8,524,315)</u>
Net income	2,370,427	108,714	2,479,141	2,511,548
Retained earnings, beginning of year	<u>43,947,164</u>	<u>3,864,844</u>	<u>47,812,008</u>	<u>45,300,460</u>
Retained earnings, end of year	<u>\$ 46,317,591</u>	<u>\$ 3,973,558</u>	<u>\$ 50,291,149</u>	<u>\$ 47,812,008</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, 2001  
(with comparative totals for year ended June 30, 2000)

	<u>Propriety Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>2001</u>	<u>2000</u>
Cash flows from operating activities				
Operating income	\$ 9,207,390	\$ (157,598)	\$ 9,049,792	\$ 11,859,093
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,708,147	-	4,708,147	4,108,432
Gain on sale of fixed assets	-	-	-	(28,021)
Change in operating assets and liabilities:				
Accounts receivable	(1,179,996)	-	(1,179,996)	(2,031,477)
Deposits	-	(39,990)	(39,990)	-
Inventory	(98,591)	-	(98,591)	(794)
Other assets	25,759	-	25,759	26,929
Accounts payable	(508,841)	-	(508,841)	717,586
Claims payable	-	270,888	270,888	-
Accrued vacation	8,264	-	8,264	5,764
Deferred income	2,209,153	-	2,209,153	12,120,668
Other accrued expenses	505,291	-	505,291	684,989
Customer deposits	23,827	-	23,827	53,865
Other nonoperating revenue, net	<u>1,532,137</u>	<u>-</u>	<u>1,532,137</u>	<u>243,065</u>
Net cash provided by operating activities	16,432,540	73,300	16,505,840	27,760,099
Cash flow from noncapital financing activities:				
Operating transfers in	4,143,433	-	4,143,433	-
Operating transfers out	<u>(11,059,420)</u>	<u>-</u>	<u>(11,059,420)</u>	<u>(8,524,315)</u>
Net cash used for noncapital financing activities	(6,915,987)	-	(6,915,987)	(8,524,315)

City of LaGrange, Georgia

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

Year ended June 30, 2001  
(with comparative totals for year ended June 30, 2000)

	<u>Propriety Fund Types</u>		<u>Totals</u>	
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>	
			<u>2001</u>	<u>2000</u>
Cash flows from capital and related financing activities:				
Principal payments on revenue bonds	(2,936,477)	-	(2,936,477)	(2,680,510)
Acquisition of capital assets	(2,473,151)	-	(2,473,151)	(4,996,178)
Capital lease payments	(884,843)	-	(884,843)	(583,172)
Proceeds from notes payable	661,161	-	661,161	1,139,965
Payments on notes payable	(207,434)	-	(207,434)	(136,925)
Interest expense	(2,409,053)	-	(2,409,053)	(2,433,739)
Disposal of capital assets	-	-	-	35,167
Contributed capital	-	-	-	999,000
Net cash used for capital financing activities	(8,249,797)	-	(8,249,797)	(8,665,392)
Cash flows from investing activities:				
Interest income	955,940	266,312	1,222,252	1,349,727
Net increase in cash	2,222,696	339,612	2,562,308	11,920,119
Cash and cash equivalents, beginning of year	38,154,768	4,677,844	42,832,612	30,912,493
Cash and cash equivalents, end of year	\$ 40,377,464	\$ 5,017,456	\$ 45,394,920	\$ 42,832,612
Report on the balance sheet as:				
Cash and cash equivalents	\$ 13,731,569	\$ 5,017,456	\$ 18,749,025	\$ 16,950,390
Restricted cash	26,645,895	-	26,645,895	25,882,222
Total	\$ 40,377,464	\$ 5,017,456	\$ 45,394,920	\$ 42,832,612

Supplemental Schedule of Noncash Investing and Financing Activities:

Equipment acquired through assumption of capital lease obligation	\$ 536,823	\$ -	\$ 536,823	\$ 1,576,627
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The accompanying notes are an integral part of this financial statement.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

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, 2001

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, 2001

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, 2001. Property taxes not collected by August 30, 2001 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, 2001

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, 2001.

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, 2001

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 at June 30, 2000 from GAAP to the non-GAAP budget bases are as follows:

	<u>General Fund</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - GAAP budget basis	\$ 801
Capital outlay expenditures	(1,041,978)
Proceeds from capital leases	<u>1,041,978</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses - non-GAAP basis	\$ <u>801</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, 2001

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, 2001

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 and repurchase agreements was \$49,993,881. The carrying amount and bank balance of deposits was \$29,496,881 and \$31,294,391, respectively. All of the bank balance was insured or collateralized with securities held by the City or its agent in the City's name.

The City's repurchase agreements of \$20,497,000 were collateralized with securities held by 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 \$ 385,315. These securities are held by the City in the name of the City.

NOTE C – ACCUMULATED DEFICIT

The Sanitation Fund has an accumulated deficit of \$284,824. The deficit is due primarily to the accrual of landfill closure and postclosure costs. The fund has equity of \$1,852,237 attributable to contributed capital which exceeds the accumulated deficit.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

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:

2002	\$ 14,000
2003	14,000
2004	14,000
2005	20,000
2006	20,000
Thereafter	<u>7,626,583</u>
	7,708,583
Less allowance for doubtful accounts	<u>(4,034,146)</u>
	<u>\$ 3,674,437</u>

NOTE E – FIXED ASSETS

A summary of changes in general fixed assets account group for the year ended June 30, 2001, follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land and land Improvements	\$ 4,981,066	\$ 511,217	\$ -	\$ 5,492,283
Buildings	6,588,761	3,183,179	-	9,771,940
Furniture and fixtures	130,195	21,135	-	151,330
Machinery and equipment	4,046,510	660,068	25,531	4,681,047
Vehicles	3,757,364	248,285	193,767	3,811,882
Other	<u>14,618,335</u>	<u>1,167,571</u>	<u>-</u>	<u>15,785,906</u>
Total	\$ <u>34,122,231</u>	\$ <u>5,791,455</u>	\$ <u>219,298</u>	\$ <u>39,694,388</u>

\* 1,690,075 land

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE E - FIXED ASSETS - Continued

A summary of proprietary fund type property, plant and equipment at June 30, 2001, is presented below:

		<u>6.30.02</u>		
	Land		\$3,832,917	
	Buildings		26,504,191	
	Equipment		7,148,392	
	Furniture and fixtures		48,909	
	Motor vehicles		4,915,124	
	* Transmission and distribution		93,711,108	
US 139,264,831	Other	156,174,570	14,126,963	
SF 16,909,739	Total	<del>754,484,494</del>	150,287,604	
	Less accumulated depreciation	51,150,626	<u>(45,682,471)</u>	
	Net	<del>103,333,668</del>	\$104,605,133	
		103,023,944		

~~6.30.02~~  
~~51,150,626~~  
~~103,832,124~~

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, 2000	Additions	Payments	Balance June 30, 2001
Bonds	\$ 955,000	\$ -	\$ 465,000	\$ 490,000
Capital leases	<u>5,808,924</u>	<u>1,041,978</u>	<u>1,240,497</u>	<u>5,610,405</u>
	<u>\$ 6,763,924</u>	<u>\$ 1,041,978</u>	<u>\$ 1,705,497</u>	<u>\$ 6,100,405</u>

