

# CITY OF LAGRANGE, GEORGIA

Comprehensive Annual Financial Report  
Year ended June 30, 2002





CITY OF LAGRANGE, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2002

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, 2002

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, 2002 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 three sections: introductory, financial and statistical. 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. For the year ended June 30, 2002, expenditures of federal funds fell below the \$300,000 threshold requirement for a single audit ; therefore, no single audit section is included in the report.

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 26,500 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, 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. The Solid Waste Management Authority of the City of LaGrange is reported on a blended basis.

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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 guarded but steady due to the diversity of industry here. The City's local option sales tax receipts decreased just under 2.0% from last year; however, the City's income from utility sales increased just under 12%, as discussed in the Financial Information - Enterprise Fund Section.

The unemployment rate for LaGrange for FY 2002 increased 1.4% over last year, and is an indicator of a more cautious business and industrial community. The Georgia counties of Carroll, Coweta, Harris, Heard, Meriwether, Talbot and Troup combined with the nearby Alabama counties of Chambers and Randolph contribute in excess of 150,000 potential workers to LaGrange's 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 LaGrange's 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 for the year ending June 30, 2003 adopted by the Mayor and City Council estimated expenses of \$76,253,100.

The City's combined funds balance for fiscal year 02-03 is projected to increase over \$1.1 million as a result of the decreased gas and electric expenses from the prior year. The cash balance does not include approximately \$2.7 million set aside for future gas and water utility relocation and improvement projects. Further, the City has set aside almost \$4.5 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 provide

necessary protection for 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 utility 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. The City is now 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 has resulted in a higher success rate for residential, commercial and industrial customers.

Two years ago, the City made the decision 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 customer's homes. At the beginning of the 2002-2003 fiscal year, the City made the decision to extend the program for a third year. 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 third 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 reduction of over \$1 million 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.

The City of LaGrange has successfully renegotiated a continuation of the Local Option Sales Tax Agreement with Troup County and the Cities of Hogansville and West Point. The agreement assures annual sales tax revenues for LaGrange of approximately \$4.25 million and will remain in place until the next U.S. Census.

### **FISCAL YEAR 2002-2003 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 02-03, the same as in the previous fiscal year. The Utility Fund contribution to the General Capital Improvements Fund is budgeted at \$500,000.

Utility Fund budgeted revenue is down slightly (just over 2%) from the prior year. Although water, sewer and gas revenues are budgeted to increase, electric revenue is projected to be down about \$1 million and telecom revenues down over \$1.2 million.

Sanitation Fund revenues are expected to increase a modest \$100,000, or about 1.7%. 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 2002-2003 EXPENDITURES**

As mentioned above, total spending on City operations is budgeted at \$76.2 million and is a decrease from actual 01-02 expenses by almost \$6.6 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.

#### **CONCLUSION**

The City's 2002-2003 budget, with the exception of electric and gas revenue decreases, is in line with the prior year budget. There is a minimum amount of new equipment purchases 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.

For the year ended June 30, 2002, expenditures of federal funds fell below the \$300,000 threshold; therefore, no single audit section is included in the report.

### **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 re-appropriated 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, 2002 and the amount and percentage of increases and decreases in relation to the prior year's revenue.



Revenues	Amount	% of Total	Increase (Decrease) from 2001	Percent of Increase (Decrease)
Taxes, Licenses and Permits	8,047,152	73.24	(205,886)	(2.49)
Intergovernmental	290,242	2.64	(12,789)	(4.22)
Charges for services	341,695	3.11	77,802	29.48
Fines	1,265,665	11.52	(4,581)	(.36)
Investment Income	226,852	2.06	15,447	7.31
Donations	-0-	0.00	(390,000)	(100.00)
Miscellaneous	815,522	7.43	237,557	41.10
TOTAL	10,987,128	100.00	(282,450)	2.51

As shown in the above chart, Taxes, Licenses and Permits revenue decreased by just over \$200,000 with about one-half of the reduction coming in Local Option Sales Tax revenue, and the remainder divided between license and occupation taxes and franchise fees. The Charges for Services category increased by about \$77,000 due primarily to police service agreements with LaGrange College and the LaGrange Housing Authority. Just under \$400,000 in decrease was attributed to the Donations category primarily due to the conclusion of a number of projects funded partially by private foundation contributions. The following schedule presents a summary of governmental funds and Capital Projects expenditures for fiscal year ended June 30, 2002, and the percentage of increases and decreases in relation to the prior year amounts.

Expenditures	Amount	% of Total	Increase (Decrease) from 2001	Percent of Increase (Decrease)
General Government	1,274,497	7.00	(30,603)	(2.34)
Public Safety	8,922,255	48.99	171,726	1.96
Public Services	2,449,313	13.46	(565,276)	(18.75)
Culture and Recreation	1,117,854	6.13	136,754	13.94
Community Development	1,110,537	6.10	(120,681)	(9.80)
Capital Outlay	1,611,655	8.85	(4,272,666)	(72.61)
Debt Service	1,725,190	9.47	458,321	36.18
TOTAL	18,211,301	100.00	4,222,425	(18.32)

All of the expenditure categories decreased with the exception of Public Safety which increased in large part because of overtime salaries and implementation of the police services agreements mentioned above and the debt service category which is related to capital leases and debt payments related to a building construction/ lease project. Capital outlay expenses decreased by over \$4,000,000 from the prior year due to a reduction in large equipment purchases.

#### **Enterprise Fund:**

Total Utility Fund operating revenues (electric, gas, water, sewer and telecommunications) decreased by approximately \$5.5 million despite increases in electric and telecommunications revenues of \$1.3 million.

Gas system revenues decreased about \$6.8 million over last year. During 2001, the City experienced huge increases in wholesale gas prices caused by the extremely cold winter and resultant nation-wide gas shortages. The current gas system revenues of \$12.7 million are more representative of a "normal" year for gas revenues. The large decreases in gas system revenues are offset by corresponding decreases in gas system expenses of approximately \$6.5 million.

#### **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, 2002, the general long term debt balance was \$8,714,973, consisting of \$3,640,000 in loans which were issued to finance the construction of a facility to be leased to the State of Georgia and \$5,074,973 in capital leases. Enterprise Fund debt included \$33,880,000 in water and sewer bonds and \$6,795,000 in solid waste bonds, less \$350,750 in unamortized discounts. Outstanding debt in the Enterprise Fund also included capital leases of \$2,765,049 and notes payable of \$2,858,106 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, interest bearing checking accounts and the Georgia Fund local government investment pool. Interest rates varied between 1.73% and 3.81% 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 \$3.2 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. However, as the City's federal expenditures for the year did were less than the \$300,000 threshold requirement for a Single Audit, there is no Single Audit section for the current year.

**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, 2001. This was the fourteenth 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.

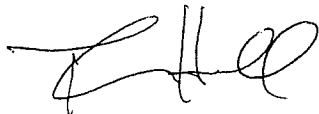
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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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,

A handwritten signature in black ink, appearing to read 'THH', with a stylized flourish at the end.

Thomas H. Hall  
City Manager

A handwritten signature in black ink, appearing to read 'JWB', with a stylized flourish at the end.

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, 2001

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.



