

CITY OF LAGRANGE, GEORGIA

Comprehensive Annual Financial Report Year ended June 30, 2006



CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2006

Prepared by:
DEPARTMENT OF FINANCE

**CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006**

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INTRODUCTORY SECTION



December 1, 2006

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, 2006 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 management's discussion and analysis of the financial statements, the basic financial statements and related notes and certain supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all funds and account groups of the City of LaGrange.

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 appear in the Single Audit section of this report. For the year ended June 30, 2006, expenditures of federal funds fell below the \$500,000 threshold; therefore, no single audit section is included in this report.

This is the fourth year the City of LaGrange is subject to the requirements of the Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). The new GASB pronouncement requires management discussion and analysis of the statements, government-wide financial statements, budgetary comparison schedules, added infrastructure reporting requirements and changes to the statement of cash flows, to name a few.

This is the first year the City of LaGrange is subject to the requirements of the Governmental Accounting Standards Board Statement 44, which requires changes in the Statistical Section of the report.

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 an estimated 27,635 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.

The Downtown La Grange Development Authority, a legally separate entity for which the City is financially accountable, is included as a component unit. Its inclusion is due to the Downtown Theatre Project, owned and financed by the Authority, for which the City services the debt from the lease payments from Carmike Cinemas.

ECONOMIC CONDITION AND OUTLOOK

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

LaGrange is home to over 40 industries in 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 and Troup County has shown signs of improvement over the last 12 months due to the diversity of industry here, and the announcement by Kia Motors that a site within Troup County was selected for construction of a 2.8 million Square Feet auto assembly plant. Construction of the plant is now underway, with operations to begin in 2009. Kia Motors projects employment at the plant to be 2,800, with many of its suppliers to locate nearby. The Kia announcement has sparked the interest of local and regional developers to plan residential and retail developments in and around LaGrange. The City's local option sales tax receipts increased by over \$450,000, indicating that taxable sales rose by over 10% from last year's levels. The City's utility fund operating income decreased by \$550,000, as discussed in the Financial Information - Enterprise Fund Section. However, the City ended the year with an improved net asset position.

The unemployment rate for LaGrange for FY 2004 decreased 0.3% over last year, and is an indicator of an improving 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, 2007 adopted by the Mayor and City Council shows estimated expenses of \$101,772,800.

The City's projected combined funds balance for fiscal year 06-07 is projected to decrease just over \$350 thousand as a result of budgeted expenses exceeding budgeted revenues by that amount. The cash balance does not include approximately

\$1.7 million set aside for future gas and water utility relocation and improvement projects. Further, the City has set aside over \$3.5 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.

The State of Georgia Service Delivery Strategies Act is now fully implemented. This Act 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 over the four years of implementation has resulted in a reduction of over \$4 million in City expenses for these services. City residents will continue to 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. During 2006, a Special Purpose Local Option Sales Tax (SPLOST) was approved by the voters to fund infrastructure enhancements for roads, bridges, and sewer collection needed for anticipated growth. The City's portion of this is nearly \$30 million.

FISCAL YEAR 2005-2006 HIGHLIGHTS

The following is a list of the highlights of the many activities, initiatives and accomplishments of the City of LaGrange over the past year.

The City of LaGrange has continued to experience the loss of manufacturing jobs in 2006. This has been partially offset by expansions at Kleentex and in the service industry. These job losses not only impact the health of the local economy, but the economic well being of many of our citizens. Despite the negative impact of the manufacturing job losses, we have seen significant investment in LaGrange in the housing/service/retail markets. This trend is expected to continue as the Kia Motors assembly plant and its suppliers begin operations in 2009. Worker training programs are underway at West Georgia Technical College to train/retrain workers for manufacturing and auto assembly jobs in these plants. Many of the workers expected to receive training are those that were displaced with the loss of manufacturing jobs over the past several years. This shift in the local economy and population trend creates some tremendous opportunities and challenges for our city going forward. As always, we believe our city is up to that challenge and despite the difficult economic environment this year,

the City has accomplished much. To the extent we have had success in 2006 is a direct result of the leadership and support of the Mayor and City Council and the talent and hard work of the entire City staff.

Financial Conditions

The City's financial condition can best be described as stable, and is much improved over our condition of several years ago. Cash has increased from \$4 million in FY1991 to over \$20 million in FY2006. Over the next couple of years, it is expected that cash balances will dwindle slightly as the City will be making major investments in some capital projects.

Downtown Projects

The City, in partnership with the Callaway Foundation, Inc. (a local charitable organization) and the State Department of Transportation, is involved with several major downtown projects that will strengthen and revitalize our central business district. First, we have completed construction of the streetscape project, with brick pavers on city sidewalks and decorative lighting on several streets in the downtown area and including the area around City Hall. The project was completed within budget. Associated with that project was the replacement of most of the water services to the buildings in the central business district as most of them were extremely old and would have required replacement in the next few years. By doing this work now, we avoided disrupting the completed streetscape for the foreseeable future. Second, the State Department of Transportation is replacing all of the traffic signals and updating the timing software, which will hopefully improve the functionality of the downtown traffic signals. This work should be completed in 2007. Third, the City assisted the Callaway Foundation with the construction of a pedestrian plaza through the middle of the Main Street lock to the rear of Main parking area.

The City partnered with the Callaway Foundation on the construction of a multi-level parking deck and ten screen cinema complex in the downtown area, which has direct access to the previously mentioned pedestrian plaza. The parking deck and cinema were completed in Fall 2006. Streets in the downtown area were resurfaced during 2006. We believe these projects will have a significant impact on the downtown area and will be a major people attractor for years to come.

With all the work on these projects completed, there are two new parking facilities, new restaurants, athletic facilities, walking plazas and cinema, all of which will serve to enhance our downtown area.

Cast Iron Gas Pipe Replacement Project

Beginning in 2003, the City undertook a \$13 million project to replace all of its obsolete cast iron gas mains throughout the system. The project is approximately 90% complete and contracts have been issued for the remainder of the project.

Prepaid Gas Initiative

Lagrange is actively pursuing a bond issue to prepay for a 20-year period certain portions of natural gas that will be needed by the City. It is anticipated that the City will save approximately \$700,000 per year on its natural gas purchases for the next 20 years entering into such arrangements.

Landfill Gas Project

The City completed work on the methane gas pipeline from the City's landfill gas collection point to two of its industrial customers, Milliken & Co. and Interface Flooring. The City began serving these customers with

methane gas in September 2005. There may also be an opportunity to generate additional volumes with the new expansion at Interface.

Interface Expansion

The Development Authority and the City were able to successfully attract a major expansion at Interface Flooring, which is purchasing a vacant building in the industrial park and will add a new process involving a technology for recycling plastics for carpet backing. Initially the plant will employ 50 people but representatives from Interface anticipate that the expansion could grow dramatically in the coming years. The City is also the utility provider for that facility.

Growth in the Utility System

While we have suffered the loss of several large customers, many new customers have been added to our utility system. Most of these are residential and commercial but do represent growth in the community. Over the past year we have installed 92 new electric meters and a net of 198 new water meters.

Combined cycle

LaGrange is a significant investor in the Municipal Electric Authority of Georgia (MEAG) combined cycle electric facility, which came on-line this year. Power generated by the plant should provide adequate electric capacity and reserves for our city through 2009. This year the City had excess capacity, which has been sold, and an attractive market will generate in excess of \$2.4 million of all system sales for the City in the fiscal year 2005-2006.

D.A.S.H.

The City continues its involvement with the work of Decent Affordable Sustainable Housing (DASH). DASH is the sub-recipient, through the City of State Community Home Improvement Program (CHIP) funds. We were pleased to receive funding in the amount of \$300,000 in CHIP funds to assist in down payment assistance for new homeowners. We were also awarded a \$500,000 Community Development Block Grant for a multi-family housing initiative. Work continues on the revitalization of Hillside and DASH is also contemplating projects in southeast LaGrange.

Housing Code Enforcement

We continued our housing code enforcement program, which has had a direct impact on the quality of housing stock in our city. We currently are modifying the program to accommodate the requests of property owners while leaving the basic structure intact so that we can adequately insure safe, sanitary and decent housing for all of our citizens.

West Point Lake Issues

We continue our efforts to preserve and enhance West Point Lake as a natural resource for our community. With the help of citizens and community volunteers and contract help, the City was able to get commitments from the Corps of Engineers for minimum lake levels for winter pool above past years, which will make the lake more attractive and viable and more able to be used by residents and visitors. We have also met with the Corps on water management policy and plan to present findings to the Georgia EPD in the near future.

LGTV

LaGrange Government Television continued to be successful in providing assistance to DASH and other community-based organizations, helping West Georgia Technical College, and promoting literacy and

children's programs. The Top 10 at 10 Most Wanted List continued to generate interest and tips resulting in the arrest of felons throughout the year.

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. A single audit was not required for FY2006.

Budgeting Controls

In addition, the City maintains budgetary controls, the purpose of which is to assure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council of LaGrange. Activities of the general fund and debt service fund are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects and special revenue funds. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by individual fund. The City also maintains an encumbrance account system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year- end and are reappropriated in the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General, Special Revenue, Debt Service Fund, and Capital Projects revenues for the fiscal year ended June 30, 2006 and the amount and percentage of increases and decreases in relation to the prior year's revenue.

Revenues	Amount	% of Total	Increase (Decrease) from 2005	Percent of Increase (Decrease)
Taxes, Licenses and Permits	8,693,498	82.58	693,833	8.67
Intergovernmental	0	0.00	(32,688)	(100.00)
Charges for services	339,634	3.23	70,435	26.19
Fines	1,298,300	12.33	28,518	2.25
Investment Income	57,003	0.54	24,020	72.83
Miscellaneous	138,577	1.32	30,324	28.01
TOTAL	10,527,012	100.00	814,442	8.39

As shown in the above chart, taxes, licenses and permits revenue increased by \$693,833 with virtually all of the increase coming in Local Option Sales Tax revenue. Charges for services increased by \$70,435 due to an additional contract for services. Investment income rose \$24,030 due to higher interest rates.

The following schedule presents a summary of governmental funds and Capital Projects expenditures for fiscal year ended June 30, 2006, and the percentage of increases and decreases in relation to the prior year amounts.

Expenditures	Amount	% of Total	Increase (Decrease) from 2005	Percent of Increase (Decrease)
General Government	1,882,865	8.10	190,754	11.86
Public Safety	11,410,643	49.14	796,591	3.43
Public Services	2,798,923	12.05	(964,242)	(25.62)
Culture and Recreation	852,432	3.67	96,996	12.84
Community Development	2,144,640	9.24	379,179	21.48
Capital Outlay	2,909,976	12.53	(341,022)	(10.49)
Debt Service	1,223,220	5.27	(20,750)	(1.67)
TOTAL	23,222,699	100.00	137,506	0.60

All expenditure categories increased except public service, capital outlay and debt service. Public Service expenses decreased due to the payment for the landfill expenses in the prior year to capture methane gas and capital outlays decreased due to fewer capital projects. Debt service decreased due to have a lower principal amount outstanding.

Enterprise Fund

Total Utility Fund operating revenues (electric, gas, water, sewer and telecommunications) increased by \$190,000, while utility revenues increased \$8.9 million. Operating costs rose by 8.7 million, largely due to the increase in the cost of purchased electricity and natural gas.

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, 2006, general long-term debt balance was \$7,518,451, consisting of \$3,320,000 in loans, which finance the City's transition center that is leased to the State of Georgia and \$3,845,904 in capital leases. Enterprise Fund debt included \$27,540,000 in water and sewer bonds, and \$7,405,000 in solid waste bonds. Outstanding debt in the Enterprise Fund also included capital leases of \$2,517,687 and notes payable of \$2,437,364 in the form of a State of Georgia Environmental Facilities Authority loan for water and sewer improvements and sanitation improvements.

Cash Management

Cash temporarily idle during the year was invested in certificates of deposit, interest bearing checking accounts, money market accounts, the Georgia Fund local government investment pool and the Municipal Electric Authority of Georgia Trust. Interest rates varied between 2.75% and 5.57%.

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. Collateral for all 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 group health and dental, liability, property and workers' compensation, meaning that the City assumes some increased liability for insurance losses but are protected from catastrophic losses and aggregate losses through the purchase of excess insurance coverage. Savings since the program's inception exceed \$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 this year the Council selected the firm of Abbott Jordan & Koon, LLC 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 basic financial statements and individual fund and account group statements and schedules is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaGrange for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the nineteenth year the City has received this award. In order to be awarded a

Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

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

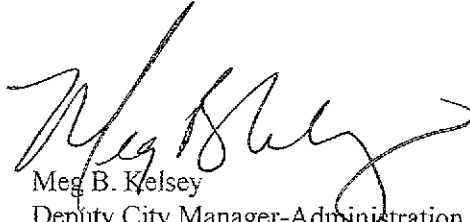
Acknowledgments

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

Respectfully submitted,



Thomas H. Hall
City Manager



Meg B. Kelsey
Deputy City Manager-Administration & Finance

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, 2005

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.