Balance  
12.31.01  
 Bonds 490,000  
 Leases 5,272,392  
5,762,392

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

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 \$4,500,000. 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,	
2002	\$ 1,156,054
2003	903,814
2004	730,998
2005	663,234
2006	564,570
Thereafter	<u>2,690,648</u>
	6,709,318
Less amount representing interest	<u>(1,098,913)</u>
	<u>\$ 5,610,405</u>

*Bonds payable*

The bonds payable, which were originally issued at an amount of \$1,835,000, bears interest at 4.25%. Future payments including interest of \$30,000 required under this bond to be paid by the Capital Projects are as follows:

Year ended June 30,	
2002	<u>520,000</u>
	<u>\$ 520,000</u>

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE F - LONG-TERM DEBT - Continued

2. Enterprise Fund Debt

*Bonds*

<u>Series</u>	<u>Interest Rates</u>	<u>Amount of Original Issuance</u>	<u>Balance</u>
1992 Water and Sewerage Revenue Bonds	4.90% to 6.80%	\$ 4,805,000	\$ 475,000
1993 Water and Sewerage Revenue Refunding Bonds	4.25% to 5.25%	28,280,000	28,280,000
1997 Solid Waste Bonds	4.5% to 4.85%	8,070,000	7,240,000
1999 Water and Sewerage Revenue Refunding Bonds	3.5% to 4.3%	9,540,000	<u>7,715,000</u>
Total bonds outstanding			43,710,000
Less unamortized discount			<u>(389,274)</u>
Net bonds outstanding			<u>\$ 43,320,726</u>

The following is a summary of future debt service requirements, including interest of \$13,119,348 for Enterprise Fund bonds:

Year ending June 30,	
2002	\$5,067,091
2003	5,073,782
2004	5,076,670
2005	5,080,752
2006	5,079,539
Thereafter	<u>31,451,515</u>
Total	<u>\$ 56,829,348</u>

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE F - LONG-TERM DEBT - Continued

2. Enterprise Fund Debt - Continued

*Capital Leases*

The City is financing the acquisition of certain Enterprise Fund equipment, with a book value of approximately \$4,600,000, 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, 2001).

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, 2001:

Year ending June 30,	
2002	\$ 902,178
2003	845,591
2004	719,963
2005	387,399
2006	<u>121,898</u>
Total minimum lease payments	2,977,029
Less amounts representing	
Interest	<u>(316,728)</u>
Present value of net minimum	
lease payments	\$ <u>2,660,301</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, 2001, \$2,252,710 has been drawn against the \$2,592,500 notes with future payments including interest of \$911,550 as follows:

Year ending June 30,		<u>12.31.01</u>
2002	\$ 264,893	70,556
2003	306,155	-
2004	264,893	
2005	141,111	
2006	141,110	
Thereafter	<u>2,046,098</u>	
	\$ <u>3,164,260</u>	

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE F – LONG-TERM DEBT – Continued

2. Enterprise Fund Debt - Continued

*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.

As of June 30, 2001, \$32,985,000 of outstanding bonds are considered defeased.

NOTE G – RESERVED RETAINED EARNINGS AND FUND BALANCE

At June 30, 2001, reserved retained earnings consisted of the following:

Reserved for revenue bond debt service	\$ 4,301,437
Reserved for renewal and replacement	<u>235,564</u>
Total reserved retained earnings	\$ <u>4,537,001</u>

At June 30, 2001, reserved fund balance consisted of the following:

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Reserved for perpetual care	\$ 460,689	\$ -	\$ -	\$ -
Reserved for inventory	257,333	-	-	-
Reserved for long-term receivables	-	3,674,437	-	-
Reserved for prepaid expenditures	-	-	36,532	-
Reserved for capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,093,684</u>
Total reserved fund balance	\$ <u>718,022</u>	\$ <u>3,674,437</u>	\$ <u>36,532</u>	\$ <u>1,093,684</u>



City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE H - 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, 2001.

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, 2001. 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, 2001. Claims exceeding this amount are covered by a private insurance carrier.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE H – 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, 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	275,000	600,000
Claims and changes in estimate	2,803,171	227,090
Claims payments	<u>(2,532,283)</u>	<u>(227,090)</u>
Liability balance, June 30, 2001	\$ <u>545,888</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 I – 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, 2001

NOTE I - DEFINED BENEFIT PENSION PLAN - Continued

Funding Policy

2.8%

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 \$312,613 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>
6/30/99	\$ 209,377	100%	-
6/30/00	276,160	100	-
6/30/01	312,613	100	-

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE I - 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) (b)	Unfunded/ (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/99	\$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)
1/1/01	16,927,079	14,512,233	(2,414,846)	116.6	11,108,999	(21.7)

NOTE J - 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, 2001:

	Utility Fund	Sanitation Fund
Operating revenue	\$ 65,363,156	\$ 5,087,571
Depreciation	3,638,157	1,062,990
Operating income	8,333,242	874,148
Operating transfers (out)/in, net	(7,114,420)	198,433
Net income	1,571,251	799,176
Capital contributions	-	-
Property, plant and equipment additions	2,609,767	400,207
Net working capital	13,004,031	(327,243)
Total assets	140,636,826	14,651,842
Total long-term liabilities	59,491,665	7,726,529
Total equity	74,958,942	1,852,237

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE I – 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) (b)	Unfunded/ (Excess) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/99	\$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)
1/1/01	16,927,079	14,512,233	(2,414,846)	116.6	11,108,999	(21.7)

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Operating income	8,333,242	874,148
Operating transfers (out)/in, net	(7,114,420)	198,433
Net income	1,571,251	799,176
Capital contributions	-	-
Property, plant and equipment additions	2,609,767	400,207
Net working capital	13,004,031	(327,243)
Total assets	140,636,826	14,651,842
Total long-term liabilities	59,491,665	7,726,529
Total equity	74,958,942	1,852,237

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE K – 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, 2001, the outstanding debt of the Authority was approximately \$3.5 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$136 million at June 30, 2001.

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, 2001, \$27,483,652 has been placed into the Trust for the benefit of the City, of which \$5,391,171 is available without restriction and \$22,108,751 is subject to restrictions. Of the \$5,391,171 approximately \$2,068,571 and \$3,020,000 has been recognized as revenue for the years ended June 30, 2000 and 2001, respectively. Due to the restricted nature of the \$22,108,751, the amount is reported as deferred revenue at June 30, 2001.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE K – COMMITMENT AND CONTINGENCIES - Continued

Guarantee of Communication System Debt

The City has guaranteed the payment of debt totaling \$9,245,000 at June 30, 2001 relating to a privately owned communication system, a portion of which is utilized by the City for communication activities.