*Thomas A. Chave*  
President

*Jeffrey L. Essler*  
Executive Director

City of LaGrange, Georgia  
LIST OF PRINCIPAL OFFICIALS

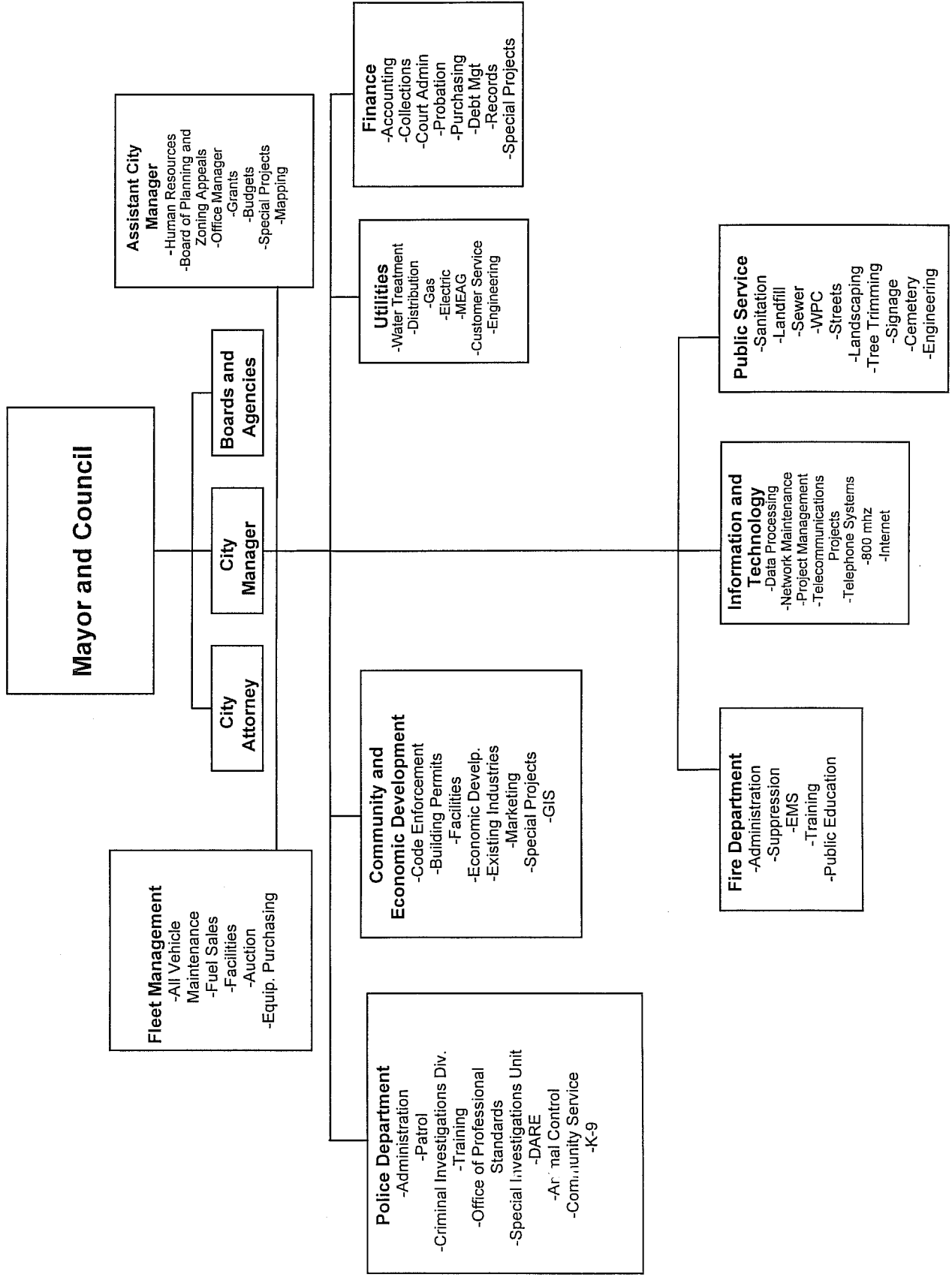
June 30, 2002

ELECTED OFFICIALS

W. Jeff Lukken	Mayor
Willie T. Edmondson	Council Member
Dr. Tom Gore	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

*La*GRANGE *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, 2002, 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, 2002, 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 23, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

*Grant Thornton LLP*

Atlanta, Georgia  
August 23, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

City of LaGrange, Georgia

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2002  
(with comparative totals for June 30, 2001)

	Governmental Fund Types				Proprietary Fund Types		Account Groups			Totals (Memorandum only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	General Fixed Assets	Long-Term Debt	2002	2001	
ASSETS AND OTHER DEBITS											
Cash and cash equivalents	\$ 1,564,502	\$ 230,764	\$ 2,333,285	\$ 1,960,538	\$ 18,938,148	\$ 4,457,441	\$ -	\$ -	\$ 29,484,678	\$ 23,265,057	
Receivables (net of allowances for doubtful receivables)											
Notes	-	3,530,694	-	-	-	-	-	-	3,530,694	3,674,437	
Intergovernmental	-	37,400	-	-	-	-	-	-	37,400	41,140	
Taxes	530,065	-	-	-	-	-	-	-	530,065	419,050	
Accounts	-	5	-	7,500	7,808,416	-	-	-	7,815,921	8,841,532	
Other	19,230	-	-	-	80	-	-	-	19,310	20,311	
Due from other funds	3,333	-	-	-	77,913	-	-	-	81,246	-	
Inventories	213,515	-	-	-	1,301,740	-	-	-	1,515,255	1,618,000	
Restricted cash	79,713	-	-	3,421,504	23,497,957	-	-	-	26,999,174	26,728,824	
Restricted investments	421,056	-	-	-	-	-	-	-	421,056	385,315	
Fixed assets (net of accumulated depreciation, where applicable)	-	-	-	-	104,763,599	-	40,862,466	-	145,626,065	144,299,521	
Other assets	-	-	31,407	-	104,597	101,990	-	-	237,994	240,079	
Amount available in debt service fund	-	-	-	-	-	-	-	2,333,285	2,333,285	2,350,205	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	6,381,688	6,381,688	3,750,200	
	<u>\$ 2,831,414</u>	<u>\$ 3,798,863</u>	<u>\$ 2,364,692</u>	<u>\$ 5,389,542</u>	<u>\$ 156,492,450</u>	<u>\$ 4,559,431</u>	<u>\$ 40,862,466</u>	<u>\$ 8,714,973</u>	<u>\$ 225,013,831</u>	<u>\$ 215,633,671</u>	

Continued

City of LaGrange, Georgia

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS - CONTINUED

June 30, 2002  
(with comparative totals for June 30, 2001

LIABILITIES, EQUITY AND OTHER CREDITS	Governmental Fund Types			Proprietary Fund Types		Account Groups		Totals	
	Fund Types			Fund Types		Groups		(Memorandum only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	General Fixed Assets	Long-Term Debt	2002 2001
Liabilities									
Accounts payable	\$ 242,210	\$ 2,567	\$ -	\$ 8,850	\$ 3,479,947	\$ -	\$ -	\$ -	\$ 3,733,574 \$ 3,321,306
Accrued liabilities	879,948	1,024	-	-	4,186,790	1,406,721	-	-	6,474,483 6,276,288
Customer deposits	-	11,207	-	-	926,538	-	-	-	937,745 868,368
Due to other funds	-	-	-	-	81,246	-	-	-	81,246 -
Deferred revenue	-	-	-	-	23,507,902	-	-	-	23,507,902 22,108,751
Bonds - current	-	-	-	-	3,175,000	-	-	-	3,175,000 3,035,000
Notes payable - current	-	-	-	-	182,383	-	-	-	182,383 174,277
Capital leases - current	-	-	-	-	786,725	-	-	-	786,725 772,529
Bonds - long-term	-	-	-	-	37,149,250	-	-	-	37,149,250 40,775,726
Notes payable - long-term	-	-	-	-	1,858,068	-	-	3,640,000	5,498,068 2,078,433
Capital leases - long-term	-	-	-	-	1,709,362	-	-	5,074,973	6,784,335 7,498,177
	1,122,158	14,798	-	8,850	77,043,211	1,406,721	-	8,714,973	88,310,711 86,908,855
Equity and other credits									
Investment in general fixed assets	-	-	-	-	-	-	40,862,466	-	40,862,466 39,694,388
Contributed capital	-	-	-	-	30,493,589	-	-	-	30,493,589 30,493,588
Retained earnings	-	-	-	-	5,078,201	-	-	-	5,078,201 4,537,001
Reserved	-	-	-	-	43,877,449	3,152,710	-	-	47,030,159 45,754,148
Unreserved	-	-	-	-	-	-	-	-	-
Fund balances									
Reserved	714,284	3,530,694	31,407	3,421,504	-	-	-	-	7,697,889 5,522,675
Unreserved	994,972	253,371	2,333,285	1,959,188	-	-	-	-	5,540,816 2,723,016
Total equity and other credits	1,709,256	3,784,065	2,364,692	5,380,692	79,449,239	3,152,710	40,862,466	-	136,703,120 128,724,816
	\$ 2,831,414	\$ 3,798,863	\$ 2,364,692	\$ 5,389,542	\$ 156,492,450	\$ 4,559,431	\$ 40,862,466	\$ 8,714,973	\$225,013,831 \$ 215,633,671

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, 2002  
(with comparative totals for June 30, 2001)