President

Executive Director

City of LaGrange, Georgia

LIST OF PRINCIPAL OFFICIALS

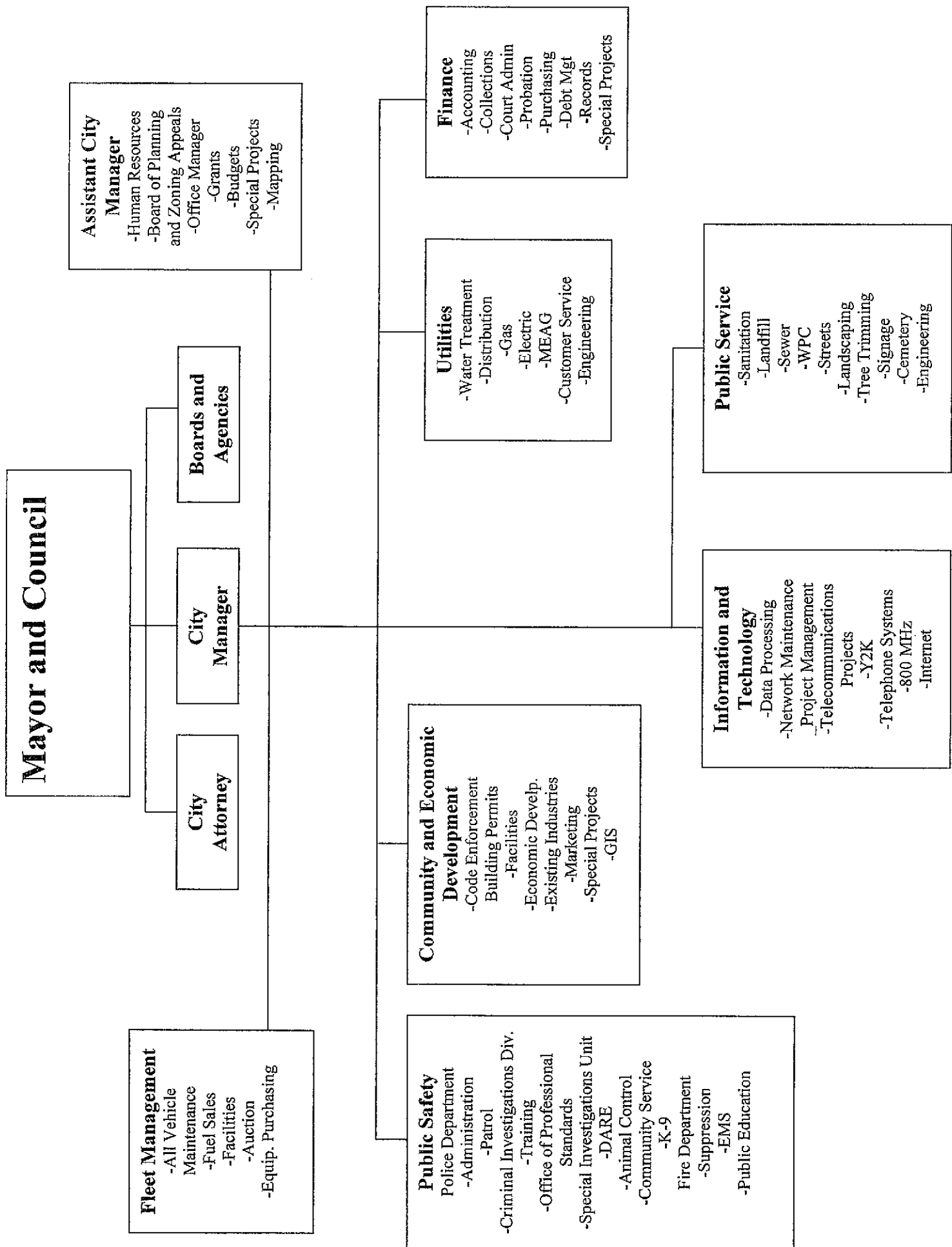
June 30, 2006

ELECTED OFFICIALS

W. Jeff Lukken	Mayor
Willie T. Edmondson	Council Member
Tom Gore	Council Member
George R. Moore	Council Member
Bobby A. Traylor	Council Member
Norma Tucker	Council Member
Nick Woodson	Council Member

OTHER OFFICIALS

Thomas H. Hall	City Manager
Meg Kelsey	Assistant City Manager
John W. Bell	Clerk-Treasurer
Jeffrey M. Todd	City Attorney
Alton West	Director of Community Development
David E. Brown	Director of Public Services
Patrick C. Bowie, Jr.	Director of Public Utilities
Louis M. Dekmar	Public Safety Director
Alan Slaughenaupt	Director of Information and Technology



FINANCIAL SECTION



Abbott, Jordan & Koon, LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 □ 405 Second Street □ Manchester, GA 31816
(706) 846-8401 □ Fax (706) 846-3370

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

The financial statements of the Downtown LaGrange Development Authority have not been audited, and we were not engaged to audit the Downtown LaGrange Development Authority as part of our audit of the City's basic financial statements. The Downtown LaGrange Development Authority's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net assets and revenues of the City's discretely presented component units.

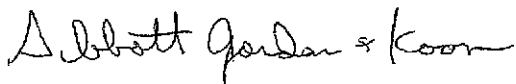
Because the Downtown LaGrange Development Authority financial statements have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the Downtown LaGrange Development Authority, as of and for the year ended June 30, 2006.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the Schedule of Funding Progress are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplemental information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical section, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Abbott Jordan & Koon".

Manchester, Georgia
October 3, 2006

Management's Discussion and Analysis

As management of the City of LaGrange (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – ix of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2006 by \$125,553,367. Of this amount, \$20,940,150 may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$4,550,784.
- As of the close of 2006, the City's governmental funds reported combined ending fund balances of \$7,813,231, a decrease of \$450,880 from the prior year. The decrease was mostly due to increases in capital outlays.
- At the end of 2006, the fund balance for the general fund was \$2,184,868, or 12.2 percent of general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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component unit is reported separately from the financial information presented for the primary government itself.

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Governmental funds

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

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

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$125,553,367 at the close of 2006.

A substantial portion of the City's net assets (80 percent) reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A summary of the statement of net assets as of June 30, 2005 and 2006, is as follows:

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005	Totals 2006	Totals 2005
Current and other assets	\$12,797,625	\$12,019,249	\$51,161,480	\$55,868,360	\$63,959,105	\$67,887,609
Capital assets	<u>30,038,705</u>	<u>28,536,508</u>	<u>118,636,951</u>	<u>114,978,357</u>	<u>148,675,656</u>	<u>143,514,865</u>
Total assets	<u>42,836,330</u>	<u>40,555,757</u>	<u>169,798,431</u>	<u>170,846,717</u>	<u>212,634,761</u>	<u>211,402,474</u>
Long-term liabilities	6,399,244	6,765,982	40,351,877	45,103,677	46,751,121	51,869,659
Other liabilities	<u>3,758,489</u>	<u>2,868,043</u>	<u>36,571,784</u>	<u>35,662,189</u>	<u>40,330,273</u>	<u>38,530,232</u>
Total liabilities	<u>10,157,733</u>	<u>9,634,025</u>	<u>76,923,661</u>	<u>80,765,866</u>	<u>87,081,394</u>	<u>90,399,891</u>
Net assets						
Invested in capital assets, net of related debt	22,872,801	20,955,023	78,006,264	74,485,060	100,879,065	95,440,083
Restricted	3,734,152	4,315,497	-	-	3,734,152	4,315,497
Unrestricted	<u>6,071,644</u>	<u>5,651,212</u>	<u>14,868,506</u>	<u>15,595,791</u>	<u>20,940,150</u>	<u>21,247,003</u>
Total net assets	<u>\$32,678,597</u>	<u>\$30,921,732</u>	<u>\$92,874,770</u>	<u>\$90,080,851</u>	<u>\$125,553,367</u>	<u>\$121,002,583</u>

A portion of the City's net assets (3.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets, \$20,940,150, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of 2006, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities, with the exception of the Grant Fund. Monies expended from this fund are subsequently reimbursed by grant monies. After all monies are received related to grants, it should alleviate the deficit in net assets.

Governmental activities

Governmental activities increased the City's net assets by \$1,756,865. Key elements of this increase are as follows:

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005	Totals 2006	Totals 2005
Revenues						
Program revenues						
Charges for services	\$3,499,304	\$3,204,575	\$84,235,333	\$75,033,490	\$87,734,637	\$78,238,065
Grants & Contributions	1,878,020	2,235,351		1,402,765	1,878,020	3,638,116
General revenues						
Other taxes	8,287,096	7,565,018	-	-	8,287,096	7,565,018
Other	812,150	(414,536)	923,164	527,175	1,735,314	112,639
Total revenues	<u>\$14,476,570</u>	<u>\$12,590,408</u>	<u>\$85,158,497</u>	<u>\$76,963,430</u>	<u>\$99,635,067</u>	<u>\$89,553,838</u>
Expenses						
General government	\$2,114,147	\$1,867,223	-	-	\$2,114,147	\$1,867,223
Public safety	11,435,498	11,214,890	-	-	11,435,498	11,214,890
Public service	3,250,325	4,276,819	-	-	3,250,325	4,276,819
Culture and recreation	1,015,887	944,364	-	-	1,015,887	944,364
Community development	2,237,143	1,568,303	-	-	2,237,143	1,568,303
Redevelopment and housing	-	388,976	-	-	-	388,976
Telecommunications	-	121,601	-	-	-	121,601
Interest on long-term debt	511,415	423,878	-	-	511,415	423,878
Utilities	-	-	68,669,609	60,091,753	68,669,609	60,091,753
Solid waste	-	-	5,850,259	5,673,818	5,850,259	5,673,818
Total expenses	<u>\$20,564,415</u>	<u>\$20,806,064</u>	<u>\$74,519,868</u>	<u>\$65,765,571</u>	<u>\$95,084,283</u>	<u>\$86,571,635</u>
Increase in net assets before transfers	<u>(6,087,845)</u>	<u>(8,215,656)</u>	<u>10,638,629</u>	<u>11,197,859</u>	<u>4,550,784</u>	<u>2,982,203</u>
Transfers	<u>7,844,710</u>	<u>7,327,795</u>	<u>(7,844,710)</u>	<u>(7,327,795)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	<u>1,756,865</u>	<u>(887,861)</u>	<u>2,793,919</u>	<u>3,870,064</u>	<u>4,550,784</u>	<u>2,982,203</u>
Net assets - beginning of year	<u>30,921,732</u>	<u>31,809,593</u>	<u>90,080,851</u>	<u>86,210,787</u>	<u>121,002,583</u>	<u>118,020,380</u>
Net assets - end of year	<u>\$32,678,597</u>	<u>\$30,921,732</u>	<u>\$92,874,770</u>	<u>\$90,080,851</u>	<u>\$125,553,367</u>	<u>\$121,002,583</u>

Business-type activities

Business-type activities increased the City's net assets by \$2,793,919. Key elements of the increase are as follows:

- Operating revenues increased by \$8,195,067 during 2006.
- Expenses increased by \$8,754,297 over 2005.

Financial Analysis of the Government's Funds

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

Governmental funds

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

The general fund is the chief operating fund of the City. At the end of 2006, unreserved fund balance of the general fund was \$1,990,109, while the total fund balance reached \$2,184,868. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.1 percent of the total general fund expenditures, while total fund balance represents 12.2 percent of that same amount. Transfers in from proprietary funds to supplement the general fund were \$7,825,631 for 2006, which represents 43.8 percent of total fund expenditures.

The fund balance of the General fund increased by \$412,981 during 2006.

Other governmental funds have a total fund balance of \$5,628,363, of which \$1,032,902 is available for capital projects. The net decrease in the fund balance during the current year in capital projects was \$863,861. This decrease was primarily due to an increase in community development expenditures of \$533,206,982, an increase in the sale of assets of \$478,230.

Proprietary funds

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

Unrestricted net assets of the Utility Fund at the end of 2006 amounted to \$15,370,507, and those for the Solid Waste Fund amounted to (\$502,001). The total change in net assets for each fund was \$2,879,650, and (\$85,731), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$100,879,065 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park and pool facilities, storm sewers, bridges, streets, gas lines, electric lines, and water and sewer lines.

City of LaGrange, Georgia

Capital Assets

	Governmental	Governmental	Business-type	Business-type	Totals	Totals
	Activities	Activities	Activities	Activities	2006	2005
	2006	2005	2006	2005		
Land	\$7,287,968	\$5,960,617	\$2,010,561	\$2,010,561	\$9,298,529	\$7,971,178
Buildings	9,128,789	9,128,789	26,470,585	26,421,835	35,599,374	35,550,624
Machinery and equipment	5,451,576	5,270,616	11,961,509	10,984,091	17,413,085	16,254,707
Vehicles	2,255,786	2,149,246	1,446,983	1,400,467	3,702,769	3,549,713
Transmission and distribution	-	-	118,213,746	116,499,061	118,213,746	116,499,061
Other	15,158,028	14,714,382	-	-	15,158,028	14,714,382
Construction in progress	<u>2,789,983</u>	<u>1,990,349</u>	<u>13,700,338</u>	<u>9,086,253</u>	<u>16,490,321</u>	<u>11,076,602</u>
Total	\$42,072,130	\$39,213,999	\$173,803,722	\$166,402,268	\$215,875,852	\$205,616,267
Less accumulated depreciation	<u>(12,033,425)</u>	<u>(10,677,491)</u>	<u>(55,166,771)</u>	<u>(51,423,911)</u>	<u>(67,200,196)</u>	<u>(62,101,402)</u>
Total net of accumulated depreciation	<u>\$30,038,705</u>	<u>\$28,536,508</u>	<u>\$118,636,951</u>	<u>\$114,978,357</u>	<u>\$148,675,656</u>	<u>\$143,514,865</u>

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

Long-term debt

At the end of 2006, the City had total bonded debt outstanding of \$34,945,000. Of this amount, none is debt backed by the full faith and credit of the City. All of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

The City maintains an "A -" rating from Standard & Poor's for its general obligation bonds. The rating for the Water and Sewer Utility revenue bonds is an "A -" rating from Standard & Poor's and an "A 3" rating from Moody's.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$87,295,349, which is significantly in excess of the City's outstanding general obligation bonds, which is zero.

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

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Meg Kelsey, Deputy City Manager-Administration and Finance, City of LaGrange, P.O.Box 430, 200 Ridley Avenue, LaGrange, Georgia 30241.

FINANCIAL SECTION



Abbott, Jordan & Koon, LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 609 □ 405 Second Street □ Manchester, GA 31816
(706) 846-8401 □ Fax (706) 846-3370

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

The financial statements of the Downtown LaGrange Development Authority have not been audited, and we were not engaged to audit the Downtown LaGrange Development Authority as part of our audit of the City's basic financial statements. The Downtown LaGrange Development Authority's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net assets and revenues of the City's discretely presented component units.

Because the Downtown LaGrange Development Authority financial statements have not been audited, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the Downtown LaGrange Development Authority, as of and for the year ended June 30, 2006.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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COPY

Manchester, Georgia
October 3, 2006

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Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$125,553,367 at the close of 2006.

A substantial portion of the City's net assets (80 percent) reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A summary of the statement of net assets as of June 30, 2005 and 2006, is as follows:

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005	Totals 2006	Totals 2005
Current and other assets	\$12,797,625	\$12,019,249	\$51,161,480	\$55,868,360	\$63,959,105	\$67,887,609
Capital assets	<u>30,038,705</u>	<u>28,536,508</u>	<u>118,636,951</u>	<u>114,978,357</u>	<u>148,675,656</u>	<u>143,514,865</u>
Total assets	<u>42,836,330</u>	<u>40,555,757</u>	<u>169,798,431</u>	<u>170,846,717</u>	<u>212,634,761</u>	<u>211,402,474</u>
Long-term liabilities	6,399,244	6,765,982	40,351,877	45,103,677	46,751,121	51,869,659
Other liabilities	<u>3,758,489</u>	<u>2,868,043</u>	<u>36,571,784</u>	<u>35,662,189</u>	<u>40,330,273</u>	<u>38,530,232</u>
Total liabilities	<u>10,157,733</u>	<u>9,634,025</u>	<u>76,923,661</u>	<u>80,765,866</u>	<u>87,081,394</u>	<u>90,399,891</u>
Net assets						
Invested in capital assets, net of related debt	22,872,801	20,955,023	78,006,264	74,485,060	100,879,065	95,440,083
Restricted	3,734,152	4,315,497	-	-	3,734,152	4,315,497
Unrestricted	<u>6,071,644</u>	<u>5,651,212</u>	<u>14,868,506</u>	<u>15,595,791</u>	<u>20,940,150</u>	<u>21,247,003</u>
Total net assets	<u>\$32,678,597</u>	<u>\$30,921,732</u>	<u>\$92,874,770</u>	<u>\$90,080,851</u>	<u>\$125,553,367</u>	<u>\$121,002,583</u>

A portion of the City's net assets (3.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets, \$20,940,150, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of 2006, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities, with the exception of the Grant Fund. Monies expended from this fund are subsequently reimbursed by grant monies. After all monies are received related to grants, it should alleviate the deficit in net assets.