NOTE L – 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 \$14,350 to the Authority during the year ended June 30, 2001. 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, 2001, the City paid no dues. 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 M – HOTEL / MOTEL LODGING TAX

During the year ended June 30, 2001, 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 \$129,414 of lodging tax received from the City during the year ended June 30, 2001 was used for the promotion of tourism.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2001

NOTE N - 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 O - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and Federal laws and regulations require the City's Sanitation Fund to place a cover on landfill sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and 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 \$3,955,621 reported as the landfill closure and postclosure care liability at June 30, 2001 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 \$1,969,157 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 2017. As of June 30, 2001, 20% of this landfill's capacity had been utilized and accordingly, a liability of \$1,969,157 has been recognized. The City will recognize the remaining estimated closure and postclosure care of \$7,876,628 as the remaining capacity is used.



**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>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 843,349	\$ 703,809
Receivables		
Taxes	419,050	337,510
Other	17,996	46,434
Inventory	257,333	223,326
Restricted cash and cash equivalents	75,374	70,164
Restricted investments	<u>385,315</u>	<u>562,428</u>
 Total assets	 <u>\$ 1,998,417</u>	 <u>\$ 1,943,671</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$ 139,029	\$ 108,560
Accrued vacation	299,089	277,917
Other accrued liabilities	<u>712,891</u>	<u>710,587</u>
 Total liabilities	 1,151,009	 1,097,064
Fund balance		
Reserved for inventory	257,333	223,326
Reserved for perpetual care	460,689	632,592
Unreserved	<u>129,386</u>	<u>(9,311)</u>
 Total fund balance	 <u>847,408</u>	 <u>846,607</u>
 Total liabilities and fund balance	 <u>\$ 1,998,417</u>	 <u>\$ 1,943,671</u>

City of LaGrange, Georgia  
General Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURED  
AND CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Revenues		
Taxes, licenses and permits	\$ 8,253,038	\$ 8,076,924
Intergovernmental	155,855	187,444
Charges for services	263,893	175,934
Fines and forfeitures	1,270,246	1,123,610
Investment income (loss)	(101,234)	39,214
Miscellaneous	<u>133,622</u>	<u>40,822</u>
Total revenues	9,975,420	9,643,948
Expenditures		
Current		
General government	1,305,100	1,445,092
Public safety	8,750,529	8,497,976
Public service	2,962,267	3,046,519
Culture and recreation	981,100	1,048,531
Community development	870,799	1,020,600
Capital outlay	<u>1,149,978</u>	<u>1,330,198</u>
Total expenditures	<u>16,019,773</u>	<u>16,388,916</u>
Excess of expenditures over revenues	(6,044,353)	(6,744,968)
Other financing sources (uses)		
Operating transfers in	6,003,879	6,000,000
Operating transfers out	(1,000,703)	(411,434)
Proceeds from capital lease	<u>1,041,978</u>	<u>742,944</u>
Total other financing sources	<u>6,045,154</u>	<u>6,331,510</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses	801	(413,458)
Fund balance, beginning of year	<u>846,607</u>	<u>1,260,065</u>
Fund balance, end of year	\$ <u>847,408</u>	\$ <u>846,607</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>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 220,993	\$ 150,297
Receivables		
Notes	3,674,437	3,763,210
Intergovernmental	41,140	44,880
Accounts	<u>-</u>	<u>27,676</u>
Total assets	\$ <u>3,936,570</u>	\$ <u>3,986,063</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$ 4,704	\$ -
Accrued vacation	3,148	5,151
Customer deposits	<u>10,856</u>	<u>7,762</u>
Total liabilities	18,708	12,913
Fund balance		
Reserved for long-term receivables	3,674,437	3,763,210
Unreserved	<u>243,425</u>	<u>209,940</u>
Total fund balance	<u>3,917,862</u>	<u>3,973,150</u>
Total liabilities and fund balance	\$ <u>3,936,570</u>	\$ <u>3,986,063</u>



City of LaGrange, Georgia  
Special Revenue Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Revenues		
Intergovernmental	\$ 139,676	\$ 159,614
Interest	65,261	64,344
Miscellaneous	<u>100,194</u>	<u>104,032</u>
Total revenues	305,131	327,990
Expenditures		
Current		
Redevelopment and housing	289,320	330,230
Administrative and management	<u>71,099</u>	<u>36,695</u>
Total expenditures	<u>360,419</u>	<u>366,925</u>
Excess of expenditures over revenues	(55,288)	(38,935)
Other financing sources		
Operating transfers in	<u>-</u>	<u>34,414</u>
Excess of expenditures over revenue and other financing sources	(55,288)	(4,521)
Fund balance, beginning of year	<u>3,973,150</u>	<u>3,977,671</u>
Fund balance, end of year	\$ <u>3,917,862</u>	\$ <u>3,973,150</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>2001</u>	<u>2000</u>
Cash	\$ 2,350,205	\$ 2,363,962
Prepaid interest	<u>36,532</u>	<u>49,827</u>
Total assets	\$ <u>2,386,737</u>	\$ <u>2,413,789</u>

LIABILITIES AND FUND BALANCE

Fund balance		
Reserved for prepaid expenditures	\$ 36,532	\$ 49,827
Unreserved	<u>2,350,205</u>	<u>2,363,962</u>
Total fund balance	<u>2,386,737</u>	<u>2,413,789</u>
Total liabilities and fund balance	\$ <u>2,386,737</u>	\$ <u>2,413,789</u>

City of LaGrange, Georgia  
Debt Service Fund

COMPARATIVE STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Revenues		
Interest	\$ <u>122,521</u>	\$ <u>123,882</u>
Total revenue	122,521	123,882
Expenditures		
Principal retirement	1,071,711	934,405
Interest	<u>195,158</u>	<u>78,760</u>
Total expenditures	<u>1,266,869</u>	<u>1,013,165</u>
Excess of expenditures over revenues	(1,144,348)	(889,283)
Other financing sources		
Operating transfers in	<u>1,117,296</u>	<u>1,105,318</u>
Total other financing sources	<u>1,117,296</u>	<u>1,105,318</u>
(Deficiency) excess of revenues and other financing sources over (under) expenditures	(27,052)	216,035
Fund balance, beginning of year	<u>2,413,789</u>	<u>2,197,754</u>
Fund balance, end of year	\$ <u><u>2,386,737</u></u>	\$ <u><u>2,413,789</u></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>2001</u>	<u>2000</u>
Cash	\$ 1,101,485	\$ 1,229,314
Restricted cash	7,555	3,023,665
Accounts receivable	<u>-</u>	<u>2,500</u>
 Total assets	 <u>\$ 1,109,040</u>	 <u>\$ 4,255,479</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$ 15,356	\$ 37,151
Fund balance		
Unreserved	1,093,684	1,194,663
Reserved for capital outlay	<u>-</u>	<u>3,023,665</u>
 Total fund equity	 <u>1,093,684</u>	 <u>4,218,328</u>
 Total liabilities and fund balance	 <u>\$ 1,109,040</u>	 <u>\$ 4,255,479</u>