	Governmental Fund Types				Totals (Memorandum only)	
	General	Special Revenue	Debt Service	Capital Projects	2002	2001
<b>Revenues</b>						
Taxes, licenses and permits	\$ 8,047,152	\$ -	\$ -	\$ -	\$ 8,047,152	\$ 8,253,038
Intergovernmental	238,063	45,269	-	6,910	290,242	303,031
Charges for services	341,695	-	-	-	341,695	263,893
Fines and forfeitures	1,265,665	-	-	-	1,265,665	1,270,246
Donations	-	-	-	-	-	390,000
Investment income	82,968	51,182	55,087	37,615	226,852	211,405
Miscellaneous	148,930	94,873	-	571,719	815,522	577,965
<b>Total revenues</b>	<b>10,124,473</b>	<b>191,324</b>	<b>55,087</b>	<b>616,244</b>	<b>10,987,128</b>	<b>11,269,578</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	1,274,497	-	-	-	1,274,497	1,305,100
Public safety	8,922,255	-	-	-	8,922,255	8,750,529
Public service	2,449,313	-	-	-	2,449,313	3,014,589
Culture and recreation	1,117,854	-	-	-	1,117,854	981,100
Community development	785,416	325,121	-	-	1,110,537	1,231,218
Capital outlays	1,039,907	-	-	571,748	1,611,655	5,884,321
Debt service						
Principal retirement	116,255	-	672,129	673,870	1,462,254	1,071,711
Interest and fiscal charges	-	-	39,318	223,618	262,936	195,158
<b>Total expenditures</b>	<b>15,705,497</b>	<b>325,121</b>	<b>711,447</b>	<b>1,469,236</b>	<b>18,211,301</b>	<b>22,433,726</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, 2002  
(with comparative totals for June 30, 2001)

	Governmental Fund Types			Totals (Memorandum only)	
	General	Special Revenue	Debt Service	Capital Projects	
Excess of expenditures over revenues	(5,581,024)	(133,797)	(656,360)	(852,992)	(7,224,173) (11,164,148)
Other financing sources (uses)					
Operating transfers in	6,500,000	-	634,315	1,500,000	8,634,315 8,121,175
Operating transfers out	(493,950)	-	-	-	(493,950) (1,205,188)
Proceeds from capital leases	436,822	-	-	3,640,000	4,076,822 1,041,978
Total other financing sources	6,442,872	-	634,315	5,140,000	12,217,187 7,957,965
Excess of revenues and other sources over (under) expenditures and other uses	861,848	(133,797)	(22,045)	4,287,008	4,993,014 (3,206,183)
Fund balance, beginning of year	847,408	3,917,862	2,386,737	1,093,684	8,245,691 11,451,874
Fund balance, end of year	\$ 1,709,256	\$ 3,784,065	\$ 2,364,692	\$ 5,380,692	\$ 13,238,705 \$ 8,245,691

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, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes, licenses and permits	\$ 8,283,300	\$ 8,047,152	\$ (236,148)
Intergovernmental	-	238,063	238,063
Charges for services	299,500	341,695	42,195
Fines and forfeitures	1,287,000	1,265,665	(21,335)
Investment income	56,500	82,968	26,468
Miscellaneous	57,000	148,930	91,930
Total revenues	9,983,300	10,124,473	141,173
Expenditures			
Current			
General government	1,216,200	1,274,497	(58,297)
Public safety	8,614,200	8,922,255	(308,055)
Public service	2,677,500	2,449,313	228,187
Culture and recreation	1,124,200	1,117,854	6,346
Community development	695,400	785,416	(90,016)
Capital outlay	739,750	603,085	136,665
Debt service			
Principal retirement	125,000	116,255	8,745
Total expenditures	15,192,250	15,268,675	(76,425)
Excess of expenditures over revenues	(5,208,950)	(5,144,202)	64,748
Other financing sources (uses)			
Operating transfers in	6,500,000	6,500,000	-
Operating transfers out	(493,950)	(493,950)	-
Total other financing sources	6,006,050	6,006,050	-
Excess of revenues and other sources over expenditures and other uses	797,100	861,848	64,748
Fund balances at beginning of year	847,408	847,408	-
Fund balances at end of year	\$ 1,644,508	\$ 1,709,256	\$ 64,748

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

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City of LaGrange, Georgia

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

Year ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	-	45,269	45,269
Interest	60,232	51,182	(9,050)
Miscellaneous	<u>95,500</u>	<u>94,873</u>	<u>(627)</u>
Total revenues	155,732	191,324	35,592
Expenditures			
Current			
Redevelopment and housing	142,000	226,178	(84,178)
Administrative and management	<u>37,600</u>	<u>98,943</u>	<u>(61,343)</u>
Total expenditures	<u>179,600</u>	<u>325,121</u>	<u>(145,521)</u>
Excess of expenditures over revenues	(23,868)	(133,797)	(109,929)
Fund balances at beginning of year	<u>3,917,862</u>	<u>3,917,862</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,893,994</u>	<u>\$ 3,784,065</u>	<u>\$ (109,929)</u>

City of LaGrange, Georgia

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

Year ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment income	\$ 120,000	\$ 55,087	\$ (64,913)
Total revenues	120,000	55,087	(64,913)
Expenditures			
Debt service			
Principal retirement	-	672,129	(672,129)
Interest and fiscal charges	100,000	39,318	60,682
Total expenditures	100,000	711,447	(611,447)
Excess of revenues over expenditures (expenditures over revenues)	20,000	(656,360)	(676,360)
Other financing sources (uses)			
Operating transfers in	-	634,315	634,315
Total other financing sources	-	634,315	634,315
Excess of expenditures over revenue	20,000	(22,045)	(42,045)
Fund balances at beginning of year	2,386,737	2,386,737	-
Fund balances at end of year	\$ 2,406,737	\$ 2,364,692	\$ (42,045)

City of LaGrange, Georgia

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

Year ended June 30, 2002  
(with comparative totals for year ended June 30, 2001)

	Propriety Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
Operating revenues				
Water and sewer system	\$ 11,428,128	\$ -	\$ 11,428,128	\$ 11,438,080
Gas system	12,787,974	-	12,787,974	19,535,885
Electric system	34,934,681	-	34,934,681	34,388,318
Sanitation	4,943,242	-	4,943,242	5,087,571
Premiums	-	3,650,340	3,650,340	3,744,734
Telecommunications	2,143,599	-	2,143,599	1,344,837
Total operating revenues	66,237,624	3,650,340	69,887,964	75,539,425
Operating expenses				
Water and sewer system	9,631,011	-	9,631,011	8,600,004
Gas system	10,913,540	-	10,913,540	17,422,270
Electric system	28,843,485	-	28,843,485	30,286,535
Sanitation	3,597,551	-	3,597,551	4,213,423
Telecommunications	1,078,335	-	1,078,335	721,105
Risk management	-	4,606,864	4,606,864	3,902,332
Total operating expenses	54,063,922	4,606,864	58,670,786	65,145,669
Operating income (loss)	12,173,702	(956,524)	11,217,178	10,393,756

City of LaGrange, Georgia

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

Year ended June 30, 2002  
(with comparative totals for year ended June 30, 2001)

	Propriety Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2002	2001
Cash flows from capital and related financing activities:				
Principal payments on revenue bonds	\$ (2,996,476)	\$ -	\$ (2,996,476)	\$ (2,936,477)
Acquisition of capital assets	(4,808,308)	-	(4,808,308)	(2,473,151)
Capital lease payments	(865,456)	-	(865,456)	(884,843)
Proceeds from notes payable	-	-	-	661,161
Payments on notes payable	(212,259)	-	(212,259)	(207,434)
Interest expense	(2,214,990)	-	(2,214,990)	(2,409,053)
Net cash used in capital financing activities	(11,097,489)	-	(11,097,489)	(8,249,797)
Cash flows from investing activities:				
Interest income	561,828	135,676	697,504	1,222,252
Net increase (decrease) in cash	2,058,641	(560,015)	1,498,626	2,562,308
Cash and cash equivalents, beginning of year	40,377,464	5,017,456	45,394,920	42,832,612
Cash and cash equivalents, end of year	<u>\$ 42,436,105</u>	<u>\$ 4,457,441</u>	<u>\$ 46,893,546</u>	<u>\$ 45,394,920</u>
Report on the balance sheet as:				
Cash and cash equivalents	18,938,148	4,457,441	23,395,589	18,749,025
Restricted cash	23,497,957	-	23,497,957	26,645,895
Total	<u>\$ 42,436,105</u>	<u>\$ 4,457,441</u>	<u>\$ 46,893,546</u>	<u>\$ 45,394,920</u>

Supplemental Schedule of Noncash Investing and Financing Activities:

Equipment acquired through assumption of capital lease obligation	\$ 701,242	\$ -	\$ 701,242	\$ 536,823
Capital assets acquired through contributions From developers	117,071	-	117,071	-
Total	<u>818,313</u>	<u>-</u>	<u>818,313</u>	<u>536,823</u>

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

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

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, 2002

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, 2002

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, 2002. Property taxes not collected by August 30, 2002 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, 2002

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.

4. 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, 2002.