Governmental activities

Governmental activities increased the City's net assets by \$1,756,865. Key elements of this increase are as follows:

	Governmental Activities 2006	Governmental Activities 2005	Business-type Activities 2006	Business-type Activities 2005	Totals 2006	Totals 2005
Revenues						
Program revenues						
Charges for services	\$3,499,304	\$3,204,575	\$84,235,333	\$75,033,490	\$87,734,637	\$78,238,065
Grants & Contributions	1,878,020	2,235,351		1,402,765	1,878,020	3,638,116
General revenues						
Other taxes	8,287,096	7,565,018	-	-	8,287,096	7,565,018
Other	812,150	(414,536)	923,164	527,175	1,735,314	112,639
Total revenues	<u>\$14,476,570</u>	<u>\$12,590,408</u>	<u>\$85,158,497</u>	<u>\$76,963,430</u>	<u>\$99,635,067</u>	<u>\$89,553,838</u>
Expenses						
General government	\$2,114,147	\$1,867,223	-	-	\$2,114,147	\$1,867,223
Public safety	11,435,498	11,214,890	-	-	11,435,498	11,214,890
Public service	3,250,325	4,276,819	-	-	3,250,325	4,276,819
Culture and recreation	1,015,887	944,364	-	-	1,015,887	944,364
Community development	2,237,143	1,568,303	-	-	2,237,143	1,568,303
Redevelopment and housing	-	388,976	-	-	-	388,976
Telecommunications	-	121,601	-	-	-	121,601
Interest on long-term debt	511,415	423,878	-	-	511,415	423,878
Utilities	-	-	68,669,609	60,091,753	68,669,609	60,091,753
Solid waste	-	-	5,850,259	5,673,818	5,850,259	5,673,818
Total expenses	<u>\$20,564,415</u>	<u>\$20,806,064</u>	<u>\$74,519,868</u>	<u>\$65,765,571</u>	<u>\$95,084,283</u>	<u>\$86,571,635</u>
Increase in net assets						
before transfers	(6,087,845)	(8,215,656)	10,638,629	11,197,859	4,550,784	2,982,203
Transfers	7,844,710	7,327,795	(7,844,710)	(7,327,795)	-	-
Increase (decrease) in net assets	1,756,865	(887,861)	2,793,919	3,870,064	4,550,784	2,982,203
Net assets - beginning of year	30,921,732	31,809,593	90,080,851	86,210,787	121,002,583	118,020,380
Net assets - end of year	<u>\$32,678,597</u>	<u>\$30,921,732</u>	<u>\$92,874,770</u>	<u>\$90,080,851</u>	<u>\$125,553,367</u>	<u>\$121,002,583</u>

Business-type activities

Business-type activities increased the City's net assets by \$2,793,919. Key elements of the increase are as follows:

- Operating revenues increased by \$8,195,067 during 2006.
- Expenses increased by \$8,754,297 over 2005.

Financial Analysis of the Government's Funds

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

Governmental funds

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

The general fund is the chief operating fund of the City. At the end of 2006, unreserved fund balance of the general fund was \$1,990,109, while the total fund balance reached \$2,184,868. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.1 percent of the total general fund expenditures, while total fund balance represents 12.2 percent of that same amount. Transfers in from proprietary funds to supplement the general fund were \$7,825,631 for 2006, which represents 43.8 percent of total fund expenditures.

The fund balance of the General fund increased by \$412,981 during 2006.

Other governmental funds have a total fund balance of \$5,628,363, of which \$1,032,902 is available for capital projects. The net decrease in the fund balance during the current year in capital projects was \$863,861. This decrease was primarily due to an increase in community development expenditures of \$533,206,982, an increase in the sale of assets of \$478,230.

Proprietary funds

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

Unrestricted net assets of the Utility Fund at the end of 2006 amounted to \$15,370,507, and those for the Solid Waste Fund amounted to (\$502,001). The total change in net assets for each fund was \$2,879,650, and (\$85,731), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$100,879,065 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park and pool facilities, storm sewers, bridges, streets, gas lines, electric lines, and water and sewer lines.

City of LaGrange, Georgia

Capital Assets

	Governmental	Governmental	Business-type	Business-type	Totals	Totals
	Activities	Activities	Activities	Activities		
	2006	2005	2006	2005	2006	2005
Land	\$7,287,968	\$5,960,617	\$2,010,561	\$2,010,561	\$9,298,529	\$7,971,178
Buildings	9,128,789	9,128,789	26,470,585	26,421,835	35,599,374	35,550,624
Machinery and equipment	5,451,576	5,270,616	11,961,509	10,984,091	17,413,085	16,254,707
Vehicles	2,255,786	2,149,246	1,446,983	1,400,467	3,702,769	3,549,713
Transmission and distribution	-	-	118,213,746	116,499,061	118,213,746	116,499,061
Other	15,158,028	14,714,382	-	-	15,158,028	14,714,382
Construction in progress	<u>2,789,983</u>	<u>1,990,349</u>	<u>13,700,338</u>	<u>9,086,253</u>	<u>16,490,321</u>	<u>11,076,602</u>
Total	\$42,072,130	\$39,213,999	\$173,803,722	\$166,402,268	\$215,875,852	\$205,816,267
Less accumulated depreciation	<u>(12,033,425)</u>	<u>(10,677,491)</u>	<u>(55,166,771)</u>	<u>(51,423,911)</u>	<u>(67,200,196)</u>	<u>(62,101,402)</u>
Total net of accumulated depreciation	<u>\$30,038,705</u>	<u>\$28,536,508</u>	<u>\$118,636,951</u>	<u>\$114,978,357</u>	<u>\$148,675,656</u>	<u>\$143,514,865</u>

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

Long-term debt

At the end of 2006, the City had total bonded debt outstanding of \$34,945,000. Of this amount, none is debt backed by the full faith and credit of the City. All of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

The City maintains an "A -" rating from Standard & Poor's for its general obligation bonds. The rating for the Water and Sewer Utility revenue bonds is an "A -" rating from Standard & Poor's and an "A 3" rating from Moody's.

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$87,295,349, which is significantly in excess of the City's outstanding general obligation bonds, which is zero.

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

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Meg Kelsey, Deputy City Manager-Administration and Finance, City of LaGrange, P.O.Box 430, 200 Ridley Avenue, LaGrange, Georgia 30241.

BASIC FINANCIAL STATEMENTS

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Reporting Entity	Downtown LaGrange Development Authority
<u>Assets</u>				
Cash and cash equivalents	\$ 6,139,895	\$ 11,920,695	\$ 18,060,590	\$ 1,522,047
Investments	21,550	1,564,273	1,585,823	244,294
Receivables (net of allowance):				
Taxes	1,001,906		1,001,906	
Accounts		9,074,901	9,074,901	
Loans	3,218,970	570,404	3,789,374	
Other	1,611,074		1,611,074	466,142
Inventory	194,759	1,609,801	1,804,560	
Prepaid assets	50,946	129,288	180,234	
Restricted cash	134,923	476,667	611,590	
Restricted investments	423,602	25,605,705	26,029,307	
Capital assets:				
Land and construction in progress	10,077,951	15,710,899	25,788,850	5,186,091
Other capital assets, net of accumulated depreciation	19,960,754	102,926,052	122,886,806	4,320,084
Other assets		209,746	209,746	200
Total assets	<u>42,836,330</u>	<u>169,798,431</u>	<u>212,634,761</u>	<u>11,738,858</u>
<u>Liabilities</u>				
Accounts and claims payable	2,425,293	4,030,169	6,455,462	1,376,806
Accrued liabilities	80,145	42,860	123,005	
Accrued interest	102,464		102,464	
Unearned revenue	31,380	25,605,705	25,637,085	
Payable from restricted assets		5,757,734	5,757,734	
Noncurrent liabilities:				
Due within one year	1,119,207	1,135,316	2,254,523	
Due in more than one year	<u>6,399,244</u>	<u>40,351,877</u>	<u>46,751,121</u>	
Total liabilities	<u>10,157,733</u>	<u>76,923,661</u>	<u>87,081,394</u>	<u>1,376,806</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt:				
Restricted				8,124,632
Unrestricted	22,872,801	78,006,264	100,879,065	5,982
Restricted for:				
Redevelopment programs	3,212,506		3,212,506	1,435,682
Perpetual care	521,646		521,646	
Unrestricted	<u>6,071,644</u>	<u>14,868,506</u>	<u>20,940,150</u>	<u>795,756</u>
Total net assets	<u>\$ 32,678,597</u>	<u>\$ 92,874,770</u>	<u>\$ 125,553,367</u>	<u>\$ 10,362,052</u>

See the accompanying notes to the financial statements.

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,861,149	\$ 588,084			\$(1,273,065)		\$(1,273,065)
Public safety	11,435,498	1,733,392			(9,702,106)		(9,702,106)
Public service	3,250,325	263,671		\$ 1,773,021	(1,213,633)		(1,213,633)
Culture and recreation	1,015,887	83,501			(932,386)		(932,386)
Community development	1,849,841	778,656	\$ 104,999		(966,186)		(966,186)
Redevelopment and housing	387,302	52,000			(335,302)		(335,302)
Telecommunications	252,998				(252,998)		(252,998)
Interest on long-term debt	511,415				(511,415)		(511,415)
Total governmental activities	<u>20,564,415</u>	<u>3,499,304</u>	<u>104,999</u>	<u>1,773,021</u>	<u>(15,187,091)</u>	<u>\$ 0</u>	<u>(15,187,091)</u>
Business-type activities:							
Water and sewer	12,472,000	13,060,052				588,052	588,052
Gas system	21,836,159	23,792,947				1,956,788	1,956,788
Electric system	32,588,379	38,009,059				5,420,680	5,420,680
Sanitation	5,850,259	7,249,559				1,399,300	1,399,300
Telecommunications	1,773,071	2,123,716				350,645	350,645
Total business-type activities	<u>74,519,868</u>	<u>84,235,333</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,715,465</u>	<u>9,715,465</u>
Total primary government	<u>\$ 95,084,283</u>	<u>\$ 87,734,637</u>	<u>\$ 104,999</u>	<u>\$ 1,773,021</u>	<u>(15,187,091)</u>	<u>9,715,465</u>	<u>(5,471,626)</u>
Components units:							
Downtown LaGrange Dev Authority	\$ 237,791	\$ 63,080	\$ 0	\$ 583,285			\$ 408,574
Total component units	<u>\$ 237,791</u>	<u>\$ 63,080</u>	<u>\$ 0</u>	<u>\$ 583,285</u>			
General revenues:							
Taxes:							
Franchise tax					987,147		987,147
Insurance premium tax					1,302,070		1,302,070
Alcoholic beverage tax					646,261		646,261
Sales tax					4,536,174		4,536,174
Other					815,444		815,444
Gain on sale of assets					478,230	5,961	484,191
Investment earnings					333,920	917,203	1,251,123
Transfers					7,844,710	(7,844,710)	
Total general revenues and transfers					<u>16,943,956</u>	<u>(6,921,546)</u>	<u>10,022,410</u>
Change in net assets					1,756,865	2,793,919	4,550,784
Net assets at beginning of year, as restated for component units					30,921,732	90,080,851	121,002,583
Net assets at end of year					<u>\$ 32,678,597</u>	<u>\$ 92,874,770</u>	<u>\$ 125,553,367</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Major Governmental Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>	<u>General</u>		
Cash and cash equivalents	\$ 823,719	\$ 1,995,781	\$ 2,819,500
Investments	21,499		21,499
Receivables (net of allowance):			
Taxes	1,001,906		1,001,906
Notes		3,218,970	3,218,970
Intergovernmental		1,493,948	1,493,948
Other	5,895	895	6,790
Inventory	194,759		194,759
Prepaid items	4,918	46,028	50,946
Restricted cash and cash equivalents	120,235	14,688	134,923
Restricted investments	423,602		423,602
Total assets	<u>\$ 2,596,533</u>	<u>\$ 6,770,310</u>	<u>\$ 9,366,843</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 250,550	\$ 1,016,141	\$ 1,266,691
Accrued liabilities	155,045	496	155,541
Due to other funds		100,000	100,000
Unearned revenue	6,070	25,310	31,380
Total liabilities	<u>411,665</u>	<u>1,141,947</u>	<u>1,553,612</u>
Fund Balances:			
Reserved for:			
Inventory	194,759		194,759
Prepaid items		60,716	60,716
Perpetual care			
Long-term receivables		3,212,506	3,212,506
Unreserved	1,990,109		1,990,109
Unreserved, reported in nonmajor:			
Capital projects		1,032,902	1,032,902
Special revenue		197,349	197,349
Debt service		1,124,890	1,124,890
Total fund balances	<u>2,184,868</u>	<u>5,628,363</u>	<u>7,813,231</u>
Total liabilities and fund balances	<u>\$ 2,596,533</u>	<u>\$ 6,770,310</u>	<u>\$ 9,366,843</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
June 30, 2006

Total fund balance - all governmental funds	\$ 7,813,231
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,038,705
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at June 30, 2006 are:

Accrued interest payable	\$(102,464)	
Compensated absences	(277,151)	
Notes payable	(3,320,000)	
Capital leases	(3,845,904)	(7,545,519)

Internal service funds are used by management to charge costs of certain activities, such as insurance to certain funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets	2,372,180
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Net assets of governmental activities	\$ <u>32,678,597</u>
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See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	Major Governmental Funds	Non-Major Governmental Funds	Total Governmental Funds
	General		
Revenues:			
Taxes:			
Sales	\$ 4,536,174		\$ 4,536,174
Franchise	987,147		987,147
Insurance premium	1,302,070		1,302,070
Alcoholic beverage	646,261		646,261
Other	445,933	\$ 369,511	815,444
Licenses and permits	263,671		263,671
Intergovernmental	53,228	2,047,266	2,100,494
Charges for services	339,184		339,184
Fines, forfeitures, and penalties	1,402,527		1,402,527
Investment income	58,790	275,130	333,920
Miscellaneous	492,792	778,656	1,271,448
Total revenues	<u>10,527,777</u>	<u>3,470,563</u>	<u>13,998,340</u>
Expenditures:			
Current:			
General government	1,525,917	98,213	1,624,130
Public safety	11,410,643		11,410,643
Public service	2,135,975	662,948	2,798,923
Culture and recreation	852,432		852,432
Community development	1,122,245	635,093	1,757,338
Redevelopment and housing		387,302	387,302
Telecommunications and technology	258,735		258,735
Debt service:			
Principal retirements		814,269	814,269
Interest		408,951	408,951
Capital outlay:			
General government	32,678		32,678
Public safety	161,168		161,168
Public service	368,042	1,151,579	1,519,621
Community development		1,178,920	1,178,920
Culture and recreation	17,589		17,589
Total expenditures	<u>17,885,424</u>	<u>5,337,275</u>	<u>23,222,699</u>
Excess of revenues over (under) expenditures	(7,357,647)	(1,866,712)	(9,224,359)
Other financing sources (uses):			
Proceeds from capital lease	398,688		398,688
Proceeds from sale of asset	17,191	478,230	495,421
Transfers in	7,825,631	1,408,484	9,234,115
Transfers out	(470,882)	(883,863)	(1,354,745)
Total other financing sources (uses)	<u>7,770,628</u>	<u>1,002,851</u>	<u>8,773,479</u>
Net change in fund balances	412,981	(863,861)	(450,880)
Fund balance, beginning of year	<u>1,771,887</u>	<u>6,492,224</u>	<u>8,264,111</u>
Fund balance, end of year	<u>\$ 2,184,868</u>	<u>\$ 5,628,363</u>	<u>\$ 7,813,231</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

Net change in fund balances - All governmental funds \$(450,880)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	2,973,387
Depreciation	(1,425,587)

Governmental funds do not recognize the net gain or loss from disposed capital assets. The gain or loss is recognized in the Statement of Activities. (45,603)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This amount consists of the change in the following balances:

Compensated absences	(1,422)
Accrued interest payable	(102,464)

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

Principal retirements	814,269
Proceeds from capital leases	(398,688)

Internal service funds are used by management to charge costs of certain activities, such as insurance to certain funds. The net revenue (expenses) of certain internal service funds is reported with governmental activities.