City of LaGrange, Georgia  
Capital Projects Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Revenues		
Intergovernmental	\$ 7,500	\$ 90,675
Interest	71,819	117,036
Donations	390,000	216,511
Miscellaneous	<u>469,006</u>	<u>174,920</u>
Total revenues	866,506	599,142
Expenditures		
Capital outlays	4,786,665	1,259,543
Debt service		
Principal retirement	-	450,000
Interest	<u>-</u>	<u>59,263</u>
Total expenditures	<u>4,786,665</u>	<u>1,768,806</u>
Excess of expenditures over revenues	(3,920,159)	(1,169,664)
Other financing sources (uses)		
Operating transfers in	1,000,000	2,000,000
Operating transfers out	(204,485)	(203,983)
Proceeds from capital leases	<u>-</u>	<u>3,890,000</u>
Total other financing sources	<u>795,515</u>	<u>5,686,017</u>
Excess of revenue and other sources over (under) expenditures and other uses	(3,124,644)	4,516,353
Fund balance (deficit), beginning of year	<u>4,218,328</u>	<u>(298,025)</u>
Fund balance, end of year	\$ <u>1,093,684</u>	\$ <u>4,218,328</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, 2001

ASSETS

	Utility Fund	Sanitation Fund	Total
Cash and cash equivalents	\$ 9,400,915	\$ 4,330,654	\$ 13,731,569
Receivables			
Accounts	8,436,571	404,961	8,841,532
Other	2,315	-	2,315
Inventory	1,350,449	10,218	1,360,667
Restricted cash	26,645,895	-	26,645,895
Fixed assets – net	94,716,851	9,888,282	104,605,133
Other assets	<u>83,830</u>	<u>17,727</u>	<u>101,557</u>
Total assets	<u>\$ 140,636,826</u>	<u>\$ 14,651,842</u>	<u>\$ 155,288,668</u>

LIABILITIES AND FUND EQUITY

Liabilities			
Accounts payable	\$ 3,040,667	\$ 121,550	\$ 3,162,217
Accrued liabilities	109,468	4,005,804	4,115,272
Due to (from) other fund	65,001	(65,001)	-
Deferred revenue	22,108,751	-	22,108,751
Customer deposits	853,296	4,216	857,512
Revenue bonds – current	2,590,000	445,000	3,035,000
Notes payable – current	174,277	-	174,277
Capital leases – current	206,806	565,723	772,529
Revenue bonds – long-term	33,535,111	6,750,615	40,285,726
Note payable – long-term	2,078,433	-	2,078,433
Capital leases – long-term	<u>916,074</u>	<u>971,698</u>	<u>1,887,772</u>
Total liabilities	65,677,884	12,799,605	78,477,489
Fund equity			
Contributed capital	28,356,527	2,137,061	30,493,588
Retained earnings (deficit)			
Reserved for revenue bond debt service	4,301,437	-	4,301,437
Reserved for renewal and replacement	235,564	-	235,564
Unreserved	<u>42,065,414</u>	<u>(284,824)</u>	<u>41,780,590</u>
Total fund equity	<u>74,958,942</u>	<u>1,852,237</u>	<u>76,811,179</u>
Total liabilities and fund equity	<u>\$ 140,636,826</u>	<u>\$ 14,651,842</u>	<u>\$ 155,288,668</u>

City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30, 2001

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Operating revenues			
Water system	\$ 6,697,286	\$ -	\$ 6,697,286
Sewer system	4,733,371	-	4,733,371
Gas system	19,523,208	-	19,523,208
Electric system	34,366,002	-	34,366,002
Sanitation	-	5,087,571	5,087,571
Other	<u>43,289</u>	<u>-</u>	<u>43,289</u>
Total operating revenues	65,363,156	5,087,571	70,450,727
Operating expenses			
Water system	2,292,184	-	2,292,184
Sewer system	3,053,188	-	3,053,188
Gas system	16,639,351	-	16,639,351
Electric system	28,991,399	-	28,991,399
Sanitation	-	3,143,433	3,143,433
Administrative support	2,415,635	-	2,415,635
Depreciation	<u>3,638,157</u>	<u>1,069,990</u>	<u>4,708,147</u>
Total operating expenses	<u>57,029,914</u>	<u>4,213,423</u>	<u>61,243,337</u>
Operating income	8,333,242	874,148	9,207,390
Nonoperating revenues (expenses)			
Investment income	798,137	157,803	955,940
Other income	1,507,713	25,355	1,533,068
Interest expense	(1,952,490)	(456,563)	(2,409,053)
Other expense	<u>(931)</u>	<u>-</u>	<u>(931)</u>
Total nonoperating revenues (expenses)	<u>352,429</u>	<u>(273,405)</u>	<u>79,024</u>
Income before operating transfers	8,685,671	600,743	9,286,414
Operating transfers in	3,945,000	198,433	4,143,433
Operating transfers out	<u>(11,059,420)</u>	<u>-</u>	<u>(11,059,420)</u>
Total operating transfers	<u>(7,114,420)</u>	<u>198,433</u>	<u>(6,915,987)</u>
Net income	1,571,251	799,176	2,370,427
Retained earnings (deficit), beginning of year	<u>45,031,164</u>	<u>(1,084,000)</u>	<u>43,947,164</u>
Retained earnings (deficit), end of year	<u>\$ 46,602,415</u>	<u>\$ (284,824)</u>	<u>\$ 46,317,591</u>

City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2001

	Utility Fund	Sanitation Fund	Total
Cash flows from operating activities			
Operating income	\$ 8,333,242	\$ 874,148	\$ 9,207,390
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	3,638,157	1,069,990	4,708,147
Changes in operating assets and liabilities			
Accounts receivable	(1,267,412)	87,416	(1,179,996)
Inventory	(93,132)	(5,459)	(98,591)
Other assets	8,030	17,729	25,759
Accounts payable	(609,553)	100,712	(508,841)
Accrued vacation	8,264	-	8,264
Due from other fund	65,001	(65,001)	-
Deferred revenue	2,209,153	-	2,209,153
Other accrued expenses	-	505,291	505,291
Customer deposits	22,368	1,459	23,827
Other nonoperating revenue, net	<u>1,506,782</u>	<u>25,355</u>	<u>1,532,137</u>
Net cash provided by operating activities	13,820,900	2,611,640	16,432,540
Cash flows from noncapital financing activities			
Operating transfers in	3,945,000	198,433	4,143,433
Operating transfers out	<u>(11,059,420)</u>	<u>-</u>	<u>(11,059,420)</u>
Net cash provided (used) for noncapital financing activities	(7,114,420)	198,433	(6,915,987)
Cash flows from capital and related financing activities			
Principal payments on revenue bonds	(2,515,512)	(420,965)	(2,936,477)
Acquisition of capital assets	(2,212,108)	(261,043)	(2,473,151)
Capital lease payments	(268,480)	(616,363)	(884,843)
Proceeds from notes payable	661,161	-	661,161
Payments on notes payable	(207,434)	-	(207,434)
Interest expense	<u>(1,952,490)</u>	<u>(456,563)</u>	<u>(2,409,053)</u>
Net cash used for capital and related financing activities	(6,494,863)	(1,754,934)	(8,249,797)