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, Debt Service Fund and Special Revenue Fund are adopted on a basis not consistent with generally accepted accounting principles (GAAP). The Capital Project Fund is budgeted on a project basis, which may be one or more years in length. Proprietary fund type budgets are adopted for management control purposes only.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Budgets and Budgetary Accounting - Continued

Adjustments necessary to convert the actual results of operations of the funds below at June 30, 2002 from GAAP to the non-GAAP budget bases are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses – GAAP budget basis	\$ 861,848	\$ 4,287,008
Capital outlay expenditures	436,822	87,618
Proceeds from capital leases	<u>(436,822)</u>	<u>(3,640,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses – non-GAAP basis	\$ <u>861,848</u>	\$ <u>734,626</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, 2002

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Investments – Continued

The City's investment of \$16,037,430 in the Georgia Fund 1 local government investment pool has not been categorized as to risk level because it is a pool managed by another government. Georgia Fund 1, which was created by the Official Code of Georgia Annotated ("OCGA") 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAA rated market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the Securities and Exchange Commission as an investment company. The Georgia Department of Audits and Accounts is the regulatory oversight agency of Georgia Fund 1. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

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

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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 cash and cash equivalents included deposits, state investment pool interest and repurchase agreements totaling \$56,483,852. The carrying amount and bank balance of deposits was \$33,812,422 and \$33,943,631, respectively. The carrying value of the state investment pool totaled \$16,037,430. 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 \$6,634,000 were collateralized with securities held by its agent in the City's name.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE B – DEPOSITS AND RESTRICTED INVESTMENTS – CONTINUED

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 \$421,056. These securities are held by the City in the name of the City.

NOTE C – 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:

2003	\$	14,000
2004		14,000
2005		20,000
2006		20,000
2007		20,000
Thereafter		<u>7,542,052</u>
		7,630,052
Less allowance for doubtful accounts		<u>(4,099,358)</u>
	\$	<u>3,530,694</u>

NOTE D – FIXED ASSETS

A summary of changes in general fixed assets account group for the year ended June 30, 2002, follows:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Land and land improvements	\$ 4,891,809	\$ 3,110	\$ -	\$ 4,894,919
Buildings	12,483,003	240,020	-	12,723,023
Furniture and fixtures	151,330	-	-	151,330
Machinery and equipment	4,595,345	173,399	-	4,768,744
Vehicles	3,793,858	357,068	89,212	4,052,767
Other	13,779,043	492,640	8,947	14,271,683
Total	\$ 39,694,388	\$ 1,266,237	\$ 98,159	\$ 40,862,466

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE D – FIXED ASSETS - CONTINUED

A summary of proprietary fund type property, plant and equipment at June 30, 2002, is presented below:

Land	\$	3,974,045
Buildings		26,504,191
Equipment		7,399,150
Furniture and fixtures		48,909
Motor vehicles		5,384,970
Transmission and distribution		97,860,548
Other		14,742,412
Total		155,914,225
Less accumulated depreciation		(51,150,626)
Net	\$	<u>104,763,599</u>

NOTE E – 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, 2001	Additions	Payments	Balance June 30, 2002
Bonds	\$ 490,000	\$ -	\$ 490,000	\$ -
Loans	-	3,640,000	-	3,640,000
Capital leases	5,610,405	436,822	972,254	5,074,973
	<u>\$ 6,100,405</u>	<u>\$ 4,076,822</u>	<u>\$ 1,462,254</u>	<u>\$ 8,714,973</u>



City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE E – 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,	
2003	\$ 958,261
2004	848,615
2005	776,296
2006	620,704
2007	447,719
Thereafter	<u>3,087,998</u>
	6,739,593
Less amount representing interest	<u>(1,664,620)</u>
	<u>\$ 5,074,973</u>

2. Enterprise Fund Debt

*Bonds*

Series	Interest Rates	Amount of Original Issuance	Balance
1992 Water and Sewerage Revenue Bonds	4.90% to 6.80%	\$ 4,805,000	\$ 245,000
1993 Water and Sewerage Revenue Refunding Bonds	4.25% to 5.25%	28,280,000	26,875,000
1997 Solid Waste Bonds	4.5% to 4.85%	8,070,000	6,795,000
1999 Water and Sewerage Revenue Refunding Bonds	3.5% to 4.3%	9,540,000	<u>6,760,000</u>
Total bonds outstanding			40,675,000
Less unamortized discount			<u>(350,750)</u>
Net bonds outstanding			<u>\$ 40,324,250</u>

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE E – LONG-TERM DEBT – CONTINUED

2. Enterprise Fund Debt - Continued

The following is a summary of future debt service requirements, including interest of \$11,087,257 for Enterprise Fund bonds:

Year ending June 30,	
2003	\$ 5,073,782
2004	5,076,670
2005	5,080,752
2006	5,079,539
2007	5,089,611
Thereafter	<u>26,361,903</u>
Total	<u>\$ 51,762,257</u>

*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, 2002).

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, 2002:

Year ending June 30,	
2003	\$ 908,177
2004	888,691
2005	548,897
2006	272,079
2007	<u>147,205</u>
Total minimum lease payments	2,765,049
Less amount representing interest	<u>(268,962)</u>
Present value of net minimum lease payments	<u>\$ 2,496,087</u>

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE E – LONG-TERM DEBT – CONTINUED

2. Enterprise Fund Debt – Continued

*Notes Payable*

The City's Utility Fund borrowed funds for system improvements under notes payable bearing interest at 4.24% and 4.76%. As of June 30, 2002, \$2,040,451 has been drawn against the \$2,597,069 notes with future payments including interest of \$817,655 as follows:

Year ending June 30,	
2003	\$ 264,894
2004	264,893
2005	141,111
2006	141,110
2007	141,110
Thereafter	<u>1,904,988</u>
	<u>\$ 2,858,106</u>

*Defeased Bonds*

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

As of June 30, 2002, \$31,035,000 of outstanding bonds are considered defeased.

NOTE F – RESERVED RETAINED EARNINGS AND FUND BALANCE

At June 30, 2002, reserved retained earnings consisted of the following:

Reserved for revenue bond debt service	\$ 5,073,782
Reserved for renewal and replacement	<u>4,419</u>
Total reserved retained earnings	<u>\$ 5,078,201</u>

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE F – RESERVED RETAINED EARNINGS AND FUND BALANCE - CONTINUED

At June 30, 2002, reserved fund balance consisted of the following:

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Reserved for perpetual care	\$ 500,769	\$ -	\$ -	\$ -
Reserved for inventory	213,515	-	-	-
Reserved for long-term receivables	-	3,530,694	-	-
Reserved for prepaid expenditures	-	-	31,407	-
Reserved for capital outlay	-	-	-	3,421,504
Total reserved fund balance	\$ 714,284	\$ 3,530,694	\$ 31,407	\$ 3,421,504

NOTE G - 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, 2002.

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, 2002. Claims exceeding this amount are covered by a private insurance carrier.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE G - RISK MANAGEMENT AND SELF-INSURANCE – CONTINUED

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, 2002. Claims exceeding this amount are covered by a private insurance carrier.

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, 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	545,888	600,000
Claims and changes in estimate	3,198,399	439,790
Claims payments	<u>(3,043,762)</u>	<u>(333,594)</u>
Liability balance, June 30, 2002	<u>\$ 700,525</u>	<u>\$ 706,196</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.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

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.

Funding Policy

The City's employees participation is noncontributory. The City is required to contribute at an actuarially determined rate; the current rate is 1.6% 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 \$337,732 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2002 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. 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.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE I – DEFINED BENEFIT PENSION PLAN – CONTINUED

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	-
6/30/02	337,732	100	-

Supplementary Information

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded/ (Excess) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/99	\$ 15,152,089	\$ 12,531,586	\$ (2,620,503)	120.9%	\$ 9,266,99	(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)
1/1/02	17,382,347	15,372,501	(2,009,846)	113.1	11,224,936	(17.9)

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.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE J – SEGMENT INFORMATION FOR ENTERPRISE FUNDS – CONTINUED

Segment information for these Enterprise Funds is summarized below for the year ended June 30, 2002:

	Utility Fund	Sanitation Fund
Operating revenue	\$ 61,294,382	\$ 4,943,242
Depreciation	4,557,728	932,189
Operating income	10,828,011	1,345,691
Operating transfers (out)/in, net	(8,194,073)	53,708
Net income	1,565,775	1,072,284
Capital contributions	117,071	-
Property, plant and equipment additions	2,355,838	3,032,598
Net working capital	18,566,995	(2,332,789)
Total assets	141,168,437	15,324,013
Total long-term liabilities	34,651,892	6,991,326
Total equity	75,524,717	2,924,522

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, 2002, the outstanding debt of the Authority was approximately \$3.4 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$132 million at June 30, 2002.