393,853

Change in net assets of governmental activities	<u>\$ 1,756,865</u>
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See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Sales	\$ 4,000,000	\$ 4,536,174	\$ 536,174
Franchise	900,000	987,147	87,147
Insurance premium	1,300,000	1,302,070	2,070
Alcoholic beverage	648,000	646,261	(1,739)
Other	470,000	445,933	(24,067)
Licenses and permits	260,000	263,671	3,671
Intergovernmental	75,000	53,228	(21,772)
Fines, forfeitures and penalties	1,313,600	1,402,527	88,927
Charges for services	281,800	339,184	57,384
Investment income	40,000	58,790	18,790
Miscellaneous	313,500	492,792	179,292
Total revenues	<u>9,601,900</u>	<u>10,527,777</u>	<u>925,877</u>
Expenditures:			
Current:			
General government:			
Administrative	641,400	709,349	(67,949)
Finance	639,200	669,837	(30,637)
Purchasing	54,700	59,637	(4,937)
Garage	(117,800)	(193,508)	75,708
Human resources	104,000	112,733	(8,733)
General government	38,000	43,276	(5,276)
City hall	112,200	124,593	(12,393)
Total general government	<u>1,471,700</u>	<u>1,525,917</u>	<u>(54,217)</u>
Public safety:			
Court administration	223,600	228,481	(4,881)
Probation	160,300	163,510	(3,210)
Police	6,068,700	6,519,586	(450,886)
Community service	75,700	65,007	10,693
Traffic control	170,900	547,994	(377,094)
Fire services	3,365,400	3,404,517	(39,117)
Building safety	375,300	314,212	61,088
Animal control	158,800	167,336	(8,536)
Total public safety	<u>10,598,700</u>	<u>11,410,643</u>	<u>(811,943)</u>
Public service:			
Engineering and supervision	119,900	122,664	(2,764)
Streets	1,141,400	1,263,146	(121,746)
Street cleaning	56,300	61,333	(5,033)
Trash and refuse	654,800	688,832	(34,032)
Total public service	<u>1,972,400</u>	<u>2,135,975</u>	<u>(163,575)</u>

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2006
(Continued)

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:			
Landscaping and cemetery maintenance	<u>779,200</u>	<u>852,432</u>	(<u>73,232</u>)
Community development:			
Community development	328,400	438,072	(109,672)
DAL marketing	149,200	127,161	22,039
Other community support	<u>252,400</u>	<u>557,012</u>	(<u>304,612</u>)
Total community development	<u>730,000</u>	<u>1,122,245</u>	(<u>392,245</u>)
Telecommunications and technology:			
Administration	110,900	121,323	(10,423)
LGTV	<u>113,100</u>	<u>137,412</u>	(<u>24,312</u>)
Total telecommunications	<u>224,000</u>	<u>258,735</u>	(<u>34,735</u>)
Capital outlay:			
General government	76,400	32,678	43,722
Public safety	764,000	161,168	602,832
Public service	386,000	368,042	17,958
Landscaping	26,000	17,589	8,411
Community development	4,200		4,200
Telecommunications	<u>25,000</u>		<u>25,000</u>
Total capital outlay	<u>1,281,600</u>	<u>579,477</u>	<u>702,123</u>
Total expenditures	<u>17,057,600</u>	<u>17,885,424</u>	(<u>827,824</u>)
Excess (deficiency) of revenues over (under) expenditures	(<u>7,455,700</u>)	(<u>7,357,647</u>)	<u>98,053</u>
Other financing sources (uses):			
Transfers in	7,136,000	7,825,631	689,631
Transfers out		(470,882)	(470,882)
Sale of capital assets	85,000	17,191	(67,809)
Proceeds from capital leases		<u>398,688</u>	<u>398,688</u>
Total other financing sources (uses)	<u>7,221,000</u>	<u>7,770,628</u>	<u>549,628</u>
Net change in fund balance	(234,700)	412,981	647,681
Fund balance, beginning of year	<u>1,771,887</u>	<u>1,771,887</u>	
Fund balance, end of year	<u>\$ 1,537,187</u>	<u>\$ 2,184,868</u>	<u>\$ 647,681</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Business-type Activities Major Enterprise Funds			Internal Service Funds Governmental Activities
	Utility Fund	Sanitation Fund	Total	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 7,195,265	\$ 4,725,430	\$ 11,920,695	\$ 3,320,395
Investments	1,564,273		1,564,273	51
Note receivable	570,404		570,404	
Receivables:				
Accounts	8,998,945	75,956	9,074,901	
Other				110,336
Due from other funds				100,000
Prepays	128,179	1,109	129,288	
Inventory	1,607,773	2,028	1,609,801	
Restricted assets:				
Restricted investments	25,605,705		25,605,705	
Restricted deposits	476,667		476,667	
Total current assets	<u>46,147,211</u>	<u>4,804,523</u>	<u>50,951,734</u>	<u>3,530,782</u>
Noncurrent assets:				
Capital assets, not being depreciated	14,078,604	1,632,295	15,710,899	
Capital assets, being depreciated	90,345,775	12,580,277	102,926,052	
Other assets	209,746		209,746	
Total noncurrent assets	<u>104,634,125</u>	<u>14,212,572</u>	<u>118,846,697</u>	<u>0</u>
Total assets	<u>150,781,336</u>	<u>19,017,095</u>	<u>169,798,431</u>	<u>3,530,782</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	3,884,613	145,556	4,030,169	33,602
Accrued liabilities	34,322	8,538	42,860	
Accrued compensated absences	139,155	43,563	182,718	
Unearned revenue	25,605,705		25,605,705	
Claims payable				1,125,000
Notes payable, current	77,778	42,126	119,904	
Capital leases, current	389,805	442,889	832,694	
Liabilities payable from restricted assets:				
Customer deposits	1,322,655	1,780	1,324,435	
Accrued interest	85,190	28,109	113,299	
Revenue bonds, current	3,745,000	575,000	4,320,000	
Total current liabilities	<u>35,284,223</u>	<u>1,287,561</u>	<u>36,571,784</u>	<u>1,158,602</u>
Noncurrent liabilities:				
Revenue bonds, long-term	27,076,547	4,165,790	31,242,337	
Notes payable, long-term	1,444,809	872,651	2,317,460	
Capital leases, long-term	788,719	896,274	1,684,993	
Landfill postclosure liability		5,107,087	5,107,087	
Total noncurrent liabilities	<u>29,310,075</u>	<u>11,041,802</u>	<u>40,351,877</u>	<u>0</u>
Total liabilities	<u>64,594,298</u>	<u>12,329,363</u>	<u>76,923,661</u>	<u>1,158,602</u>
<u>Net assets</u>				
Invested in capital assets, net of debt	70,816,531	7,189,733	78,006,264	
Unrestricted	<u>15,370,507</u>	<u>(502,001)</u>	<u>14,868,506</u>	<u>2,372,180</u>
Total net assets	<u>\$ 86,187,038</u>	<u>\$ 6,687,732</u>	<u>\$ 92,874,770</u>	<u>\$ 2,372,180</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Business-type Activities Major Enterprise Funds			Internal Service Funds Governmental Activities
	Utility Fund	Sanitation Fund	Total	
Operating revenues:				
Water and sewer system	\$ 13,021,082		\$ 13,021,082	
Gas system	23,773,621		23,773,621	
Electric system	37,901,282		37,901,282	
Sanitation		\$ 7,105,725	7,105,725	
Premiums				\$ 4,930,119
Telecommunications	2,123,716		2,123,716	
Other sales	166,073	143,834	309,907	
Total operating revenues	<u>76,985,774</u>	<u>7,249,559</u>	<u>84,235,333</u>	<u>4,930,119</u>
Operating expenses:				
Water and sewer system	9,019,089		9,019,089	
Gas system	21,333,990		21,333,990	
Electric system	32,246,976		32,246,976	
Sanitation		4,968,376	4,968,376	
Telecommunications	1,483,196		1,483,196	
Administrative services				152,401
Depreciation and amortization	3,223,410	569,183	3,792,593	
Risk management				4,486,037
Total operating expenses	<u>67,306,661</u>	<u>5,537,559</u>	<u>72,844,220</u>	<u>4,638,438</u>
Operating income (loss)	<u>9,679,113</u>	<u>1,712,000</u>	<u>11,391,113</u>	<u>291,681</u>
Nonoperating revenues (expenses):				
Investment income	703,102	214,101	917,203	136,832
Gain (loss) on sale of assets		5,961	5,961	
Interest expense	(1,362,948)	(312,700)	(1,675,648)	
Total nonoperating revenues (expenses)	<u>(659,846)</u>	<u>(92,638)</u>	<u>(752,484)</u>	<u>136,832</u>
Net income (loss) before transfers	<u>9,019,267</u>	<u>1,619,362</u>	<u>10,638,629</u>	<u>428,513</u>
Transfers in	466,936	344,909	811,845	35,460
Transfers out	(6,606,553)	(2,050,002)	(8,656,555)	(70,120)
Total transfers	<u>(6,139,617)</u>	<u>(1,705,093)</u>	<u>(7,844,710)</u>	<u>(34,660)</u>
Change in net assets	2,879,650	(85,731)	2,793,919	393,853
Net assets, beginning of year	<u>83,307,388</u>	<u>6,773,463</u>	<u>90,080,851</u>	<u>1,978,327</u>
Net assets, end of year	<u>\$ 86,187,038</u>	<u>\$ 6,687,732</u>	<u>\$ 92,874,770</u>	<u>\$ 2,372,180</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006

	Business-type Activities Enterprise Funds			Internal Service Funds
	Utility Fund	Sanitation Fund	Total	Governmental Activities
Cash flows from operating activities:				
Cash received from customers and users	\$ 75,731,732	\$ 7,248,962	\$ 82,980,694	\$ 4,930,119
Cash paid to employees	(4,274,013)	(1,048,957)	(5,322,970)	
Cash paid to suppliers	(58,484,057)	(3,623,958)	(62,108,015)	(4,666,041)
Net cash provided (used) by operating activities	<u>12,973,662</u>	<u>2,576,047</u>	<u>15,549,709</u>	<u>264,078</u>
Cash flow from noncapital financing activities:				
Transfers in	466,936	344,909	811,845	35,460
Transfers out	(6,606,553)	(2,050,000)	(8,656,553)	(70,120)
Net cash provided (used) by noncapital financing activities	<u>(6,139,617)</u>	<u>(1,705,091)</u>	<u>(7,844,708)</u>	<u>(34,660)</u>
Cash flows from capital and related financing activities:				
Principal payments on revenue bonds	(3,635,001)	(540,965)	(4,175,966)	
Proceeds from sale of assets	7,250		7,250	
Acquisition of capital assets	(6,452,156)	(1,096,359)	(7,548,515)	
Capital lease proceeds	469,543	819,241	1,288,784	
Capital lease payments	(471,308)	(535,550)	(1,006,858)	
Payments on notes payable	(74,566)	(41,159)	(115,725)	
Loans to third parties	(570,404)		(570,404)	
Interest expense	(1,436,073)	(305,374)	(1,741,447)	
Net cash provided (used) by capital financing activities	<u>(12,162,715)</u>	<u>(1,700,166)</u>	<u>(13,862,881)</u>	<u>0</u>
Cash flows from investing activities:				
Sale (purchase) of investments	1,369,544		1,369,544	467,722
Interest income	<u>703,102</u>	<u>214,101</u>	<u>917,203</u>	<u>136,832</u>
Net cash provided (used) by investing activities	<u>2,072,646</u>	<u>214,101</u>	<u>2,286,747</u>	<u>604,554</u>
Net increase (decrease) in cash	(3,256,024)	(615,109)	(3,871,133)	833,972
Cash, beginning of year	<u>10,927,956</u>	<u>5,340,539</u>	<u>16,268,495</u>	<u>2,486,423</u>
Cash, end of year	<u>\$ 7,671,932</u>	<u>\$ 4,725,430</u>	<u>\$ 12,397,362</u>	<u>\$ 3,320,395</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2006
(Continued)

	Business-Type Activities Major Enterprise Fund			Internal Service Funds
	Utility Fund	Sanitation Fund	Total	Governmental Activities
Report on the balance sheet as:				
Cash and cash equivalents	\$ 7,195,265	\$ 4,725,430	\$ 11,920,695	\$ 3,320,395
Restricted cash	476,667		476,667	
Total	<u>\$ 7,671,932</u>	<u>\$ 4,725,430</u>	<u>\$ 12,397,362</u>	<u>\$ 3,320,395</u>
Cash flows from operating activities:				
Operating income (loss)	\$ 9,679,113	\$ 1,712,000	\$ 11,391,113	\$ 291,681
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	3,223,410	569,183	3,792,593	
(Gain)/Loss on sale of assets	5,696	(5,400)	296	
Changes in operating assets and liabilities:				
Accounts receivable	(670,241)	(597)	(670,838)	
Inventory	88,996		88,996	
Other assets	10,261	(1,109)	9,152	
Accounts payable	(529,572)	80,187	(449,385)	(27,603)
Accrued vacation	3,408		3,408	
Due from other fund	597,644		597,644	
Unearned revenue	433,612		433,612	
Other accrued expenses	17,161	221,783	238,944	
Customer deposits	114,174		114,174	
Net cash provided (used) by operating activities	<u>\$ 12,973,662</u>	<u>\$ 2,576,047</u>	<u>\$ 15,549,709</u>	<u>\$ 264,078</u>

See the accompanying notes to the financial statements.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- A. The Reporting Entity - The City of LaGrange, Georgia is a municipal corporation governed by a Mayor and 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 and that the Downtown LaGrange Development Authority should be included as a discretely presented component unit.

The Solid Waste Management Authority of the City of LaGrange (the "Authority"), consists of an eight member board appointed by the governing authority of the City. The Authority provides a means to issue revenue bonds. Although it is legally separate from the City, the Authority is reported as if it were 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.

The component unit column in the financial statements includes the financial data of the Downtown LaGrange Development Authority, the City's only discretely presented component unit. The purpose of the Authority is to revitalize and redevelop central business districts and to promote the public good and the general welfare of the State. It is reported in a separate column to emphasize that it is legally separate from the City. The Downtown LaGrange Development Authority is presented as a discretely presented component unit under GASB-14 because the Authority is legally separate, the municipality appoints a voting majority of the Authority and is able to impose its will on the Authority, and the Authority provides services and benefits which are not limited to the City. The Downtown LaGrange Development Authority is presented as an enterprise fund type. It is not considered necessary to present condensed financial statements for the Downtown LaGrange Development Authority here since it is the only component unit for the City and has been discretely presented in a separate column in these financial statements. Complete financial statements (unaudited) can be obtained from the Downtown LaGrange Development Authority, 111 Bull Street, P.O. Box 518, LaGrange, Georgia 30241.