City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2001

	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Cash flows from investing activities			
Interest income	<u>798,137</u>	<u>157,803</u>	<u>955,940</u>
Net increase in cash	1,009,754	1,212,942	2,222,696
Cash, beginning of year	<u>35,037,056</u>	<u>3,117,712</u>	<u>38,154,768</u>
Cash, end of year	<u>\$ 36,046,810</u>	<u>\$ 4,330,654</u>	<u>\$ 40,377,464</u>
Reported on the balance sheet as			
Cash and certificates of deposit	\$ 9,400,915	\$ 4,330,654	\$ 13,731,569
Restricted cash	<u>26,645,895</u>	<u>-</u>	<u>26,645,895</u>
Total	<u>\$ 36,046,810</u>	<u>\$ 4,330,654</u>	<u>\$ 40,377,464</u>

Supplemental Schedule of Noncash Investing and Financing Activities:

Equipment acquired through assumption of capital lease obligation	\$ <u>397,659</u>	\$ <u>139,164</u>	\$ <u>536,823</u>
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City of LaGrange, Georgia  
Utility Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 9,400,915	\$ 9,154,834
Receivables		
Accounts	8,436,571	7,115,437
Other	2,315	56,037
Inventory	1,350,449	1,257,317
Restricted cash	26,645,895	25,882,222
Fixed assets, net	94,716,851	95,745,241
Other assets	<u>83,830</u>	<u>91,860</u>
 Total assets	 <u>\$ 140,636,826</u>	 <u>\$ 139,302,948</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Accounts payable	\$ 3,040,667	\$ 3,650,220
Accrued vacation	109,468	101,204
Due to other fund	65,001	-
Deferred revenue	22,108,751	19,899,598
Customer deposits	853,296	830,928
Revenue bonds – current	2,590,000	2,485,000
Notes payable – current	174,277	160,570
Capital leases – current	206,806	206,071
Revenue bonds – long-term, net	33,535,111	36,155,623
Note payable – long-term	2,078,433	1,638,413
Capital leases – long-term	<u>916,074</u>	<u>787,630</u>
Total liabilities	65,677,884	65,915,257
 Fund equity		
Contributed capital	28,356,527	28,356,527
Retained earnings		
Reserved for revenue bond debt service	4,301,437	4,350,075
Reserved for renewal and replacement	235,564	223,283
Reserved for rate stabilization	-	1,387,938
Unreserved	<u>42,065,414</u>	<u>39,069,868</u>
Total fund equity	<u>74,958,942</u>	<u>73,387,691</u>
 Total liabilities and fund equity	 <u>\$ 140,636,826</u>	 <u>\$ 139,302,948</u>



City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30,

	<u>2001</u>	<u>2000</u>
Operating revenues		
Water system	\$ 6,697,286	\$ 6,924,752
Sewer system	4,733,371	4,815,745
Gas system	19,523,208	10,369,616
Electric system	34,366,002	30,473,645
Other	<u>43,289</u>	<u>1,374,554</u>
Total operating revenues	65,363,156	53,958,312
Operating expenses		
Water pumping and purification	1,321,596	1,465,043
Water distribution	970,588	1,002,817
Sewerage collection	833,739	688,193
Sewerage pumping and treatment	2,091,208	2,191,993
Water pollution control laboratory	128,241	141,430
Gas system	16,639,351	7,929,265
Electric system	28,991,399	24,896,532
Administrative services	2,415,635	1,931,748
Depreciation	<u>3,638,157</u>	<u>3,561,432</u>
Total operating expenses	57,029,914	43,808,453
Operating income	8,333,242	10,149,859
Nonoperating revenues (expenses)		
Investment income	798,137	916,705
Other income	1,507,713	246,637
Interest expense	(1,952,490)	(2,009,109)
Other expense	<u>(931)</u>	<u>(2,903)</u>
Total nonoperating revenues (expenses)	352,429	(848,670)
Income before operating transfers	8,685,671	9,301,189
Operating transfers in	3,945,000	-
Operating transfers out	<u>(11,059,420)</u>	<u>(8,412,898)</u>
Total operating transfers	(7,114,420)	(8,412,898)
Net income	1,571,251	888,291
Retained earnings, beginning of year	<u>45,031,164</u>	<u>44,142,873</u>
Retained earnings, end of year	\$ <u>46,602,415</u>	\$ <u>45,031,164</u>

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF CASH FLOWS

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Operating income	\$ 8,333,242	\$ 10,149,859
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,638,157	3,561,432
Gain on sale of fixed assets	-	(6,738)
Changes in operating assets and liabilities:		
Accounts receivable	(1,267,412)	(1,931,188)
Inventory	(93,132)	(334)
Other assets	8,030	9,200
Accounts payable	(609,553)	1,092,761
Accrued vacation	8,264	5,764
Due from other fund	65,001	-
Deferred revenue	2,209,153	12,120,668
Customer deposits	22,368	36,817
Other revenue, net	<u>1,506,782</u>	<u>243,734</u>
Net cash provided by operating activities	13,820,900	25,281,975
Cash flows from noncapital financing activities		
Operating transfers in	3,945,000	-
Operating transfers out	<u>(11,059,420)</u>	<u>(8,412,898)</u>
Net cash used for noncapital financing activities	(7,114,420)	(8,412,898)
Cash flows from capital and related financing activities		
Proceeds from revenue bonds, net		-
Principal payments on revenue bonds	(2,515,512)	(2,275,510)
Acquisition of capital assets	(2,212,108)	(4,410,499)
Capital lease payments	(268,480)	(36,639)
Proceeds from notes payable	661,161	1,139,965
Payments on notes payable	(207,434)	(136,925)
Interest expense	(1,952,490)	(2,009,109)
Disposal of capital assets	-	11,171
Contributed capital	<u>-</u>	<u>990,000</u>
Net cash used for capital and related financing activities	(6,494,863)	(6,727,546)

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF CASH FLOWS - CONTINUED

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Cash flows from investing activities		
Investment income	<u>798,137</u>	<u>916,705</u>
Net increase in cash	1,009,754	11,058,236
Cash, beginning of year	<u>35,037,056</u>	<u>23,978,820</u>
Cash, end of year	<u>\$ 36,046,810</u>	<u>\$ 35,037,056</u>
Reported on the balance sheet as		
Cash and certificate of deposit	\$ 9,400,915	\$ 9,154,834
Restricted cash	<u>26,645,895</u>	<u>25,882,222</u>
Total	<u>\$ 36,046,810</u>	<u>\$ 35,037,056</u>
<u>Supplemental Schedule of Noncash Investing and Financing Activities:</u>		
Equipment acquired through assumption of capital lease obligation	\$ <u>397,659</u>	\$ <u>847,122</u>

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City of LaGrange, Georgia  
Utility Fund