City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE K – COMMITMENT AND CONTINGENCIES – CONTINUED

Agreements with Municipal Electric Authority of Georgia - Continued

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, 2002, \$30,301,708 has been placed into the Trust for the benefit of the City, of which \$6,810,076 is available without restriction and \$23,491,632 is subject to restrictions. Of the \$6,810,076 approximately \$3,020,000 and \$2,923,455 has been recognized as revenue for the years ended June 30, 2001 and 2002, respectively. Due to the restricted nature of the \$23,491,632, the amount is reported as deferred revenue at June 30, 2002.

Guarantee of Communication System Debt

The City has guaranteed the payment of debt totaling \$8,385,000 at June 30, 2002 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 \$25,663 to the Authority during the year ended June 30, 2002. 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, 2002, the City paid no dues.

City of LaGrange, Georgia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2002

NOTE L – JOINT VENTURES – CONTINUED

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, 2002, 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 \$130,016 of lodging tax received from the City during the year ended June 30, 2002 was used for the promotion of tourism.

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, 2002 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 \$5,791,638, 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, 2002, 34% 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 \$3,822,481 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

	2002	2001
Cash and cash equivalents	\$ 1,564,502	\$ 843,349
Receivables		
Taxes	530,065	419,050
Other	19,230	17,996
Due from other funds	3,333	
Inventory	213,515	257,333
Restricted cash and cash equivalents	79,713	75,374
Restricted investments	421,056	385,315
Total assets	\$ 2,831,414	\$ 1,998,417

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$ 242,210	\$ 139,029
Accrued vacation	301,353	299,089
Other accrued liabilities	578,595	711,524
Due to other funds	-	1,367
Total liabilities	1,122,158	1,151,009
Fund balance		
Reserved for inventory	213,515	257,333
Reserved for perpetual care	500,769	460,689
Unreserved	994,972	129,386
Total fund balance	1,709,256	847,408
Total liabilities and fund balance	\$ 2,831,414	\$ 1,998,417

City of LaGrange, Georgia  
General Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURED  
AND CHANGES IN FUND BALANCE

Years ended June 30,

	2002	2001
Revenues		
Taxes, licenses and permits	\$ 8,047,152	\$ 8,253,038
Intergovernmental	238,063	155,855
Charges for services	341,695	263,893
Fines and forfeitures	1,265,665	1,270,246
Investment income (loss)	82,968	(101,234)
Miscellaneous	148,930	133,622
Total revenues	10,124,473	9,975,420
Expenditures		
Current		
General government	1,274,497	1,305,100
Public safety	8,922,255	8,750,529
Public service	2,449,313	3,014,589
Culture and recreation	1,117,854	981,100
Community development	785,416	870,799
Capital outlay	1,039,907	1,097,656
Debt service		
Principal retirement	116,255	112,939
Interest	-	8,443
Total expenditures	15,705,497	16,141,155
Excess of expenditures over revenues	(5,581,025)	(6,165,735)
Other financing sources (uses)		
Operating transfers in	6,500,000	6,003,879
Operating transfers out	(493,950)	(879,321)
Proceeds from capital lease	436,822	1,041,978
Total other financing sources	6,442,872	6,166,536
Excess of revenues and other sources over expenditures and other financing uses	861,848	801
Fund balance, beginning of year	847,408	846,607
Fund balance, end of year	\$ 1,709,256	\$ 847,408

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City of LaGrange, Georgia  
Special Revenue Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

Years ended June 30,

	2002	2001
Revenues		
Intergovernmental	\$ 45,269	\$ 139,676
Interest	51,182	65,261
Miscellaneous	94,873	100,194
Total revenues	191,324	305,131
Expenditures		
Current		
Redevelopment and housing	226,178	289,320
Administrative and management	98,943	71,099
Total expenditures	325,121	360,419
Excess of expenditures over revenues	(133,797)	(55,288)
Fund balance, beginning of year	3,917,862	3,973,150
Fund balance, end of year	\$ 3,784,065	\$ 3,917,862

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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>2002</u>	<u>2001</u>
Cash	\$ 2,333,285	\$ 2,350,205
Prepaid interest	<u>31,407</u>	<u>36,532</u>
Total assets	\$ <u>2,364,692</u>	\$ <u>2,386,737</u>

LIABILITIES AND FUND BALANCE

Fund balance		
Reserved for prepaid expenditures	\$ 31,407	\$ 36,532
Unreserved	<u>2,333,285</u>	<u>2,350,205</u>
Total fund balance	<u>2,364,692</u>	<u>2,386,737</u>
Total liabilities and fund balance	\$ <u>2,364,692</u>	\$ <u>2,386,737</u>

City of LaGrange, Georgia  
Debt Service Fund

COMPARATIVE STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE

Years ended June 30,

	<u>2002</u>	<u>2001</u>
Revenues		
Interest	\$ <u>55,087</u>	\$ <u>122,521</u>
Total revenues	55,087	122,521
Expenditures		
Principal retirement	672,129	958,772
Interest	<u>39,318</u>	<u>186,715</u>
Total expenditures	<u>711,447</u>	<u>1,145,487</u>
Excess of expenditures over revenues	(656,360)	(1,022,966)
Other financing sources		
Operating transfers in	<u>634,315</u>	<u>995,914</u>
Total other financing sources	<u>634,315</u>	<u>995,914</u>
Excess of expenditures over revenues and other financing sources	(22,045)	(27,052)
Fund balance, beginning of year	<u>2,386,737</u>	<u>2,413,789</u>
Fund balance, end of year	\$ <u><u>2,364,692</u></u>	\$ <u><u>2,386,737</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

	2002	2001
Cash	\$ 1,960,538	\$ 1,101,485
Restricted cash	3,421,504	7,555
Accounts receivable	<u>7,500</u>	<u>-</u>
Total assets	\$ <u>5,389,542</u>	\$ <u>1,109,040</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$ <u>8,850</u>	\$ <u>15,356</u>
Total liabilities	8,850	15,356
Fund balance		
Unreserved	\$ 1,959,188	\$ 1,086,129
Reserved for capital outlay	<u>3,421,504</u>	<u>7,555</u>
Total fund equity	<u>5,380,692</u>	<u>1,093,684</u>
Total liabilities and fund balance	\$ <u>5,389,542</u>	\$ <u>1,109,040</u>



City of LaGrange, Georgia  
Capital Projects Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

Years ended June 30,

	2002	2001
Revenues		
Intergovernmental	\$ 6,910	\$ 7,500
Interest	37,615	124,857
Donations	-	390,000
Miscellaneous	571,719	344,149
Total revenues	616,244	866,506
Expenditures		
Capital outlays	571,748	4,000,885
Debt service		
Principal retirement	673,870	639,384
Interest	223,618	146,396
Total expenditures	1,469,236	4,786,665
Excess of expenditures over revenues	(852,992)	(3,920,159)
Other financing sources (uses)		
Operating transfers in	1,500,000	1,000,000
Operating transfers out	-	(204,485)
Proceeds from capital leases	3,640,000	-
Total other financing sources	5,140,000	795,515
Excess of revenue and other sources over (under) expenditures and other uses	4,287,008	(3,124,644)
Fund balance, beginning of year	1,093,684	4,218,328
Fund balance, end of year	\$ 5,380,692	\$ 1,093,684

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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, 2002

ASSETS

	Utility Fund	Sanitation Fund	Total
Cash and cash equivalents	\$ 15,953,185	\$ 2,984,963	\$ 18,938,148
Receivables			
Accounts	7,806,261	2,155	7,808,416
Other	80	-	80
Due from other funds	-	77,913	77,913
Inventory	1,291,395	10,345	1,301,740
Restricted cash	23,497,957	-	23,497,957
Fixed assets – net	92,514,962	12,248,637	104,763,599
Other assets	104,597	-	104,597
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	\$ <u>141,168,437</u>	\$ <u>15,324,013</u>	\$ <u>156,492,450</u>