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

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

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

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

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

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

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

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

The City reports the following major governmental fund:

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

Additionally, the City reports the following major proprietary funds:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

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

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

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

- D. Budgets and Budgetary Accounting - On or about May 1 of each year, the City Manager presents a proposed operating budget to the City Council for the fiscal year commencing the following July 1. After revisions, if any, by the council, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Any supplemental appropriations are approved by the City Council. No supplemental appropriations were made during the year ended June 30, 2006.

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 re-appropriated in the subsequent year. Unencumbered appropriations lapse at year-end.

The budgets for the General Fund, Debt Service Fund and Special Revenue Funds are adopted on a basis 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.

- E. Cash and Cash Equivalents - Cash and cash equivalents shown on the balance sheet represent demand deposits and non-negotiable certificates of deposit. All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.
- F. Investments - The statutes of the State of Georgia authorize the City to invest in U.S. government obligations; U.S. governmental agency 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.

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

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

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

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

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

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

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

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

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

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

- J. Bond Discounts, Premiums and Issuance Costs - Bond discounts, premiums 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 bond payable whereas issuance costs are presented as other assets. Unamortized premiums are presented as an increase in the face amount of bonds payable.
- K. Accrued Vacation - A liability for accrued vacation pay is recorded by the City. A liability for unused sick leave pay is not recorded since these amounts do not vest.
- L. Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
- M. Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

- N. Allocation of Administrative Expenses - The City does not allocate indirect costs. It is the City's policy to allocate to the proprietary funds overhead administrative expenses that are paid by and expended in the General Fund. This allocation is to recover the direct costs of General Fund Services provided (finance, personnel, purchasing, legal, etc.). These expenses allocated to the proprietary funds are presented in these financial statements as "administrative charges" on the proprietary funds financial statement and are included in "other revenue" on the General Fund financial statements.
- O. Use of Estimates to Prepare Financial Statements - Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

2. DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$18,672,178, which includes \$9,710 petty cash and the bank balance was \$22,136,261. All of the bank balance listed above was either covered by federal depository insurance or covered by collateral held in the pledging bank's trust department or by its agent in the City's name.

As of June 30, 2006, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Municipal Competitive Trust	July 2006 - December 2011	\$ 27,169,928
Federal Home Loan Bank		103
Coca Cola Stock		423,602
Total investments		27,593,633
Georgia fund 1 (State Investment Pool)	24 day WAM	21,499
Total pooled cash and investments		\$ 27,615,132

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

Credit Risk - State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2006, the City's investment in the state investment pool was rated AAAM by Standard & Poor's. The City's investment in the Federal Home Loan Bank was rated AAA by Moody's Investors Service and AAA by Standard & Poor's.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in one issuer. The investment in the Municipal Competitive Trust is 98.5% total investments.

The City's investment of \$21,499 in the Georgia Fund 1 local government investment pool has not been categorized as to risk level because it is a pool managed by another government. Georgia Fund 1, which was created by the Official Code of Georgia Annotated (OCGA) 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAA rated market funds. 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 Office of Treasury and Fiscal Services 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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

3. NOTES AND ACCOUNTS RECEIVABLE

Primary Government

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 City has also agreed to loan up to \$1,500,000 to the Development Authority of LaGrange to assist in the construction of a manufacturing plant that will be leased to a local business. At June 30, 2006, the Authority had drawn \$570,404 of the total loan. The authority agreed to make monthly interest-only payments at a rate of 5.75% and to repay any unpaid principal and accrued interest in 2012.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2007	\$ 136,255	\$ 0
2008	131,790	0
2009	2,742,068	0
2010	3,154,638	0
2011	276,529	0
Thereafter	<u>838,486</u>	<u>570,404</u>
	7,279,766	570,404
Less, allowance for doubtful accounts	(4,060,796)	<u>0</u>
	<u>\$ 3,218,970</u>	<u>\$ 570,404</u>

Accounts receivable in the Utility fund is reported net of an allowance for doubtful accounts of \$5,374,742.

Component Unit

Note receivable from Tulla White, 5.0% per annum, to be paid in interest only payments through January 1, 2006 and monthly installments of principal and interest in the amount of \$1,091 from February 1, 2006 through January 1, 2015.

\$ 91,248

Note receivable from Wealth of Health, Inc., 5.0% per annum, to be paid in monthly installments of principal and interest in the amount of \$5,640 from January 1, 2006 through December 1, 2012

374,894

\$ 466,142

Due within one year

\$ 58,802

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2006, was as follows:

<u>Primary Government</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2006</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,960,617	\$ 1,327,351		\$ 7,287,968
Construction in progress	1,990,349	2,067,641	\$(1,268,007)	2,789,983
Total capital assets not being depreciated	<u>7,950,966</u>	<u>3,394,992</u>	<u>(1,268,007)</u>	<u>10,077,951</u>
Capital assets being depreciated:				
Buildings	9,128,789			9,128,789
Machinery and equipment	5,270,616	193,377	(12,417)	5,451,576
Vehicles	2,149,246	205,311	(98,771)	2,255,786
Infrastructure	14,714,382	443,646		15,158,028
Total capital assets being depreciated	<u>31,263,033</u>	<u>842,334</u>	<u>(111,188)</u>	<u>31,994,179</u>
Less, accumulated depreciation for:				
Buildings	(1,610,551)	(183,579)		(1,794,130)
Machinery and equipment	(2,711,983)	(320,030)	12,417	(3,019,596)
Vehicles	(864,547)	(215,607)	57,236	(1,022,918)
Infrastructure	(5,490,410)	(706,371)		(6,196,781)
Total accumulated depreciation	<u>(10,677,491)</u>	<u>(1,425,587)</u>	<u>69,653</u>	<u>(12,033,425)</u>
Total capital assets being depreciated, net	<u>20,585,542</u>	<u>(583,253)</u>	<u>(41,535)</u>	<u>19,960,754</u>
Governmental activities capital assets, net	<u>\$ 28,536,508</u>	<u>\$ 2,811,739</u>	<u>\$(1,309,542)</u>	<u>\$ 30,038,705</u>

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

Government activities:	
General government	\$ 272,050
Public safety	312,364
Public service	497,248
Culture and recreation	177,304
Community development	<u>166,621</u>
Total depreciation expense for governmental activities	<u>\$ 1,425,587</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

A summary of business-type activities for property, plant and equipment at June 30, 2006 is presented below:

<u>Business-Type Activities</u>	<u>June 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2006</u>
Capital assets, not being depreciated:				
Land	\$ 2,010,561			\$ 2,010,561
Construction in progress	<u>9,086,253</u>	<u>\$ 4,614,085</u>		<u>13,700,338</u>
Total capital assets, not being depreciated	<u>11,096,814</u>	<u>4,614,085</u>	<u>\$ 0</u>	<u>15,710,899</u>
Capital assets being depreciated:				
Buildings	26,421,835	48,750		26,470,585
Machinery and equipment	10,984,091	1,044,896	\$(67,478)	11,961,509
Vehicles	1,400,467	126,100	(79,584)	1,446,983
Infrastructure	<u>116,499,061</u>	<u>1,714,685</u>		<u>118,213,746</u>
Total capital assets being depreciated	<u>155,305,454</u>	<u>2,934,431</u>	<u>(147,062)</u>	<u>158,092,823</u>
Less, accumulated depreciation for:				
Buildings	(9,764,492)	(493,976)		(10,258,468)
Machinery and equipment	(5,145,555)	(902,156)	67,478	(5,980,233)
Vehicles	(746,579)	(125,942)	66,639	(805,882)
Infrastructure	<u>(35,767,285)</u>	<u>(2,354,903)</u>		<u>(38,122,188)</u>
Total accumulated depreciation	<u>(51,423,911)</u>	<u>(3,876,977)</u>	<u>134,117</u>	<u>(55,166,771)</u>
Total capital assets being depreciated, net	<u>103,881,543</u>	<u>(942,546)</u>	<u>(12,945)</u>	<u>102,926,052</u>
Business-type activities capital assets, net	<u>\$114,978,357</u>	<u>\$ 3,671,539</u>	<u>\$(12,945)</u>	<u>\$118,636,951</u>

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

Business-type activities:	
Water and sewer	\$ 2,447,921
Electric system	341,403
Gas system	232,630
Telecommunications	289,875
Sanitation	<u>565,148</u>
Total depreciation expense for business-type activities	<u>\$ 3,876,977</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

Activity for the Downtown LaGrange Development Authority for the year ended June 30, 2006, was as follows:

<u>Discretely Presented Component Unit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,364,750			\$ 1,364,750
Construction in progress		\$ 3,821,341		3,821,341
Total capital assets not being depreciated	<u>1,364,750</u>	<u>3,821,341</u>	<u>0</u>	<u>5,186,091</u>
Capital assets being depreciated:				
Buildings and improvements	3,804,177			3,804,177
Furniture and equipment	<u>544,511</u>	<u>162,081</u>		<u>706,592</u>
Total capital assets being depreciated	<u>4,348,688</u>	<u>162,081</u>	<u>0</u>	<u>4,510,769</u>
Less, accumulated depreciation for:				
Buildings and improvements	(7,571)	(16,682)		(24,253)
Furniture and equipment	<u>(71,328)</u>	<u>(95,104)</u>		<u>(166,432)</u>
Total accumulated depreciation	<u>(78,899)</u>	<u>(111,786)</u>	<u>0</u>	<u>(190,685)</u>
Total capital assets being depreciated, net	<u>4,269,789</u>	<u>50,295</u>		<u>4,320,084</u>
Development Authority capital assets, net	<u>\$ 5,634,539</u>	<u>\$ 3,871,636</u>	<u>\$ 0</u>	<u>\$ 9,506,175</u>

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

Community development	<u>\$ 111,786</u>
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5. CAPITAL LEASES

The City has entered into lease agreements for financing the acquisition of various pieces of equipment and vehicles for the governmental activities and business-type activities. Capital leases for governmental activities are being repaid through the Capital Projects Fund. Capital leases for business-type activities are being repaid through the Utility and Sanitation Funds. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 3,680,085	\$ 9,117,283
Less, accumulated depreciation	<u>(2,060,956)</u>	<u>(4,167,837)</u>
Total	<u>\$ 1,619,129</u>	<u>\$ 4,949,446</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

17. LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City's Sanitation Fund to place a cover on landfill sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post-closure care costs will not be paid until after the date a landfill stops accepting waste, the Sanitation Fund is required to accrue these closure and post-closure care costs over the landfill's operational period. The \$5,107,087 reported as the landfill closure and post-closure care liability at June 30, 2006 includes \$1,835,775, which represents the cumulative amount accrued to date, less amounts already paid, based on the use of one hundred percent of the estimated capacity of the landfill which was closed during the fiscal year ended June 30, 1998. the liability is based on the current costs of closure and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The remaining amount reported as landfill closure and post-closure cost of \$3,271,312 relates to an additional landfill site, which began accepting waste during the year ended June 30, 1999. This landfill site has an estimated closure and post-closure cost of \$9,845,785, which is based on the current cost necessary to perform all closure and post-closure care. The City expects to close the landfill in 2017. As of June 30, 2006, 33% of this landfill's capacity had been utilized and accordingly, a liability of \$3,271,312 has been recognized. The City will recognize the remaining estimated closure and post-closure care of \$6,574,473 as the remaining capacity is used.

Liability balance, June 30, 2005	\$ 4,901,019
Additions	206,068
Liability balance, June 30, 2006	<u>\$ 5,107,087</u>

18. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund reported material budget violations when expenditures of the primary government exceeded budgeted appropriations in some of the functions, as shown on page 15 and 16 of these financial statements, respectively. In future years, the City will analyze the budget periodically for deficiencies. All deficiencies will be investigated and budget amendments will be adopted when appropriate.

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

<u>Fund</u>	<u>Department</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Community Development Fund	Redevelopment & Housing	\$ 178,000	\$ 272,258	\$(94,258)
Hotel/Motel Fund	Community Development	120,000	145,897	(25,897)
Debt Service Fund	General Government:			
	Debt service	50,100	545,115	(495,015)

19. DEFICIT FUND BALANCE

The Grant fund, a nonmajor Special Revenue Fund of the primary government, had a deficit fund balance of \$19,936 at June 30, 2006. The City plans to liquidate the deficit fund balance through operating transfers of the General Fund.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(Continued)

20. RESTATEMENT OF NET ASSETS

Component Unit

The financial statements for the year ended June 30, 2005 have been restated to include cash of \$3,288,873, bond proceeds of \$3,275,610 and interest income of \$13,263 not previously recorded on the books of the Downtown LaGrange Development Authority.

Net assets at June 30, 2005 as previously reported	\$ 6,458,221
Add, bond proceeds and interest income not recorded	<u>3,288,873</u>
Net assets at June 30, 2005 as restated	<u>\$ 9,747,094</u>

21. NEW REPORTING STANDARDS

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which provides guidance on all aspects of OPEB by employers. The City is required to implement this standard for the fiscal year ending June 30, 2009. The City has not yet determined the full impact that the adoption of this statement will have on the financial statements.

NOTICE

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



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2006

	Actuarial Valuation Date		
	<u>January 1, 2006</u>	<u>January 1, 2005</u>	<u>January 1, 2004</u>
Actuarial value of plan assets	\$ 19,338,025	\$ 18,403,591	\$ 17,542,262
Actuarial accrued liability	19,510,737	18,465,904	17,335,546
Total unfunded actuarial liability (or funding excess)	172,712	62,313	(206,716)
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	99.1%	99.7%	101.2%
Annual covered payroll	12,528,917	12,549,560	\$ 12,317,331
Ratio of the unfunded actuarial liability (or funding excess) to annual covered	1.38%	.5%	(1.7%)



SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund - This fund accounts for the accumulation of resources and the subsequent disbursements of such resources in obtaining or renovation major fixed assets (other than those financed by the Enterprise Funds).

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

- ▶ **Community Development Fund:** This fund is used to account for the financial activity related to loans and notes advanced to private third parties for community development projects.
- ▶ **Grant Fund:** This fund is used to account for certain grant activity that is legally restricted for particular purposes or required by state law to be presented as a special revenue fund.
- ▶ **Hotel/Motel Tax Fund:** This fund is used to account for the City's share of hotel/motel tax revenues that are legally restricted to promote tourism, conventions and trade shows.