COMPARATIVE SCHEDULES OF REVENUES

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Water system		
Water sales	\$ 6,511,976	\$ 6,678,329
Fire services	60,426	78,687
Connection fees	80,270	129,100
Miscellaneous	<u>44,614</u>	<u>38,636</u>
	6,697,286	6,924,752
Sewer system		
Sewer service charge	4,612,814	4,803,424
Connection fees	9,128	11,221
Miscellaneous	<u>111,429</u>	<u>1,100</u>
	4,733,371	4,815,745
Gas system		
Gas sales	19,489,728	10,324,579
Miscellaneous	<u>33,480</u>	<u>45,037</u>
	19,523,208	10,369,616
Electric system		
Electricity sales	32,204,700	29,828,039
Street and security lights	542,022	561,811
Miscellaneous	<u>1,619,280</u>	<u>83,795</u>
	34,366,002	30,473,645
Other		
Telecommunications sales	-	782,456
Penalties	-	445,614
Bad debt recoveries	43,289	188,468
Intergovernmental	-	13,368
Discounts to elderly	<u>-</u>	<u>(55,352)</u>
	43,289	1,374,554
Total operating revenues	<u>\$ 65,363,156</u>	<u>\$ 53,958,312</u>

City of LaGrange, Georgia  
Sanitation Funds

COMBINING BALANCE SHEETS

June 30,

ASSETS

	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 4,330,654	\$ 3,117,712
Accounts receivable	404,961	492,377
Due fro other fund	65,001	
Inventory	10,218	4,759
Fixed assets, net	9,888,282	10,558,065
Other assets	<u>17,727</u>	<u>35,456</u>
 Total assets	 <u>\$ 14,716,843</u>	 <u>\$ 14,208,369</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Accounts payable	\$ 121,550	\$ 20,838
Accrued liabilities	4,005,804	3,500,513
Customer deposits	4,216	2,757
Bonds payable – current	445,000	425,000
Capital leases – current	565,723	560,733
Bonds payable - long-term, net	6,750,615	7,191,580
Capital leases – long-term	<u>971,698</u>	<u>1,453,887</u>
 Total liabilities	 12,864,606	 13,155,308
Fund equity		
Contributed capital	2,137,061	2,137,061
Accumulated deficit	<u>(284,824)</u>	<u>(1,084,000)</u>
 Total fund equity	 <u>1,852,237</u>	 <u>1,053,061</u>
 Total liabilities and fund equity	 <u>\$ 14,716,843</u>	 <u>\$ 14,208,369</u>

City of LaGrange, Georgia  
Sanitation Funds

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN ACCUMULATED DEFICIT

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Operating revenues		
Garbage collection	\$ 3,194,011	\$ 3,002,923
Landfill	1,806,785	1,706,806
Other	<u>86,775</u>	<u>100,629</u>
Total operating revenues	5,087,571	4,810,358
Operating expenses		
Garbage collection	1,430,938	1,261,598
Landfill	1,643,291	1,682,879
Recycling center	69,204	86,035
Depreciation	<u>1,069,990</u>	<u>547,000</u>
Total operating expenses	<u>4,213,423</u>	<u>3,577,512</u>
Operating income	874,148	1,232,846
Nonoperating revenues (expenses)		
Investment income	157,803	154,372
Other income	25,355	17,048
Interest expense	<u>(456,563)</u>	<u>(424,630)</u>
Total nonoperating revenue (expenses)	<u>(273,405)</u>	<u>(253,210)</u>
Income before operating transfers	<u>600,743</u>	<u>979,636</u>
Operating transfers in	198,433	-
Operating transfers out	<u>-</u>	<u>(111,417)</u>
Total operating transfers	198,433	(111,417)
Net income	799,176	868,219
Accumulated deficit, beginning of year	<u>(1,084,000)</u>	<u>(1,952,219)</u>
Accumulated deficit, end of year	\$ <u>(284,824)</u>	\$ <u>(1,084,000)</u>

City of LaGrange, Georgia  
Sanitation Funds

COMPARATIVE STATEMENT OF CASH FLOWS

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating income	\$ 874,148	\$ 1,232,846
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,069,990	547,000
Gain on sale of fixed assets	-	(21,283)
Changes in operating assets and liabilities:		
Accounts receivable	87,416	(100,289)
Inventory	(5,459)	(460)
Other assets	17,729	17,729
Accounts payable	100,712	(400,175)
Due from other fund	(65,001)	-
Other accrued expenses	505,291	684,989
Other nonoperating revenue, net	25,355	17,048
Customer deposits	<u>1,459</u>	<u>(669)</u>
Net cash provided by operating activities	2,611,640	1,976,736
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(261,043)	(585,679)
Disposal of capital assets	-	23,996
Capital lease payments	(616,363)	(546,533)
Principal payments on revenue bonds	(420,965)	(405,000)
Interest expense	<u>(456,563)</u>	<u>(424,630)</u>
Net cash used for capital and related financing activities	(1,754,934)	(1,937,846)
Cash flows from noncapital financing activities:		
Operating transfers in	198,433	-
Operating transfers out	<u>-</u>	<u>(111,417)</u>
Net cash provided by (used for) noncapital financing activities	198,433	(111,417)
Cash flows from investing activities:		
Investment income	<u>157,803</u>	<u>154,372</u>
Net increase in cash	1,212,942	81,845
Cash, beginning of year	<u>3,117,712</u>	<u>3,035,867</u>
Cash, end of year	\$ <u>4,330,654</u>	\$ <u>3,117,712</u>
<u>Supplemental Schedule of Noncash Investing and Financing Activities:</u>		
Equipment acquired through assumption of capital lease obligation	\$ <u>139,164</u>	\$ <u>729,505</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, 2001

ASSETS

	<u>Group Insurance Fund</u>	<u>Property &amp; Casualty Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,251,306	\$ 2,766,150	\$ 5,017,456
Deposits	<u>-</u>	<u>101,990</u>	<u>101,990</u>
Total assets	\$ <u>2,251,306</u>	\$ <u>2,868,140</u>	\$ <u>5,119,446</u>

LIABILITIES AND FUND EQUITY

Liabilities			
Claims payable	\$ <u>545,888</u>	\$ <u>600,000</u>	\$ <u>1,145,888</u>
Total liabilities	545,888	600,000	1,145,888
Fund equity			
Retained earnings	<u>1,705,418</u>	<u>2,268,140</u>	<u>3,973,558</u>
Total liabilities and fund equity	\$ <u>2,251,306</u>	\$ <u>2,868,140</u>	\$ <u>5,119,446</u>

City of LaGrange, Georgia  
Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30, 2001

	Group Insurance <u>Fund</u>	Property & Casualty <u>Fund</u>	<u>Total</u>
Operating revenues, premiums	\$ 2,715,853	\$ 1,028,881	\$ 3,744,734
Operating expenses			
Liability claims	-	227,090	227,090
Liability premiums	-	436,868	436,868
Medical claims	2,803,171	-	2,803,171
Reinsurance premium	10,508	-	10,508
Administrative fee	183,353	49,332	232,685
Other premiums	<u>192,010</u>	<u>-</u>	<u>192,010</u>
Total operating expenses	<u>3,189,042</u>	<u>713,290</u>	<u>3,902,332</u>
Operating income (loss)	(473,189)	315,591	(157,598)
Nonoperating revenues			
Interest	<u>138,259</u>	<u>128,053</u>	<u>266,312</u>
Total nonoperating revenues	<u>138,259</u>	<u>128,053</u>	<u>266,312</u>
Net income (loss)	(334,930)	443,644	108,714
Retained earnings, beginning of year	<u>2,040,348</u>	<u>1,824,496</u>	<u>3,864,844</u>
Retained earnings, end of year	<u>\$ 1,705,418</u>	<u>\$ 2,268,140</u>	<u>\$ 3,973,558</u>