LIABILITIES AND FUND EQUITY

Liabilities			
Accounts payable	3,029,606	450,341	3,479,947
Accrued liabilities			
	163,422	4,023,368	4,186,790
Due to other funds	81,246	-	81,246
Deferred revenue	23,507,902	-	23,507,902
Customer deposits	924,758	1,780	926,538
Revenue bonds – current	2,705,000	470,000	3,175,000
Notes payable – current	182,383	-	182,383
Capital leases – current	322,269	464,456	786,725
Revenue bonds – long-term	30,864,600	6,284,650	37,149,250
Note payable – long-term	1,858,068	-	1,858,068
Capital leases – long-term	1,004,466	704,896	1,709,362
	<u>64,643,720</u>	<u>12,399,491</u>	<u>77,043,211</u>
Total liabilities			
Fund equity			
Contributed capital	28,356,527	2,137,062	30,493,589
Retained earnings			
Reserved for revenue bond debt service	5,073,782	-	5,073,782
Reserved for renewal and replacement	4,419	-	4,419
Unreserved	43,089,989	787,460	43,877,449
	<u>76,524,717</u>	<u>2,924,522</u>	<u>79,449,239</u>
Total fund equity			
Total liabilities and fund equity	\$ <u>141,168,437</u>	\$ <u>15,324,013</u>	\$ <u>156,492,450</u>

City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30, 2002

	Utility Fund	Sanitation Fund	Total
Operating revenues			
Water and sewer system	\$ 11,428,128	\$ -	\$ 11,428,128
Gas system	12,787,974	-	12,787,974
Electric system	34,934,681	-	34,934,681
Sanitation	-	4,943,242	4,943,242
Telecommunications	2,143,599	-	2,143,599
Total operating revenues	61,294,382	4,943,242	66,237,624
Operating expenses			
Water and sewer system	9,631,011	-	9,631,011
Gas system	10,913,540	-	10,913,540
Electric system	28,843,485	-	28,843,485
Sanitation	-	3,597,551	3,597,551
Telecommunications	1,078,335	-	1,078,335
Total operating expenses	50,466,371	3,597,551	54,063,922
Operating income	10,828,011	1,345,691	12,173,702
Nonoperating revenues (expenses)			
Investment income	468,307	93,521	561,828
Other income	213,072	(68,811)	144,261
Interest expense	(1,863,357)	(351,825)	(2,215,182)
Other expense	(3,256)	-	(3,256)
Total nonoperating revenues (expenses)	(1,185,234)	(327,115)	(1,512,349)
Income before capital contributions and operating transfers	9,642,777	1,018,576	10,661,353
Capital contributions	117,071	-	117,071
Operating transfers in	-	53,708	53,708
Operating transfers out	(8,194,073)	-	(8,194,073)
Net income	1,565,775	1,072,284	2,638,059
Retained earnings (deficit), beginning of year	46,602,415	(284,824)	46,317,591
Retained earnings, end of year	\$ 48,168,190	\$ 787,460	\$ 48,955,650

City of LaGrange, Georgia  
Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2002

	Utility Fund	Sanitation Fund	Total
Cash flows from operating activities:			
Operating income	\$ 10,828,011	\$ 1,345,691	\$ 12,173,702
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	4,557,728	910,427	5,468,155
Changes in operating assets and liabilities			
Accounts receivable	632,545	402,614	1,035,159
Inventory	59,054	(127)	58,927
Other assets	(20,767)	17,727	(3,040)
Accounts payable	(11,061)	328,791	317,730
Accrued vacation	53,954	-	53,954
Due from other fund	16,245	(12,912)	3,333
Deferred revenue	1,399,151	-	1,399,151
Other accrued expenses	-	17,565	17,565
Customer deposits	71,462	(2,436)	69,026
Other nonoperating revenue, net	209,816	(68,811)	141,005
Net cash provided by operating activities	17,796,138	2,938,529	20,734,667
Cash flows from noncapital financing activities:			
Operating transfers in	-	53,708	53,708
Operating transfers out	(8,194,073)	-	(8,194,073)
Net cash provided by (used in) for noncapital financing activities	(8,194,073)	53,708	(8,140,365)
Cash flows from capital and related financing activities			
Principal payments on revenue bonds	(2,555,511)	(440,965)	(2,996,476)

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30,

	2002	2001
Operating revenues		
Water system	\$ 6,877,395	\$ 6,697,286
Sewer system	4,548,518	4,733,371
Gas system	12,785,494	19,523,208
Electric system	34,927,906	34,366,002
Telecommunication	2,143,183	1,343,964
Other	11,886	43,289
Total operating revenues	<u>61,294,382</u>	<u>66,707,120</u>
Operating expenses		
Water system	2,303,486	2,292,184
Sewerage system	3,148,857	3,053,188
Gas system	10,001,031	16,639,351
Electric system	26,817,075	28,991,399
Telecommunication	1,044,594	761,823
Administrative services	2,712,922	1,653,812
Depreciation	4,557,728	3,638,157
Total operating expenses	<u>50,585,693</u>	<u>57,029,914</u>
Operating income	10,708,689	9,677,206
Nonoperating revenues (expenses)		
Investment income	468,307	798,137
Other income	213,072	163,749
Interest expense	(1,744,035)	(1,952,490)
Other expense	(3,256)	(931)
Total nonoperating revenues (expenses)	<u>(1,065,912)</u>	<u>(991,535)</u>
Income before operating transfers	9,642,777	8,685,671
Capital Contributions	117,071	-
Operating transfers in	-	-
Operating transfers out	(8,194,073)	(7,114,420)
Total operating transfers	<u>(8,077,002)</u>	<u>(7,114,420)</u>
Net income	1,565,775	1,571,251
Retained earnings, beginning of year	<u>46,602,415</u>	<u>45,031,164</u>
Retained earnings, end of year	\$ <u>48,168,190</u>	\$ <u>46,602,415</u>

City of LaGrange, Georgia  
Utility Fund

COMPARATIVE STATEMENT OF CASH FLOWS

Years ended June 30,

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$ 10,708,689	\$ 9,677,206
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,557,728	3,638,157
Gain on sale of fixed assets	-	-
Changes in operating assets and liabilities		
Accounts receivable	632,545	(1,267,412)
Inventory	59,054	(93,132)
Other assets	(20,767)	8,030
Accounts payable	(11,061)	(609,553)
Accrued vacation	53,954	8,264
Due from other fund	16,245	65,001
Deferred revenue	1,399,151	2,209,153
Customer deposits	71,462	22,368
Other revenue, net	<u>209,816</u>	<u>162,818</u>
Net cash provided by operating activities	17,676,816	13,820,900
Cash flows from noncapital financing activities:		
Operating transfers in	-	-
Operating transfers out	<u>(8,194,073)</u>	<u>(7,114,420)</u>
Net cash used in noncapital financing activities	(8,194,073)	(7,114,420)
Cash flows from capital and related financing activities:		
Proceeds from revenue bonds, net		
Principal payments on revenue bonds	(2,555,511)	(2,515,512)
Acquisition of capital assets	(1,775,710)	(2,212,108)
Capital lease payments	(259,203)	(268,480)
Proceeds from notes payable	-	661,161
Payments on notes payable	(212,259)	(207,434)
Interest expense	<u>(1,744,035)</u>	<u>(1,952,490)</u>
Net cash used in capital and related financing activities	(6,546,718)	(6,494,863)



City of LaGrange, Georgia  
Utility Fund

COMPARATIVE SCHEDULES OF REVENUES

Years ended June 30,

	2002	2001
Water and sewer system		
Water sales	\$ 6,653,554	\$ 6,511,976
Sewer service charges	4,539,637	4,612,814
Fire services	55,758	60,426
Connection fees	113,152	89,398
Miscellaneous	66,028	163,466
	<u>11,428,129</u>	<u>11,438,080</u>
Gas system		
Gas sales	12,758,820	19,489,728
Miscellaneous	29,154	46,158
	<u>12,787,974</u>	<u>19,535,886</u>
Electric system		
Electricity sales	34,203,333	32,204,700
Street and security lights	563,308	542,022
Miscellaneous	168,040	1,641,596
	<u>34,934,681</u>	<u>34,388,318</u>
Telecommunications		
Internet services	1,105,498	531,281
Other telecommunications services	1,038,101	813,555
	<u>2,143,599</u>	<u>1,344,836</u>
Total operating revenues	<u>\$ 61,294,383</u>	<u>\$ 66,707,120</u>

City of LaGrange, Georgia  
Sanitation Funds

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	2002	2001
Cash and cash equivalents	\$ 2,984,963	\$ 4,330,654
Accounts receivable	2,155	404,961
Due from other funds	77,913	65,001
Inventory	10,345	10,218
Fixed assets, net	12,248,637	9,888,282
Other assets	<u>-</u>	<u>17,727</u>
Total assets	<u>\$ 15,324,013</u>	<u>\$ 14,716,843</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Accounts payable	\$ 450,341	\$ 121,550
Accrued liabilities	4,023,368	4,005,804
Customer deposits	1,780	4,216
Bonds payable - current	470,000	445,000
Capital leases - current	464,456	565,723
Bonds payable - long-term	6,284,650	6,750,615
Capital leases - long-term	<u>704,896</u>	<u>971,698</u>
Total liabilities	12,399,491	12,864,606
Fund equity		
Contributed capital	\$ 2,137,062	\$ 2,137,061
Accumulated earnings (deficit)	<u>787,460</u>	<u>(284,824)</u>
Total fund equity	<u>2,924,522</u>	<u>1,852,237</u>
Total liabilities and fund equity	<u>\$ 15,324,013</u>	<u>\$ 14,716,843</u>