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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Capital Projects Fund	Community Development Fund	Special Revenue		Debt Service Fund	Total Nonmajor Governmental Funds
			Grant Fund	Hotel/Motel Tax Fund		
<u>Assets</u>						
Cash and cash equivalents	\$ 604,668	\$ 226,159	\$ 40,064		\$ 1,124,890	\$ 1,995,781
Receivables:						
Notes	6,464	3,212,506				3,218,970
Intergovernmental	1,453,948		40,000	1,493,948		
Other		895				895
Prepaid items						46,028
Restricted cash	14,688				46,028	14,688
Total assets	<u>\$ 2,079,768</u>	<u>\$ 3,439,560</u>	<u>\$ 80,064</u>	<u>\$ 0</u>	<u>\$ 1,170,918</u>	<u>\$ 6,770,310</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	\$ 1,006,868	\$ 9,273				
Accrued payroll		496				\$ 1,016,141
Due to other funds			\$ 100,000			496
Unearned revenue	25,310					100,000
Total liabilities	<u>1,032,178</u>	<u>9,769</u>	<u>100,000</u>			<u>25,310</u>
						<u>1,141,947</u>
Fund balance:						
Reserved for prepaid items	14,688				\$ 46,028	60,716
Reserved for long-term receivables		3,212,506				3,212,506
Unreserved	1,032,902	217,285	(19,936)		1,124,890	2,355,141
Total fund balance	<u>1,047,590</u>	<u>3,429,791</u>	<u>(19,936)</u>		<u>1,170,918</u>	<u>5,628,363</u>
Total liabilities and fund balance	<u>\$ 2,079,768</u>	<u>\$ 3,439,560</u>	<u>\$ 80,064</u>	<u>\$ 0</u>	<u>\$ 1,170,918</u>	<u>\$ 6,770,310</u>

CITY OF LAGRANGE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2006

	Capital Projects Fund	Community Development Fund	Special Revenue		Debt Service Fund	Total Nonmajor Governmental Funds
			Grant Fund	Hotel/Motel Tax Fund		
Revenues:						
Hotel/Motel tax				\$ 369,511		\$ 369,511
Intergovernmental	\$1,942,267		\$ 104,999			2,047,266
Investment income (loss)	80,604	\$ 91,743			\$ 102,783	275,130
Miscellaneous	<u>764,320</u>	<u>14,336</u>				<u>778,656</u>
Total revenues	<u>2,787,191</u>	<u>106,079</u>	<u>104,999</u>	<u>369,511</u>	<u>102,783</u>	<u>3,470,563</u>
Expenditures:						
Current:						
General government	98,213					98,213
Public service	662,948					662,948
Redevelopment and housing		272,258	115,044			387,302
Community development	489,196			145,897		635,093
Debt service:						
Principal retirement	352,265				462,004	814,269
Interest	325,840				83,111	408,951
Capital outlay:						
General government						
Public service	1,151,579					1,151,579
Community development	<u>1,178,920</u>					<u>1,178,920</u>
Total expenditures	<u>4,258,961</u>	<u>272,258</u>	<u>115,044</u>	<u>145,897</u>	<u>545,115</u>	<u>5,337,275</u>
Excess of revenues over (under expenditures)	<u>(1,471,770)</u>	<u>(166,179)</u>	<u>(10,045)</u>	<u>223,614</u>	<u>(442,332)</u>	<u>(1,866,712)</u>
Other financing sources (uses):						
Sales of assets	338,230	140,000				478,230
Transfers in	950,000			145,897	312,587	1,408,484
Transfers out				<u>(369,511)</u>	<u>(514,352)</u>	<u>(883,863)</u>
Total other financing sources	<u>1,288,230</u>	<u>140,000</u>	<u>0</u>	<u>(223,614)</u>	<u>(201,765)</u>	<u>1,002,851</u>
Net change in fund balance	<u>(183,540)</u>	<u>(26,179)</u>	<u>(10,045)</u>	<u>0</u>	<u>(644,097)</u>	<u>(863,861)</u>
Fund balance, beginning of year	<u>1,231,130</u>	<u>3,455,970</u>	<u>(9,891)</u>	<u>0</u>	<u>1,815,015</u>	<u>6,492,224</u>
Fund balance, end of year	<u>\$1,047,590</u>	<u>\$3,429,791</u>	<u>\$ (19,936)</u>	<u>\$ 0</u>	<u>\$1,170,918</u>	<u>\$5,628,363</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 226,159	\$ 170,339
Receivables:		
Notes	3,212,506	3,810,657
Other	<u>895</u>	
Total assets	<u>\$ 3,439,560</u>	<u>\$ 3,980,996</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 9,273	\$ 578
Accrued payroll	496	1,537
Due to other funds		500,000
Customer deposits		<u>22,911</u>
Total liabilities	<u>9,769</u>	<u>525,026</u>
Fund balance:		
Reserved for long-term receivables	3,212,506	3,810,657
Unreserved	<u>217,285</u>	<u>(354,687)</u>
Total fund balance	<u>3,429,791</u>	<u>3,455,970</u>
Total liabilities and fund balance	<u>\$ 3,439,560</u>	<u>\$ 3,980,996</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental	\$ 91,743	\$ 55,783
Miscellaneous	<u>14,336</u>	<u>149,914</u>
Total revenues	<u>106,079</u>	<u>205,697</u>
Expenditures:		
Current:		
Redevelopment and housing	272,258	282,738
Administrative and management		
Total expenditures	<u>272,258</u>	<u>282,738</u>
Excess of expenditures over revenues	(166,179)	(77,041)
Other financing sources (uses):		
Gain on sale of assets	<u>140,000</u>	
Total other financing sources	<u>140,000</u>	<u>0</u>
Net change in fund balance	(26,179)	(77,041)
Fund balance, beginning of year	<u>3,455,970</u>	<u>3,533,011</u>
Fund balance, end of year	<u>\$ 3,429,791</u>	<u>\$ 3,455,970</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2006

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 113,337	\$ 91,743	\$(21,594)
Miscellaneous	<u>21,147</u>	<u>14,336</u>	<u>(6,811)</u>
Total revenues	<u>134,484</u>	<u>106,079</u>	<u>(28,405)</u>
Expenditures:			
Current:			
Redevelopment and housing	<u>178,000</u>	<u>272,258</u>	<u>(94,258)</u>
Total expenditures	<u>178,000</u>	<u>272,258</u>	<u>(94,258)</u>
Excess of expenditures over revenues	<u>(43,516)</u>	<u>(166,179)</u>	<u>(122,663)</u>
Other financing sources (uses):			
Gain on sales of assets	<u> </u>	<u>140,000</u>	<u>140,000</u>
Total other financing sources	<u>0</u>	<u>140,000</u>	<u>140,000</u>
Net change in fund balance	<u>(43,516)</u>	<u>(26,179)</u>	<u>17,337</u>
Fund balance, beginning of year	<u>3,455,970</u>	<u>3,455,970</u>	<u>0</u>
Fund balance, end of year	<u>\$ 3,412,454</u>	<u>\$ 3,429,791</u>	<u>\$ 17,337</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 40,064	\$ 65,110
Receivables:		
Grants	<u>40,000</u>	<u>24,999</u>
Total assets	<u>\$ 80,064</u>	<u>\$ 90,109</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Due to other funds	\$ <u>100,000</u>	\$ <u>100,000</u>
Total liabilities	<u>100,000</u>	<u>100,000</u>
Fund balance:		
Unreserved	(<u>19,936</u>)	(<u>9,891</u>)
Total fund balance	(<u>19,936</u>)	(<u>9,891</u>)
Total liabilities and fund balance	<u>\$ 80,064</u>	<u>\$ 90,109</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental	\$ <u>104,999</u>	\$ <u>96,347</u>
Total revenues	<u>104,999</u>	<u>96,347</u>
Expenditures:		
Current:		
Redevelopment and housing	<u>115,044</u>	<u>106,238</u>
Total expenditures	<u>115,044</u>	<u>106,238</u>
Excess of expenditures over revenues	(<u>10,045</u>)	(<u>9,891</u>)
Net change in fund balance	(<u>10,045</u>)	(<u>9,891</u>)
Fund balance, beginning of year	(<u>9,891</u>)	<u>0</u>
Fund balance, end of year	<u><u>\$ (19,936)</u></u>	<u><u>\$ (9,891)</u></u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2006

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 243,652	\$ 104,999	\$(138,653)
Total revenues	<u>243,652</u>	<u>104,999</u>	<u>(138,653)</u>
Expenditures:			
Current:			
Redevelopment and housing	<u>208,813</u>	<u>115,044</u>	<u>93,769</u>
Total expenditures	<u>208,813</u>	<u>115,044</u>	<u>93,769</u>
Excess of expenditures over revenues	<u>34,839</u>	<u>(10,045)</u>	<u>(44,884)</u>
Net change in fund balance	34,839	(10,045)	(44,884)
Fund balance, beginning of year	(9,891)	(9,891)	
Fund balance, end of year	<u>\$ 24,948</u>	<u>\$(19,936)</u>	<u>\$(44,884)</u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2006

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel/Motel tax	\$ 300,000	\$ 369,511	\$ 69,511
Total revenues	<u>300,000</u>	<u>369,511</u>	<u>69,511</u>
Expenditures:			
Current:			
Community development	<u>120,000</u>	<u>145,897</u>	(25,897)
Total expenditures	<u>120,000</u>	<u>145,897</u>	(25,897)
Excess of expenditures over revenues	<u>180,000</u>	<u>223,614</u>	<u>43,614</u>
Other financing sources (uses):			
Transfers in		145,897	145,897
Transfers out		(369,511)	(369,511)
Total other financing sources (uses)	<u>0</u>	(223,614)	(223,614)
Net change in fund balance	180,000	0	(180,000)
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 180,000</u>	<u>\$ 0</u>	<u>\$(180,000)</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash	\$ 1,124,890	\$ 1,762,864
Investments		8
Prepaid items	<u>46,028</u>	<u>52,143</u>
Total assets	<u>\$ 1,170,918</u>	<u>\$ 1,815,015</u>
<u>Liabilities and Fund Balance</u>		
Fund balance:		
Reserved for prepaid items	\$ 46,028	\$ 52,143
Unreserved	<u>1,124,890</u>	<u>1,762,872</u>
Total fund balance	<u>1,170,918</u>	<u>1,815,015</u>
Total liabilities and fund balance	<u>\$ 1,170,918</u>	<u>\$ 1,815,015</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Interest	\$ <u>102,783</u>	\$ <u>101,724</u>
Total revenues	<u>102,783</u>	<u>101,724</u>
Expenditures:		
Principal retirement	462,004	499,552
Interest	<u>83,111</u>	<u>81,267</u>
Total expenditures	<u>545,115</u>	<u>580,819</u>
Excess of expenditures over revenues	(<u>442,332</u>)	(<u>479,095</u>)
Other financing sources:		
Transfers in	312,587	693,393
Transfers out	(<u>514,352</u>)	(<u>739,168</u>)
Total other financing sources	(<u>201,765</u>)	(<u>45,775</u>)
Net change in fund balance	(644,097)	(524,870)
Fund balance, beginning of year	<u>1,815,015</u>	<u>2,339,885</u>
Fund balance, end of year	<u>\$ 1,170,918</u>	<u>\$ 1,815,015</u>

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE DEBT SERVICE FUND
BUDGET AND ACTUAL
Year Ended June 30, 2006

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 60,000	\$ 102,783	\$ 42,783
Total revenues	60,000	102,783	42,783
Expenditures:			
Debt service:			
Principal retirement	50,000	462,004	(412,004)
Interest and fiscal charges	100	83,111	(83,011)
Total expenditures	50,100	545,115	(495,015)
Excess of revenues over (under) expenditures	9,900	(442,332)	(452,232)
Other financing sources (uses):			
Transfers in		312,587	312,587
Transfers out		(514,352)	(514,352)
Total other financing sources (uses)	0	(201,765)	(201,765)
Net change in fund balance	9,900	(644,097)	(653,997)
Fund balance, beginning of year	1,815,015	1,815,015	
Fund balance, end of year	\$ 1,824,915	\$ 1,170,918	\$ (653,997)

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash	\$ 604,668	\$ 962,801
Restricted cash		24,880
Receivables:		
Accounts		
Notes	6,464	25,226
Intergovernmental	1,453,948	421,346
Prepaid items	<u>14,688</u>	
Total assets	<u>\$ 2,079,768</u>	<u>\$ 1,434,253</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 1,006,868	\$ 105,479
Unearned revenue	25,310	
Due to other funds		<u>97,644</u>
Total liabilities	<u>1,032,178</u>	<u>203,123</u>
Fund balance:		
Reserved for prepaid items	14,688	
Unreserved	<u>1,032,902</u>	<u>1,231,130</u>
Total fund balance	<u>1,047,590</u>	<u>1,231,130</u>
Total liabilities and fund balance	<u>\$ 2,079,768</u>	<u>\$ 1,434,253</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental	\$ 1,942,267	\$ 2,097,397
Interest	80,604	49,436
Miscellaneous	<u>764,320</u>	<u>823,965</u>
Total revenues	<u>2,787,191</u>	<u>2,970,798</u>
Expenditures:		
Current:		
General government	98,213	109,438
Public service	662,948	1,443,572
Community development	489,196	101,887
Debt service:		
Principal retirement	352,265	320,540
Interest	325,840	342,611
Capital outlay:		
General government		7,620
Public service	1,151,579	2,236,616
Community development	<u>1,178,920</u>	<u>474,779</u>
Total expenditures	<u>4,258,961</u>	<u>5,037,063</u>
Excess of expenditures over revenues	<u>(1,471,770)</u>	<u>(2,066,265)</u>
Other financing sources (uses):		
Sales of assets	338,230	
Transfers in	950,000	685,000
Transfers out		<u>(138,274)</u>
Total other financing sources	<u>1,288,230</u>	<u>546,726</u>
Net change in fund balance	(183,540)	(1,519,539)
Fund balance, beginning of year	<u>1,231,130</u>	<u>2,750,669</u>
Fund balance, end of year	<u>\$ 1,047,590</u>	<u>\$ 1,231,130</u>



MAJOR GOVERNMENTAL FUNDS

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

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 823,719	\$ 625,658
Investments	21,499	
Receivables:		
Taxes	1,001,906	863,589
Other	5,895	
Due from other funds		3,384
Inventory	194,759	206,050
Prepaid items	4,918	
Restricted cash and cash equivalents	120,235	120,607
Restricted investments	<u>423,602</u>	<u>412,700</u>
Total assets	<u>\$ 2,596,533</u>	<u>\$ 2,231,988</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 250,550	\$ 273,175
Accrued vacation		61,973
Other accrued liabilities	155,045	39,824
Unearned revenue	<u>6,070</u>	<u>85,129</u>
Total liabilities	<u>411,665</u>	<u>460,101</u>
Fund balance:		
Reserved for inventory	194,759	206,050
Unreserved	<u>1,990,109</u>	<u>1,565,837</u>
Total fund balance	<u>2,184,868</u>	<u>1,771,887</u>
Total liabilities and fund balance	<u>\$ 2,596,533</u>	<u>\$ 2,231,988</u>