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City of LaGrange, Georgia  
Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2001

	<u>Group Insurance Fund</u>	<u>Property &amp; Casualty Fund</u>	<u>Total</u>
Cash flows from operating activities			
Operating income (loss)	\$ (473,189)	\$ 315,591	\$ (157,598)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Increase in claims payable	270,888	-	270,888
Increase in deposits	<u>-</u>	<u>(39,990)</u>	<u>(39,990)</u>
Net cash provided by (used in) operating activities	(202,301)	275,601	73,300
Cash flows from investing activities			
Investment income	<u>138,259</u>	<u>128,053</u>	<u>266,312</u>
Net increase in cash	(64,042)	403,654	339,612
Cash, beginning of year	<u>2,315,348</u>	<u>2,362,496</u>	<u>4,677,844</u>
Cash, end of year	<u>\$ 2,251,306</u>	<u>\$ 2,766,150</u>	<u>\$ 5,017,456</u>

City of LaGrange, Georgia  
Group Insurance Funds

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ <u>2,251,306</u>	\$ <u>2,315,348</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Claims payable	\$ <u>545,888</u>	\$ <u>275,000</u>
Total liabilities	545,888	275,000
Fund equity		
Retained earnings	<u>1,705,418</u>	<u>2,040,348</u>
Total liabilities and fund equity	\$ <u>2,251,306</u>	\$ <u>2,315,348</u>

City of LaGrange, Georgia  
Group Insurance Funds

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Operating revenues, premiums	\$ 2,715,853	\$ 2,648,738
Operating expenses		
Medical claims	2803,171	2,283,458
Reinsurance premium	10,508	9,941
Administrative fee	183,353	126,705
Other premiums	<u>192,010</u>	<u>179,711</u>
Total operating expenses	<u>3,189,042</u>	<u>2,599,815</u>
Operating income (loss)	(473,189)	48,923
Nonoperating revenues		
Interest	<u>138,259</u>	<u>156,485</u>
Total nonoperating revenues	<u>138,259</u>	<u>156,485</u>
Net income (loss)	(334,930)	205,408
Retained earnings, beginning of year	<u>2,040,348</u>	<u>1,834,940</u>
Retained earnings, end of year	\$ <u>1,705,418</u>	\$ <u>2,040,348</u>

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City of LaGrange, Georgia  
Group Insurance Funds

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Operating income (loss)	\$ (473,189)	\$ 48,923
Adjustment to reconcile operating income (loss)		
to net cash provided by (used in) operating activities:		
Increase in claims payable	<u>270,888</u>	<u>-</u>
Net cash provided by (used in) operating activities	(202,301)	48,923
Cash flows from investing activities		
Investment income	<u>138,259</u>	<u>156,485</u>
Net increase in cash	(64,042)	205,408
Cash, beginning of year	<u>2,315,348</u>	<u>2,109,940</u>
Cash, at end of year	\$ <u>2,251,306</u>	\$ <u>2,315,348</u>

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE BALANCE SHEETS

June 30,

	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 2,766,150	\$ 2,362,496
Deposits	<u>101,990</u>	<u>62,000</u>
Total assets	<u>\$ 2,868,140</u>	<u>\$ 2,424,496</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Claims payable	\$ <u>600,000</u>	\$ <u>600,000</u>
Total liabilities	600,000	600,000
Fund equity		
Retained earnings	<u>2,268,140</u>	<u>1,824,496</u>
Total liabilities and fund equity	<u>\$ 2,868,140</u>	<u>\$ 2,424,496</u>

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Operating revenues, premiums	\$ 1,028,881	\$ 1,021,475
Operating expenses		
Liability claims	227,090	144,717
Liability premiums	436,868	407,727
Administrative fee	<u>49,332</u>	<u>41,566</u>
Total operating expenses	<u>713,290</u>	<u>594,010</u>
Operating income	315,591	427,465
Nonoperating revenues		
Interest	<u>128,053</u>	<u>122,165</u>
Total nonoperating revenues	<u>128,053</u>	<u>122,165</u>
Net income	443,644	549,630
Retained earnings, beginning of year	<u>1,824,496</u>	<u>1,274,866</u>
Retained earnings, end of year	<u>\$ 2,268,140</u>	<u>\$ 1,824,496</u>

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Operating income	\$ 315,591	\$ 427,465
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase in deposits	(39,990)	-
Increase in claims payable	<u>-</u>	<u>25,000</u>
Net cash provided by operating activities	275,601	452,465
Cash flows from investing activities		
Investment income	128,053	122,165
Net increase in cash	403,654	574,630
Cash, beginning of year	<u>2,362,496</u>	<u>1,787,866</u>
Cash, end of year	<u>\$ 2,766,150</u>	<u>\$ 2,362,496</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,

	<u>2001</u>	<u>2000</u>
General fixed assets:		
Land and land improvements	\$ 5,492,283	\$ 4,981,066
Buildings	9,771,940	6,588,761
Furniture and fixtures	151,330	130,195
Machinery and equipment	4,681,047	4,046,510
Vehicles	3,811,882	3,757,364
Other	<u>15,785,906</u>	<u>14,618,335</u>
Total general fixed assets	<u>\$ 39,694,388</u>	<u>\$ 34,122,231</u>
Investment in general fixed assets from:		
General fund revenues	\$ 11,398,601	\$ 10,749,772
General obligation bonds	3,000,000	3,000,000
Capital projects fund	19,120,380	14,245,637
Special revenues funds	2,672,342	2,623,757
Donations	<u>3,503,065</u>	<u>3,503,065</u>
Total investment in general fixed assets	<u>\$ 39,694,388</u>	<u>\$ 34,122,231</u>

City of LaGrange, Georgia  
General Fixed Assets

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

June 30, 2001

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Furniture and Fixtures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Other</u>
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	6,648,065	874,605	3,758,211	59,584	1,755,494	101,850	98,321
Police department	3,595,011	25,244	1,409,343	46,474	982,911	1,099,039	32,000
Fire department	2,537,125	-	693,281	1,768	693,747	1,139,158	9,171
Animal control	16,729	-	-	-	5,703	11,026	-
Community service	5,654	-	-	-	-	5,654	-
Meditation center	17,613	-	-	2,819	14,794	-	-
Lights, meters and traffic control	55,468	-	-	-	14,245	-	41,223
Engineering and supervision	135,084	-	-	2,418	31,302	49,728	51,636
Parks and cemeteries	2,238,037	609,070	71,889	1,030	208,203	425,226	922,619
Streets	4,316,193	357,045	857	10,777	653,063	586,618	2,707,833
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	2,599,090	-	2,361,865	21,135	40,236	91,104	84,750
School system	250,000	-	250,000	-	-	-	-
Garage	2,285,345	-	27,675	-	182,155	98,884	1,976,631
Trash and refuse	197,608	-	-	-	12,899	184,709	-
Total	\$39,694,388	\$ 5,492,283	\$9,771,940	\$ 151,330	\$4,681,047	\$3,811,882	\$ 15,785,906