City of LaGrange, Georgia  
Sanitation Funds

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN ACCUMULATED EARNINGS (DEFICIT)

Years ended June 30,

	2002	2001
Operating revenues		
Garbage collection	\$ 3,220,613	\$ 3,194,011
Landfill	1,660,791	1,806,785
Other	61,838	86,775
Total operating revenues	<u>4,943,242</u>	<u>5,087,571</u>
Operating expenses		
Garbage collection	1,565,380	1,430,938
Landfill	984,314	1,643,291
Recycling center	115,668	69,204
Depreciation	932,189	1,069,990
Total operating expenses	<u>3,597,551</u>	<u>4,213,423</u>
Operating income	1,345,691	874,148
Nonoperating revenues (expenses)		
Investment income	93,521	157,803
Other income	(68,811)	25,355
Interest expense	(351,825)	(456,563)
Total nonoperating revenues (expenses)	<u>(327,115)</u>	<u>(273,405)</u>
Income before operating transfers	1,018,576	600,743
Operating transfers in	53,708	198,433
Total operating transfers	<u>53,708</u>	<u>198,433</u>
Net income	1,072,284	799,176
Accumulated deficit, beginning of year	<u>(284,824)</u>	<u>(1,084,000)</u>
Accumulated earnings (deficit), end of year	<u>\$ 787,460</u>	<u>\$ (284,824)</u>

City of LaGrange, Georgia  
Sanitation Funds

COMPARATIVE STATEMENT OF CASH FLOWS

Years ended June 30,

	2002	2001
Cash flows from operating activities:		
Operating income	\$ 1,345,691	\$ 874,148
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	910,427	1,069,990
Changes in operating assets and liabilities:		
Accounts receivable	402,614	87,416
Inventory	(127)	(5,459)
Other assets	17,727	17,729
Accounts payable	328,791	100,712
Due from other fund	(12,912)	(65,001)
Other accrued expenses	17,565	505,291
Other nonoperating revenue, net	(68,811)	25,355
Customer deposits	(2,436)	1,459
Net cash provided by operating activities	2,938,529	2,611,640
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,032,598)	(261,043)
Capital lease payments	(606,253)	(616,363)
Principal payments on revenue bonds	(440,965)	(420,965)
Interest expense	(351,633)	(456,563)
Net cash used in capital and related financing activities	(4,431,449)	(1,754,934)
Cash flows from noncapital financing activities:		
Operating transfers in	53,708	198,433
Net cash used for noncapital financing activities	53,708	198,433
Cash flows from investing activities:		
Investment income	93,521	157,803
Net (decrease) increase in cash	(1,345,691)	1,212,942
Cash, beginning of year	4,330,654	3,117,712
Cash, end of year	\$ 2,984,963	\$ 4,330,654
<u>Supplemental Schedule of Noncash Investing and Financing Activities:</u>		
Equipment acquired through assumption of capital lease obligation	\$ 238,184	\$ 139,164

#### 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, 2002

ASSETS

	Group Insurance Fund	Property & Casualty Fund	Total
Cash and cash equivalents	\$ 1,377,240	\$ 3,080,201	\$ 4,457,441
Deposits	-	101,990	101,990
Total assets	<u>\$ 1,377,240</u>	<u>\$ 3,182,191</u>	<u>\$ 4,559,431</u>

LIABILITIES AND FUND EQUITY

Liabilities			
Claims payable	<u>700,525</u>	<u>706,196</u>	<u>1,406,721</u>
Total liabilities	700,525	706,196	1,406,721
Fund equity			
Retained earnings	<u>676,715</u>	<u>2,475,995</u>	<u>3,152,710</u>
Total fund equity	<u>676,715</u>	<u>2,475,995</u>	<u>3,152,710</u>
Total liabilities and fund equity	<u>\$ 1,377,240</u>	<u>\$ 3,182,191</u>	<u>\$ 4,559,431</u>

City of LaGrange, Georgia  
Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Year ended June 30, 2002

	Group Insurance Fund	Property & Casualty Fund	Total
Operating revenues, premiums	\$ 2,640,692	\$ 1,009,648	\$ 3,650,340
Operating expenses			
Liability claims	-	333,594	333,594
Liability premiums	-	478,990	478,990
Medical claims	3,350,513	-	3,350,513
Reinsurance premium	10,238	-	10,238
Administrative fee	175,004	62,044	237,048
Other premiums	196,481	-	196,481
Total operating expenses	<u>3,732,236</u>	<u>874,628</u>	<u>4,606,864</u>
Operating (loss) income	(1,091,544)	135,020	(956,524)
Nonoperating revenues			
Interest	<u>62,841</u>	<u>72,835</u>	<u>135,676</u>
Total nonoperating revenues	<u>62,841</u>	<u>72,835</u>	<u>135,676</u>
Net (loss) income	(1,028,703)	207,855	(820,848)
Retained earnings, beginning of year	<u>1,705,418</u>	<u>2,268,140</u>	<u>3,973,558</u>
Retained earnings, end of year	<u>\$ 676,715</u>	<u>\$ 2,475,995</u>	<u>\$ 3,152,710</u>

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City of LaGrange, Georgia  
Group Insurance Funds

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Years ended June 30,

	<u>2002</u>	<u>2001</u>
Operating revenues, premiums	\$ 2,640,692	\$ 2,715,853
Operating expenses		
Medical claims	3,350,513	2,803,171
Reinsurance premium	10,238	10,508
Administrative fee	175,004	183,353
Other premiums	<u>196,481</u>	<u>192,010</u>
Total operating expenses	<u>3,732,236</u>	<u>3,189,042</u>
Operating loss	(1,091,544)	(473,189)
Nonoperating revenues		
Interest	<u>62,841</u>	<u>138,259</u>
Total nonoperating revenues	<u>62,841</u>	<u>138,259</u>
Net loss	(1,028,703)	(334,930)
Retained earnings, beginning of year	<u>1,705,418</u>	<u>2,040,348</u>
Retained earnings, end of year	\$ <u>676,715</u>	\$ <u>1,705,418</u>

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City of LaGrange, Georgia  
Group Insurance Funds

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating loss	\$ (1,091,544)	\$ (473,189)
Adjustments to reconcile operating loss to net cash used for operating activities		
Increase in claims payable	<u>154,637</u>	<u>270,888</u>
Net cash used in operating activities	(936,907)	(202,301)
Cash flows from investing activities:		
Investment income	<u>62,841</u>	<u>138,259</u>
Net decrease in cash	(874,066)	(64,042)
Cash, beginning of year	<u>2,251,306</u>	<u>2,315,348</u>
Cash, end of year	<u>\$ 1,377,240</u>	<u>\$ 2,251,306</u>

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE BALANCE SHEETS

June 30,

ASSETS

	<u>2002</u>	<u>2001</u>
Cash and cash equivalents	\$ 3,080,201	\$ 2,766,150
Deposits	<u>101,990</u>	<u>101,990</u>
Total assets	\$ <u>3,182,191</u>	\$ <u>2,868,140</u>

LIABILITIES AND FUND EQUITY

Liabilities		
Claims payable	<u>706,196</u>	<u>600,000</u>
Total liabilities	706,196	600,000
Fund equity		
Retained earnings	\$ <u>2,475,995</u>	\$ <u>2,268,140</u>
Total fund equity	<u>2,475,995</u>	<u>2,268,140</u>
Total liabilities and fund equity	\$ <u>3,182,191</u>	\$ <u>2,868,140</u>

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS

Years ended June 30,

	2002	2001
Operating revenues, premiums	\$ 1,009,648	\$ 1,028,881
Operating expenses		
Liability claims	333,594	227,090
Liability premiums	478,990	436,868
Administrative fee	62,044	49,332
Total operating expenses	874,628	713,290
Operating income	135,020	315,591
Nonoperating revenues		
Interest	72,835	128,053
Total nonoperating revenues	72,835	128,053
Net income	207,855	443,644
Retained earnings, beginning of year	2,268,140	1,824,496
Retained earnings, end of year	\$ 2,475,995	\$ 2,268,140