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Taxes:		
Sales	\$ 4,536,174	\$ 4,012,504
Franchise	987,147	912,312
Insurance premium	1,302,070	1,210,250
Alcoholic beverage	646,261	656,983
Other	445,933	772,969
Licenses and permits	263,671	239,338
Intergovernmental	53,228	94,741
Charges for services	339,184	267,242
Fines and forfeitures	1,402,527	1,272,171
Investment income (loss)	58,790	59,243
Miscellaneous	<u>492,792</u>	<u>398,811</u>
Total revenues	<u>10,527,777</u>	<u>9,896,564</u>
Expenditures:		
Current:		
General government	1,525,917	1,465,959
Public safety	11,410,643	10,614,052
Public service	2,135,975	2,319,593
Culture and recreation	852,432	755,436
Community development	1,122,245	1,274,598
Telecommunications and technology	258,735	116,714
Capital outlay:		
General government	32,678	147,794
Public safety	161,168	64,336
Public service	368,042	319,853
Culture and recreation	<u>17,589</u>	<u>17,078,335</u>
Total expenditures	<u>17,885,424</u>	<u>17,078,335</u>
Excess of expenditures over revenues	(7,357,647)	(7,181,771)
Other financing sources (uses):		
Sale of assets	17,191	20,183
Proceeds from capital lease	398,688	150,586
Transfers in	7,825,631	7,255,540
Transfers out	(470,882)	(457,639)
Total other financing sources	<u>7,770,628</u>	<u>6,968,670</u>
Net change in fund balance	412,981	(213,101)
Fund balance, beginning of year, as restated	<u>1,771,887</u>	<u>1,984,988</u>
Fund balance, end of year	<u>\$ 2,184,868</u>	<u>\$ 1,771,887</u>

L*a*GRANGE *georgia*
S M A R T M O V E SM

SUPPLEMENTAL INFORMATION ENTERPRISE FUNDS

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

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

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2006 and 2005

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 7,195,265	\$ 10,471,330
Investments	1,564,273	3,367,429
Note receivable	570,404	
Receivables:		
Accounts	8,998,945	7,744,903
Other		583,801
Due from other funds		597,644
Prepays	128,179	138,440
Inventory	1,607,773	1,696,769
Restricted assets:		
Restricted investments	25,605,705	25,172,093
Restricted deposits	476,667	456,626
Total current assets	<u>46,147,211</u>	<u>50,229,035</u>
Noncurrent assets:		
Capital assets, not being depreciated	14,078,604	9,659,081
Capital assets, being depreciated	90,345,775	91,637,915
Other assets	209,746	221,399
Total noncurrent assets	<u>104,634,125</u>	<u>101,518,395</u>
Total assets	<u>150,781,336</u>	<u>151,747,430</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	3,884,613	4,414,185
Accrued liabilities	34,322	17,161
Unearned revenue	25,605,705	25,172,093
Notes payable - Current	77,778	74,566
Capital leases - Current	389,805	168,966
Liabilities payable from restricted assets:		
Customer deposits	1,322,655	1,208,481
Accrued interest payable	85,190	158,315
Revenue bonds - Current	3,745,000	3,635,000
Total current liabilities	<u>35,145,068</u>	<u>34,848,767</u>
Non-current liabilities:		
Accrued compensated absences	139,155	135,747
Revenue bonds - Long-term	27,076,547	30,921,617
Notes payable - Long-term	1,444,809	1,522,588
Capital leases - Long-term	788,719	1,011,323
Total noncurrent liabilities	<u>29,449,230</u>	<u>33,591,275</u>
Total liabilities	<u>64,594,298</u>	<u>68,440,042</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	70,816,531	68,117,646
Unrestricted	15,370,507	15,189,742
Total net assets	<u>\$ 86,187,038</u>	<u>\$ 83,307,388</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Water and sewer system	\$ 13,021,082	\$ 12,263,660
Gas system	23,773,621	18,693,896
Electric system	37,901,282	35,625,529
Telecommunications	2,123,716	1,367,384
Other sales	<u>166,073</u>	<u>136,815</u>
Total operating revenues	<u>76,985,774</u>	<u>68,087,284</u>
Operating expenses:		
Water and sewer system	9,019,089	6,770,892
Gas system	21,333,990	16,166,247
Electric system	32,246,976	29,669,161
Telecommunications	1,483,196	874,956
Administrative services		1,850,853
Depreciation and amortization	<u>3,223,410</u>	<u>3,265,188</u>
Total operating expenses	<u>67,306,661</u>	<u>58,597,297</u>
Operating income	<u>9,679,113</u>	<u>9,489,987</u>
Nonoperating revenues (expenses):		
Grant revenues		1,402,765
Gain (loss) on sale of assets		454,820
Investment income	703,102	397,805
Interest expense	(1,362,948)	(1,491,833)
Total nonoperating revenues (expenses)	<u>(659,846)</u>	<u>763,557</u>
Net income before transfers	9,019,267	10,253,544
Transfers in	466,936	726,654
Transfers out	<u>(6,606,553)</u>	<u>(8,230,015)</u>
Change in net assets	2,879,650	2,750,183
Net assets, beginning of year	<u>83,307,388</u>	<u>80,557,205</u>
Net assets, end of year	<u>\$ 86,187,038</u>	<u>\$ 83,307,388</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 75,731,732	\$ 67,934,407
Cash paid to employees	(4,274,013)	(3,991,374)
Cash paid to suppliers	(58,484,057)	(50,428,421)
Net cash provided (used) by operating activities	<u>12,973,662</u>	<u>13,514,612</u>
Cash flow from noncapital financing activities:		
Grant income		1,402,765
Transfers in	466,936	726,654
Transfers out	(6,606,553)	(8,230,015)
Net cash provided (used) by noncapital financing activities	<u>(6,139,617)</u>	<u>(6,100,596)</u>
Cash flows from capital and related financial activities:		
Loans to third parties	(570,404)	
Principal payments on revenue bonds	(3,635,001)	(3,640,071)
Proceeds from sale of assets	7,250	719,281
Acquisition of capital assets	(6,452,156)	(8,043,732)
Capital lease proceeds	469,543	
Capital lease payments	(471,308)	(169,844)
Payments on notes payable	(74,566)	(71,486)
Interest expense	(1,436,073)	(1,333,518)
Net cash provided (used) by capital and related financing activities	<u>(12,162,715)</u>	<u>(12,539,370)</u>
Cash flows from investing activities:		
Sale (Purchase) of investments	1,369,544	(2,247,228)
Investment income	703,102	397,805
Net cash provided (used) by investing activities	<u>2,072,646</u>	<u>(1,849,423)</u>
Net increase (decrease) in cash	(3,256,024)	(6,974,777)
Cash, beginning of year	<u>10,927,956</u>	<u>17,902,733</u>
Cash, end of year	<u>\$ 7,671,932</u>	<u>\$ 10,927,956</u>
Report on the balance sheet as:		
Cash and cash equivalents	\$ 7,195,265	\$ 10,471,330
Restricted cash	<u>476,667</u>	<u>456,626</u>
Total	<u>\$ 7,671,932</u>	<u>\$ 10,927,956</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2006 and 2005
(Continued)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Operating income	\$ 9,679,113	\$ 9,489,987
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation & amortization	3,223,410	3,265,188
(Gain)loss on sale of assets	5,696	
Changes in operating assets and liabilities:		
Accounts receivable	(670,241)	(46,476)
Inventory	88,996	(37,385)
Other assets	10,261	(138,440)
Accounts payable	(529,572)	660,098
Accrued vacation	3,408	135,747
Due from other funds	597,644	(190,149)
Unearned revenue	433,612	573,859
Customer deposits	114,174	83,748
Other accrued expenses	<u>17,161</u>	<u>(281,565)</u>
Net cash provided by operating activities	<u>\$ 12,973,662</u>	<u>\$ 13,514,612</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF OPERATING INCOME
Year Ended June 30, 2006

	<u>Electric System</u>	<u>Gas System</u>	<u>Water and Sewer System</u>	<u>Telecom- munications</u>	<u>Total</u>
Operating revenues	\$ 38,009,059	\$ 23,792,947	\$ 13,060,052	\$ 2,123,716	\$ 76,985,774
Operating expenses:					
Electricity and natural gas purchase	30,271,544	20,047,096			50,318,640
Depreciation	341,403	245,057	2,347,075	289,875	3,223,410
Other operating	<u>1,975,432</u>	<u>1,286,894</u>	<u>9,019,089</u>	<u>1,483,196</u>	<u>13,764,611</u>
	<u>32,588,379</u>	<u>21,579,047</u>	<u>11,366,164</u>	<u>1,773,071</u>	<u>67,306,661</u>
Operating income	<u>\$ 5,420,680</u>	<u>\$ 2,213,900</u>	<u>\$ 1,693,888</u>	<u>\$ 350,645</u>	<u>\$ 9,679,113</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF CHANGES IN UTILITY PLANT IN SERVICE
Year Ended June 30, 2006

	Historical Cost			Allowance for Depreciation			Net Asset Value	
	Balance June 30, 2005, Reclassified	Additions	Deletions	Balance June 30, 2006	Expense	Deletions		
Water and sewer system	\$ 109,109,059	\$ 999,671	\$(54,388)	\$ 110,054,342	\$(2,453,728)	\$ 43,333	\$(39,155,079)	\$ 70,899,263
Gas system	18,925,225	4,665,480	(25,196)	23,565,509	(232,630)	23,306	(4,467,562)	19,097,947
Electric system	15,337,758	299,142		15,636,900	(335,595)	(5,854,297)		9,782,603
Tele-communications	5,225,652	487,863		5,713,515	(289,875)	(1,068,949)		4,644,566
	<u>\$ 148,597,694</u>	<u>\$ 6,452,156</u>	<u>\$(79,584)</u>	<u>\$ 154,970,266</u>	<u>\$(3,311,828)</u>	<u>\$ 66,639</u>	<u>\$(50,545,887)</u>	<u>\$ 104,424,379</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE SCHEDULES OF REVENUES
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Water and sewer system:		
Water sales	\$ 7,704,853	\$ 7,085,377
Sewer service charges	5,099,179	4,856,796
Fire services	63,379	58,469
Connection fees	153,671	263,020
Miscellaneous	<u>38,970</u>	<u>38,231</u>
	<u>13,060,052</u>	<u>12,301,893</u>
Gas system:		
Gas sales	23,773,621	18,693,896
Miscellaneous	<u>19,326</u>	<u>8,044</u>
	<u>23,792,947</u>	<u>18,701,940</u>
Electric system:		
Electricity sales	37,278,426	35,009,260
Street and security lights	621,047	616,269
Miscellaneous	<u>109,586</u>	<u>90,538</u>
	<u>38,009,059</u>	<u>35,716,067</u>
Telecommunications:		
Internet services	1,213,258	929,990
Other telecommunications services	<u>910,458</u>	<u>437,394</u>
	<u>2,123,716</u>	<u>1,367,384</u>
Total operating revenues	<u>\$ 76,985,774</u>	<u>\$ 68,087,284</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2006 and 2005

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 4,725,430	\$ 5,340,539
Receivables:		
Accounts receivable	75,956	75,359
Prepays	1,109	
Inventory	2,028	2,028
Total current assets	<u>4,804,523</u>	<u>5,417,926</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,632,295	1,437,733
Capital assets, being depreciated	12,580,277	12,243,628
Total noncurrent assets	<u>14,212,572</u>	<u>13,681,361</u>
Total assets	<u>19,017,095</u>	<u>19,099,287</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	145,556	65,369
Accrued liabilities	8,538	4,269
Notes payable, current	42,126	41,159
Capital leases, current	442,889	135,062
Liabilities payable from restricted assets:		
Customer deposits	1,780	1,780
Accrued interest payable	28,109	20,783
Revenue bonds, current	575,000	545,000
Total current liabilities	<u>1,243,998</u>	<u>813,422</u>
Noncurrent liabilities:		
Accrued compensated absences	43,563	39,440
Revenue bonds, long-term	4,165,790	4,736,755
Notes payable, long-term	872,651	914,777
Capital leases, long-term	896,274	920,411
Landfill postclosure liability	5,107,087	4,901,019
Total noncurrent liabilities	<u>11,085,365</u>	<u>11,512,402</u>
Total liabilities	<u>12,329,363</u>	<u>12,325,824</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	7,189,733	6,367,414
Unrestricted	(502,001)	406,049
Total net assets	<u>\$ 6,687,732</u>	<u>\$ 6,773,463</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Sanitation	\$ 7,105,725	\$ 6,826,436
Other sales	<u>143,834</u>	<u>117,147</u>
Total operating revenues	<u>7,249,559</u>	<u>6,943,583</u>
Operating expenses:		
Sanitation	4,968,376	4,785,739
Depreciation	<u>569,183</u>	<u>570,877</u>
Total operating expenses	<u>5,537,559</u>	<u>5,356,616</u>
Operating income	<u>1,712,000</u>	<u>1,586,967</u>
Nonoperating revenues (expenses):		
Investment income	214,101	103,023
Gain (loss) on sale of assets	5,961	(428,473)
Interest expense	<u>(312,700)</u>	<u>(317,202)</u>
Total nonoperating revenues (expenses)	<u>(92,638)</u>	<u>(642,652)</u>
Income before transfers	1,619,362	944,315
Transfers in	344,909	299,429
Transfers out	<u>(2,050,002)</u>	<u>(123,863)</u>
Change in net assets	(85,731)	1,119,881
Net assets, beginning of year	<u>6,773,463</u>	<u>5,653,582</u>
Net assets, end of year	<u>\$ 6,687,732</u>	<u>\$ 6,773,463</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from customers and users	\$ 7,248,962	\$ 6,928,371
Cash paid to employees	(1,048,957)	(929,850)
Cash paid to suppliers	(3,623,958)	(3,298,276)
Net cash provided (used) by operating activities	<u>2,576,047</u>	<u>2,700,245</u>
Cash flows from noncapital financing activities:		
Transfers in	344,909	299,429
Transfers out	(2,050,000)	(123,863)
Net cash provided (used) by noncapital financing activities	<u>(1,705,091)</u>	<u>175,566</u>
Cash flows from capital and related financing activities:		
Gain (loss) on sale of assets		(1,210)
Capital lease proceeds	819,241	
Capital lease payments	(535,550)	(298,077)
Principal payments on revenue bonds	(540,965)	(515,965)
Payments on notes payable	(41,159)	(40,213)
Acquisition of capital assets	(1,096,359)	
Interest expenses	(305,374)	(296,419)
Net cash provided (used) by capital and related financing activities	<u>(1,700,166)</u>	<u>(1,151,884)</u>
Cash flows from investing activities:		
Investment income	214,101	103,023
Net cash provided (used) by investing activities	<u>214,101</u>	<u>103,023</u>
Net (decrease) increase in cash	(615,109)	1,826,950
Cash, beginning of year	<u>5,340,539</u>	<u>3,513,589</u>
Cash, end of year	<u>\$ 4,725,430</u>	<u>\$ 5,340,539</u>
Cash flows from operating activities:		
Operating income	\$ 1,712,000	\$ 1,586,967
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	569,183	570,877
(Gain) loss on sale of assets	(5,400)	
Changes in operating assets and liabilities:		
Accounts receivable	(597)	(75,359)
Inventory	(1,109)	5,226
Accounts payable		49,226
Due from other fund	80,187	54,921
Other accrued expenses		508,326
Other nonoperating revenue, net	221,783	
Customer deposits		61
Net cash provided by operating activities	<u>\$ 2,576,047</u>	<u>\$ 2,700,245</u>