City of LaGrange, Georgia  
General Fixed Assets

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION AND ACTIVITY

Year ended June 30, 2001

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
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	5,181,190	1,466,875	-	6,648,065
Police department	3,454,094	254,972	114,055	3,595,011
Fire department	2,243,367	293,758	-	2,537,125
Animal control	23,231	-	6,502	16,729
Community service	3,636	2,018	-	5,654
Mediation center	17,613	-	-	17,613
Lights, meters and traffic control	27,538	27,930	-	55,468
Engineering and supervision	134,583	22,846	22,345	135,084
Parks and cemeteries	2,247,423	8,637	18,023	2,238,037
Street	3,122,071	1,252,495	58,373	4,316,193
Recreation	3,675,876	-	-	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	188,640	2,410,450	-	2,599,090
School system	250,000	-	-	250,000
Garage	2,246,770	38,575	-	2,285,345
Trash and refuse	184,709	12,899	-	197,608
Total	\$ 34,122,231	\$5,791,455	\$ 219,298	\$ 39,694,388



## 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
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
2001	1,305,100	8,750,529	2,962,267	981,100	-	1,231,218	1,149,978	1,266,869	17,647,061

(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	Charges for			Fines and Forfeitures	Investment Income**	Miscellaneous	Total
		Intergovernmental	Services*					
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
2001	8,253,038	295,531	263,893	1,270,246	86,548		233,816	10,403,072

(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
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
2001	2000	-	-	-	4,297	4,297	-	-	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>
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
2001	756,052,545	1,890,131,362	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
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
2001	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, 2001

Approximate assessed valuation	\$ 756,052,545
Debt limit: 10% of assessed value (1)	\$ 75,605,255
Amount of debt applicable to debt limit	-
Legal debt margin	\$ 75,605,255

(1) State of Georgia constitutional ~~limit~~ *limit*

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>
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	25,998	734,031,598	-	-	-
2001	26,250	756,052,545	-	-	-

Source: (1) 1990 & 2000 U.S. Census: years through 1993 Troup County Planning Commission; 1994 State of Georgia Office of Planning and budget; 1995 - 1999 & 2001 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>
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	-
2001	-	-	-	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, 2001  
(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	490,000	100%	490,000

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)

	Net Revenue Available for Debt Service			Debt Service Requirements			Revenue Bond Coverage (3)
	Total Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	
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
2001	12,213,393	6,150,584	6,062,809	2,590,000	1,707,553	4,297,553	1.41

(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>
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	25,998	22,499	34.0	11,653	5.4%
2001	26,250	23,000	32.8	11,748	6.7%

Source: (1) 1990 & 2000 U.S. Census: years 1991 through 1993 Troup County Planning Commission; 1994 State of Georgia Office of Planning and budget; 1995 - 1999 & 2001 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	
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
2001	1,402,255,222	572,382,065	85	8,849,560	76	14,716,689	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, 2001  
(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	\$ 110,649,910	15%
Kimberly-Clark Corp.	Non-woven fabric	36,631,546	5%
Mobil Chemical Co.	Packaging	32,484,069	4%
SPC - Shorewood	Packaging	24,863,652	3%
Duracell	Batteries	24,400,726	3%
West Point Stevens	Textiles	24,229,707	3%
Interface, Inc.	Carpet	17,796,225	2%
Inflation Systems	Automotive	14,179,602	2%
NOK, Inc.	Oil Seals	9,104,281	1%
LaGrange Moulding	Automotive	3,556,589	1%
All other taxpayers		<u>458,156,238</u>	61%
		<u>\$ 756,052,545</u>	<u>100%</u>

Note: These are assessed value for calendar year 2000

Source: Troup County Tax Assessor

# City of LaGrange, Georgia

## MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2001  
(Unaudited)

Date of incorporation	1828
Form of government	Council-Manager
City limits area	29.4 square miles
Population (2001 estimate)	26,250
Number of employees:	
Full time	413
Part time	<u>197</u>
Total employees	610
Electric customers, June 2001	12,173
Gas customers, June 2001	9,109
Water customers, June 2001	16,545
Sewer customers, June 2001	9,642
Utilities sales July 2000 - June 2001:	
Electric sales (mega watt hours)	521,845
Gas sales (1,000 cu. ft.)	2,012,409
Water sales (1,000 gallons)	2,299,066
Garbage customers, June 2001	
Residential	10,031
Commercial/Industrial	1,177

Source: City of LaGrange

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## SINGLE AUDIT SECTION

*L*aGRANGE

*georgia*

S M A R T M O V E ®

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, 2001, and have issued our report thereon dated August 31, 2001. 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 31, 2001

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 each of its major federal programs for the year ended June 30, 2001. The City's major federal programs are 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, 2001.

### 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, 2001, and have issued our report thereon dated August 31, 2001. 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 31, 2001

City of LaGrange, Georgia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2001

<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	598-08-016	\$ 51,000
U.S. Department of Health and Human Services Passed-through Georgia Department of Human Resources Social Service Block Grant	93.667	427-93-02018	39,000
Chattahoochee - Flint RDC	93.044	04-141-00	<u>81,625</u>
Total U.S. Department of Health and Human Services			120,625
U.S. Department of Housing and Urban Development Passed-through Georgia Department of Community Affairs Community Home Investment Program (CHIP)	14.239	96m-x-141-726-011	123,190
U.S. Department of Justice Local Law Enforcement Block Grant	16.592	98-01-LLEBG	4,249
Local Law Enforcement Block Grant	16.592	99-00-LLEBG	4,963
In-car Computer Grant	16.579	2000-LB-BX-3169	47,644
COPS in School	16.579	2000-SHWX-0083	28,734
Bullet Proof Vest Partnership Grant	16.592	00-00-2756	<u>14,000</u>
Total U.S. Department of Justice			99,590
U.S. Department of Transportation Highway Safety Grant	20.600	CP-99-14-202	6,428
Highway Safety Grant	20.600	CP-98-14-105	<u>16,866</u>
Total U. S. Department of Transportation			<u>23,294</u>
Grand total			\$ <u>417,699</u>

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City of LaGrange, Georgia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2001

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, 2001.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Community Development		
Block Grants - State's Program	14.228	\$ 155,876
Other		\$ 103,999
HODAG		\$ 7,504,422

Note C – Subrecipients

During the year ended June 30, 2001, the City provided the following amounts to subrecipients.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Summer Food Program	10.555	\$ 51,000
Community Home Investment Program	14.305	\$ 123,190
Social Service Block Grant	93.667	\$ 39,000
Chattahoochee - Flint RDC	93.044	\$ 81,625

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City of LaGrange, Georgia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2001

**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>
14.239	Community Home Investment Program
16.579	In-Car Computer Grant

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 federal award findings and questioned costs.

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