City of LaGrange, Georgia  
Property & Casualty Fund

COMPARATIVE STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$ 135,020	\$ 315,591
Adjustments to reconcile operating income to net cash provided by operating activities		
Increase in deposits	-	(39,990)
Increase in claims payable	<u>106,196</u>	<u>-</u>
Net cash provided by operating activities	241,216	275,601
Cash flows from investing activities:		
Investment income	<u>72,835</u>	<u>128,053</u>
Net increase in cash	314,051	403,654
Cash, beginning of year	<u>2,766,150</u>	<u>2,362,496</u>
Cash, end of year	<u>\$ 3,080,201</u>	<u>\$ 2,766,150</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>2002</u>	<u>2001</u>
General fixed assets:		
Land and land improvements	\$ 4,894,919	\$ 5,492,283
Buildings	12,723,023	9,771,940
Furniture and fixtures	151,330	151,330
Machinery and equipment	4,768,744	4,681,047
Vehicles	4,052,767	3,811,882
Other	<u>14,271,683</u>	<u>15,785,906</u>
Total general fixed assets	<u>\$ 40,862,466</u>	<u>\$ 39,694,388</u>
Investment in general fixed assets from:		
General fund revenues	12,039,509	11,398,601
General obligation bonds	3,000,000	3,000,000
Capital projects fund	19,653,387	19,120,380
Special revenues funds	2,666,505	2,672,342
Donations	<u>3,503,065</u>	<u>3,503,065</u>
	<u>\$ 40,862,466</u>	<u>\$ 39,694,388</u>



City of LaGrange, Georgia  
General Fixed Assets

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

June 30, 2002

	Total	Land and Improvements	Buildings	Furniture and Fixtures	Machinery and Equipment	Vehicles	Other
Health facilities	\$ 28,333	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,333
Highway safety project	187	-	-	187	-	-	-
Other	3,835,425	614,107	-	-	-	-	3,221,318
Miscellaneous and real estate	2,537,842	1,807,311	730,531	-	-	-	-
General government	6,742,136	236,427	4,585,619	59,584	1,654,717	107,468	98,321
Police department	3,711,011	25,244	1,409,343	46,474	1,064,224	1,133,726	32,000
Fire department	2,548,215	-	693,281	1,768	704,837	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	-	-
Engineering and supervision	135,084	-	-	2,418	31,302	49,728	41,223
Parks and cemeteries	2,290,602	609,070	71,889	1,030	242,926	443,068	51,636
Streets	5,048,920	397,858	857	10,777	701,465	778,303	922,619
Recreation	3,675,876	1,128,665	135,054	5,138	27,110	18,886	3,159,660
Swimming pool	24,229	-	-	-	405	-	23,824
Airport	4,370,513	76,237	487,752	-	58,780	-	3,747,744
West Georgia Medical	479,480	-	-	-	-	-	479,480
Community and economic development	2,593,253	-	2,361,865	21,135	40,236	82,157	87,860
School system	250,000	-	250,000	-	-	-	-
Garage	2,298,288	-	1,996,832	-	195,101	98,884	7,471
Trash and refuse	197,608	-	-	-	12,899	184,709	-
Total	\$ 40,862,466	\$ 4,894,919	\$ 12,723,023	\$ 151,330	\$ 4,768,744	\$ 4,052,767	\$ 14,271,683

City of LaGrange, Georgia  
General Fixed Assets

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION AND ACTIVITY

Year ended June 30, 2002

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Health facilities project	\$ 28,333	\$ -	\$ -	\$ 28,333
Highway safety	187	-	-	187
Other	3,835,425	-	-	3,835,425
Miscellaneous real estate	2,394,835	143,007	-	2,537,842
General government	6,648,065	94,071	-	6,742,136
Police department	3,595,011	205,212	89,212	3,711,011
Fire department	2,537,125	11,090	-	2,548,215
Animal control	16,729	-	-	16,729
Community service	5,654	-	-	5,654
Mediation center	17,613	-	-	17,613
Lights, meters and traffic control	55,468	-	-	55,468
Engineering and supervision	135,084	-	-	135,084
Parks and cemeteries	2,238,037	52,565	-	2,290,602
Street	4,316,193	732,727	-	5,048,920
Recreation	3,675,876	-	-	3,675,876
Swimming pool	24,229	-	-	24,229
Airport	4,359,001	11,512	-	4,370,513
West Georgia Medical	479,480	-	-	479,480
Community and economic development	2,599,090	3,110	8,947	2,593,253
School system	250,000	-	-	250,000
Garage	2,285,345	12,943	-	2,298,288
Trash and refuse	197,608	-	-	197,608
Total	\$ 39,694,388	\$ 1,266,237	\$ 98,159	\$ 40,862,466

## STATISTICAL SECTION

*La*GRANGE *georgia*

S M A R T M O V E ®

## STATISTICAL SECTION (Unaudited)

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

City of LaGrange, Georgia

GENERAL GOVERNMENTAL EXPENDITURES FOR SELECTED FUNCTIONS (1)

LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year Ending June 30,	General Government	Public Safety	Public Services	Culture and Recreation	Education	Community Development	Capital Outlays	Debt Service	Total
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
2002	1,274,497	8,922,255	2,449,313	1,117,854	-	1,110,538	1,039,907	827,702	16,742,066

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

N/A Information not available

Source Audited financial statements.

City of LaGrange, Georgia

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN YEARS

Fiscal Year Ending June 30,	Taxes Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeitures	Investment Income*	Miscellaneous	Total
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
2002	8,047,152	283,332	341,695	1,265,665	189,237	243,803	10,370,884

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

\* 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	Percent of Outstanding Delinquent Taxes	Delinquent Taxes to Levy
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
2002	2001	-	-	-	1,590	1,590	-	-	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>
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
2002	809,122,123	2,022,805,307	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
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
2002	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, 2002

Approximate assessed valuation	\$ 809,122,123
Debt limit: 10% of assessed value (1)	80,912,123
Amount of debt applicable to debt limit	\$ 0-
Legal debt margin	80,912,123

(1) State of Georgia constitutional 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>
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	-	-	-
2002	26,512	809,122,123	-	-	-

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 & 2001-2002 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>
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	-
2002	-	-	-	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, 2002  
(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	-0-	100%	-0-

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	
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	11,333,264	5,603,012	5,730,252	1,895,000	2,255,013	4,150,013	1.38
1999	11,404,789	5,710,745	5,694,044	2,375,000	1,963,583	4,338,583	1.31
2000	12,408,747	5,942,692	6,466,055	2,485,000	1,816,438	4,301,438	1.50
2001	11,887,227	5,842,782	6,044,445	2,590,000	1,707,553	4,297,553	1.41
2002	11,706,818	6,050,103	5,656,715	2,705,000	1,594,362	4,299,362	1.31

(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>
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	16,640	32.8	11,653	5.4%
2001	26,250	16,972	32.8	11,748	6.7%
2002	26,512	17,312	32.8	10,717	8.1%

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 & 2001-2002 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	
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
2002	1,417,642,252	600,822,062	82	21,653,098	77	15,160,871	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 freepoint exemptions.

City of LaGrange, Georgia

PRINCIPAL TAXPAYERS

June 30, 2002  
(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	\$ 75,794,682	9%
Kimberly-Clark Corp.	Non-woven fabric	35,694,048	4%
Wal-Mart	Distribution Center	29,859,696	4%
Duracell	Batteries	29,035,116	4%
Mobil Chemical Co.	Chemicals	23,156,681	3%
NOK, Inc.	Oil Seals	20,699,203	3%
West Point Stevens	Textiles	16,016,194	3%
Interface, Inc.	Carpet	13,751,952	2%
International Paper	Wood Products	19,088,518	2%
Federal Mogul		12,944,820	2%
All other taxpayers		<u>533,081,213</u>	<u>64%</u>
		\$ <u>809,122,123</u>	<u>100%</u>

Note: These are assessed value for calendar year 2002

Source: Troup County Tax Assessor

# City of LaGrange, Georgia

## MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2002  
(Unaudited)

Date of incorporation	1828
Form of government	Council-Manager
City limits area	29.6 square miles
Population (2002 estimate)	26,512
Number of employees:	
Full time	395
Part time	25
Total employees	<u>420</u>
Electric customers, June 2002	12,227
Gas customers, June 2002	9,047
Water customers, June 2002	16,575
Sewer customers, June 2002	9,624
Utilities sales July 2001 – June 2002:	
Electric sales (mega watt hours)	518,079
Gas sales (1,000 cu. ft.)	1,860,976
Water sales (1,000 gallons)	2,238,329
Garbage customers, June 2002	
Residential	8,880
Commercial/Industrial	1,402

Source: City of LaGrange

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