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SUPPLEMENTAL INFORMATION INTERNAL SERVICE FUNDS

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

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

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2006

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 449,262	\$ 2,871,133	\$ 3,320,395
Investments		51	51
Receivables-other	8,346	101,990	110,336
Due from other funds		100,000	100,000
Total assets	<u>457,608</u>	<u>3,073,174</u>	<u>3,530,782</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	28,615	4,987	33,602
Claims payable	<u>525,000</u>	<u>600,000</u>	<u>1,125,000</u>
Total liabilities	<u>553,615</u>	<u>604,987</u>	<u>1,158,602</u>
Net assets:			
Unrestricted	(96,007)	<u>2,468,187</u>	<u>2,372,180</u>
Total net assets	<u>\$(96,007)</u>	<u>\$ 2,468,187</u>	<u>\$ 2,372,180</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Year Ended June 30, 2006

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 3,865,455	\$ 1,064,664	\$ 4,930,119
Operating expenses:			
Administrative services	130,933	21,468	152,401
Risk management	<u>3,428,694</u>	<u>1,057,343</u>	<u>4,486,037</u>
Total operating expenses	<u>3,559,627</u>	<u>1,078,811</u>	<u>4,638,438</u>
Operating income (loss)	<u>305,828</u>	(14,147)	<u>291,681</u>
Nonoperating revenues:			
Investment income	<u>13,008</u>	<u>123,824</u>	<u>136,832</u>
Total nonoperating revenues	<u>13,008</u>	<u>123,824</u>	<u>136,832</u>
Income before transfers	318,836	109,677	428,513
Transfers in	35,460		35,460
Transfers out	(70,120)		(70,120)
Change in net assets	284,176	109,677	393,853
Net assets, beginning of year	(380,183)	<u>2,358,510</u>	<u>1,978,327</u>
Net assets, end of year	<u>\$ (96,007)</u>	<u>\$ 2,468,187</u>	<u>\$ 2,372,180</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2006

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers and users	\$ 3,865,455	\$ 1,064,664	\$ 4,930,119
Cash paid to suppliers	(3,556,773)	(1,109,268)	(4,666,041)
Net cash provided (used) by operating activities	<u>308,682</u>	<u>(44,604)</u>	<u>264,078</u>
Cash flows from non-capital financing activities:			
Transfers in	35,460		35,460
Transfers out	(70,120)		(70,120)
Net cash (used) by non-capital financing activities	<u>(34,660)</u>	<u>0</u>	<u>(34,660)</u>
Cash flows from investing activities:			
Proceeds from maturities of investments		467,722	467,722
Investment income	13,008	123,824	136,832
Net cash provided (used) by investing activities	<u>13,008</u>	<u>591,546</u>	<u>604,554</u>
Net increase (decrease) in cash	287,030	546,942	833,972
Cash, beginning of year	<u>162,232</u>	<u>2,324,191</u>	<u>2,486,423</u>
Cash, end of year	<u>\$ 449,262</u>	<u>\$ 2,871,133</u>	<u>\$ 3,320,395</u>
Report on the balance sheet as:			
Cash and cash equivalents	<u>\$ 449,262</u>	<u>\$ 2,871,133</u>	<u>\$ 3,320,395</u>
Cash flows from operating activities:			
Operating (loss) income	\$ 305,828	\$(14,147)	\$ 291,681
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Increase (decrease) in accounts payable	<u>2,854</u>	<u>(30,457)</u>	<u>(27,603)</u>
Net cash provided (used) by operating activities	<u>\$ 308,682</u>	<u>\$(44,604)</u>	<u>\$ 264,078</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 449,262	\$ 162,232
Receivables-other	<u>8,346</u>	<u>8,346</u>
Total assets	<u>457,608</u>	<u>170,578</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	28,615	25,761
Claims payable	<u>525,000</u>	<u>525,000</u>
Total current liabilities	<u>553,615</u>	<u>550,761</u>
Net assets:		
Unrestricted	<u>\$ (96,007)</u>	<u>\$ (380,183)</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues	\$ 3,865,455	\$ 3,983,556
Operating expenses:		
Administrative services	130,933	134,008
Risk management	<u>3,428,694</u>	<u>4,141,282</u>
Total operating expenses	<u>3,559,627</u>	<u>4,275,290</u>
Operating income (loss)	<u>305,828</u>	(291,734)
Nonoperating revenues:		
Investment income	<u>13,008</u>	<u>4,059</u>
Total nonoperating revenues	<u>13,008</u>	<u>4,059</u>
Income (loss) before transfers	318,836	(287,675)
Transfers in	35,460	
Transfers out	(70,120)	<u>28,943</u>
Change in net assets	284,176	(258,732)
Net assets, beginning of year	(380,183)	(121,451)
Net assets, end of year	<u>\$ (96,007)</u>	<u>\$ (380,183)</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 3,865,455	\$ 3,985,468
Cash paid to suppliers	(3,556,773)	(4,249,529)
Net cash provided (used) by operating activities	<u>308,682</u>	<u>(264,061)</u>
Cash flows from non-capital financing activities:		
Transfers in	35,460	28,943
Transfers out	(70,120)	(70,120)
Net cash provided (used) by non-capital financing activities	<u>(34,660)</u>	<u>28,943</u>
Cash flows from investing activities:		
Investment income	<u>13,008</u>	<u>4,059</u>
Net cash provided (used) by investing activities	<u>13,008</u>	<u>4,059</u>
Net increase (decrease) in cash	287,030	(231,059)
Cash, beginning of year	<u>162,232</u>	<u>393,291</u>
Cash, end of year	<u>\$ 449,262</u>	<u>\$ 162,232</u>
Report on the balance sheet as:		
Cash and cash equivalents	<u>\$ 449,262</u>	<u>\$ 162,232</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 305,828	\$(291,734)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Increase in interfund accounts		1,912
Increase in accounts payable	<u>2,854</u>	<u>25,761</u>
Net cash provided (used) by operating activities	<u>\$ 308,682</u>	<u>\$(264,061)</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,871,133	\$ 2,324,191
Investments	51	467,773
Due from other funds	100,000	100,000
Receivables-other	<u>101,990</u>	<u>101,990</u>
Total assets	<u>3,073,174</u>	<u>2,993,954</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	4,987	35,444
Claims payable	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>604,987</u>	<u>635,444</u>
Net assets:		
Unrestricted	<u>\$ 2,468,187</u>	<u>\$ 2,358,510</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	\$ 1,064,664	\$ 996,970
Operating expenses:		
Administrative services	21,468	14,922
Risk management	<u>1,057,343</u>	<u>1,162,317</u>
Total operating expenses	<u>1,078,811</u>	<u>1,177,239</u>
Operating income (loss)	(14,147)	(180,269)
Nonoperating revenues:		
Investment income	<u>123,824</u>	<u>70,335</u>
Total nonoperating revenues	<u>123,824</u>	<u>70,335</u>
Change in net assets	109,677	(109,934)
Net assets, beginning of year	<u>2,358,510</u>	<u>2,468,444</u>
Net assets, end of year	<u>\$ 2,468,187</u>	<u>\$ 2,358,510</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,064,664	\$ 902,679
Cash paid to suppliers	(1,109,268)	(1,141,795)
Net cash provided (used) by operating activities	<u>(44,604)</u>	<u>(239,116)</u>
Cash flows from investing activities:		
Proceeds from maturities of investments	467,722	540,107
Investment income	<u>123,824</u>	<u>70,335</u>
Net cash provided (used) by investing activities	<u>591,546</u>	<u>610,442</u>
Net increase in cash	546,942	371,326
Cash, beginning of year	<u>2,324,191</u>	<u>1,952,865</u>
Cash, end of year	<u>\$ 2,871,133</u>	<u>\$ 2,324,191</u>
Report on the balance sheet as:		
Cash and cash equivalents	<u>\$ 2,871,133</u>	<u>\$ 2,324,191</u>
Cash flows from operating activities:		
Operating income	\$(14,147)	\$(180,269)
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) in interfund accounts		(94,291)
Increase (decrease) in accounts payable	<u>(30,457)</u>	<u>35,444</u>
Net cash provided by operating activities	<u>\$(44,604)</u>	<u>\$(239,116)</u>

SUPPLEMENTAL INFORMATION
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

CITY OF LAGRANGE, GEORGIA
COMPARATIVE SCHEDULES OF CAPITAL ASSETS BY SOURCE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS*
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Governmental fund capital assets:		
Land	\$ 7,287,968	\$ 5,960,617
Buildings and improvements	9,128,789	9,128,789
Machinery and equipment	5,451,576	5,270,616
Vehicles	2,255,786	2,149,246
Infrastructure	15,158,028	14,714,382
Construction in progress	<u>2,789,983</u>	<u>1,990,349</u>
Total governmental fund capital assets	<u>\$ 42,072,130</u>	<u>\$ 39,213,999</u>
Investment in governmental fund capital assets by source:		
General fund revenues	\$ 7,871,202	\$ 7,343,570
General obligation bonds	3,000,000	3,000,000
Capital projects fund	25,083,636	22,753,137
Special revenues fund	2,614,227	2,614,227
Donations	<u>3,503,065</u>	<u>3,503,065</u>
Total governmental fund capital assets	<u>\$ 42,072,130</u>	<u>\$ 39,213,999</u>

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

CITY OF LAGRANGE, GEORGIA
 SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY*
 June 30, 2006

<u>Function and Activity</u>	<u>Total</u>	<u>Land and Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
General government	\$ 13,918,963	\$ 3,299,633	\$ 6,350,780	\$ 1,949,317	\$ 178,705	\$ 2,140,528	
Public safety	5,361,541	21,465	2,087,106	1,929,285	1,275,755	47,930	
Public service	9,749,282	1,609,815		1,184,319	407,014	6,457,531	\$ 90,603
Culture and recreation	4,789,461	1,737,735	206,943	261,752	241,702	2,341,329	
Community development	<u>8,252,883</u>	<u>619,320</u>	<u>483,960</u>	<u>126,903</u>	<u>152,610</u>	<u>4,170,710</u>	<u>2,699,380</u>
Total governmental funds capital assets	<u>\$ 42,072,130</u>	<u>\$ 7,287,968</u>	<u>\$ 9,128,789</u>	<u>\$ 5,451,576</u>	<u>\$ 2,255,786</u>	<u>\$ 15,158,028</u>	<u>\$ 2,789,983</u>

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

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY*
Year Ended June 30, 2006

<u>Function and Activity</u>	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
General government	\$ 13,869,477	\$ 49,486		\$ 13,918,963
Public safety	5,315,952	144,361	\$ 98,772	5,361,541
Public service	8,997,236	2,008,884	1,256,838	9,749,282
Culture and recreation	4,784,290	17,589	12,418	4,789,461
Community development	<u>6,247,044</u>	<u>2,017,009</u>	<u>11,170</u>	<u>8,252,883</u>
Total governmental funds capital assets	<u>\$ 39,213,999</u>	<u>\$ 4,237,329</u>	<u>\$ 1,379,198</u>	<u>\$ 42,072,130</u>

Note: Beginning balances agree to the prior year in total; however, certain amounts have been reclassified by management for financial statement presentation in the current year.

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

ADDITIONAL DATA

ADDITIONAL DATA

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

Community Home Investment Program Grant - Disclosure required by specific grants audit requirements.

CITY OF LAGRANGE, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY HOME INVESTMENT PROGRAM GRANT
Year Ended June 30, 2006

CHIP 04m-x-141-2-2913:

Total grant	\$ 300,000
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2006	(104,999)
June 30, 2005	(96,347)
Program funds available for future draw down	<u>\$ 98,654</u>
 Total program funds drawn down by recipient for the year ended June 30, 2006	 \$ 104,999
Add, program income applicable to the year ended June 30, 2006	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2006	<u>\$ 104,999</u>

CITY OF LAGRANGE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY HOME INVESTMENT PROGRAM GRANT
Year Ended June 30, 2006

<u>Activity</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>		<u>Questioned Cost</u>
		<u>Year Ended June 30, 2006</u>	<u>Prior Years</u>	
CHIP 04m-x-141-2-2913:				
H-013-00	\$ 285,000	\$ 114,999	\$ 104,995	None
A-21A-00	<u>15,000</u>	<u> </u>	<u>1,243</u>	None
	<u>\$ 300,000</u>	<u>\$ 114,999</u>	<u>\$ 106,238</u>	

LaGRANGE *georgia*
S M A R T M O V E SM

STATISTICAL SECTION

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

<u>CONTENTS</u>	<u>PAGE</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	83
<u>Revenue Capacity</u> - These schedules present information to help the reader assess the City's most significant local revenue source, utility revenue.	90
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	95
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	100
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	102

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

City of LaGrange, Georgia
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 18,895,271	\$ 19,160,513	\$ 20,955,023	\$ 22,872,801
Restricted for:				
Redevelopment programs	3,452,942	3,880,395	3,810,657	3,212,506
Perpetual care	619,029	592,765	504,840	521,646
Capital outlay	91,871	27,799		
Unrestricted	8,842,707	8,023,687	5,651,212	6,071,644
Total governmental activities net assets	\$ 31,901,820	\$ 31,685,159	\$ 30,921,732	\$ 32,678,597
Business-type activities				
Invested in capital assets, net of related debt	\$ 61,607,620	\$ 62,436,197	\$ 74,485,060	\$ 78,006,264
Restricted for:				
Redevelopment programs				
Perpetual care				
Unrestricted	19,220,003	23,774,590	15,595,791	14,868,506
Total business-type activities net assets	\$ 80,827,623	\$ 86,210,787	\$ 90,080,851	\$ 92,874,770
Primary government				
Invested in capital assets, net of related debt	\$ 80,502,891	\$ 81,596,710	\$ 95,440,083	\$ 100,879,065
Restricted for:				
Redevelopment	3,452,942	3,880,395	3,810,657	3,212,506
Perpetual care	619,029	592,765	504,840	521,646
Capital outlay	91,871	27,799		
Unrestricted	28,062,710	31,798,277	21,247,003	20,940,150
Total primary government net assets	\$ 112,729,443	\$ 117,895,946	\$ 121,002,583	\$ 125,553,367

Note: The City implemented GASB 34 for the fiscal year ended June 30, 2003. In time this schedule will represent the required ten years of data.

Changes in Net Assets

Last Four Fiscal Years

(accrual basis of accounting)

Expenses	Fiscal Year Ended June 30			
	2003	2004	2005	2006
Governmental activities:				
General government	\$ 1,299,278	\$ 1,967,196	\$ 1,867,233	\$ 1,861,149
Public safety	9,562,780	11,468,875	11,214,890	11,435,498
Public Service	4,321,136	2,316,783	4,276,819	3,250,325
Culture and recreation	641,908	1,024,664	944,364	1,015,887
Community development	1,265,763	1,576,977	1,568,303	1,849,841
Risk Management	4,272,833			
Miscellaneous			510,577	640,300
Interest on long-term debt.	340,575	372,771	423,878	511,415
Total governmental activities expenses	21,704,273	18,727,266	20,806,064	20,564,415
Business-type activities:				
Water and sewerage	11,846,135	8,642,457	11,250,626	12,472,000
Gas	12,982,663	14,658,958	17,004,842	21,836,159
Electric system	29,035,611	29,680,370	30,592,415	32,588,379
Sanitation	3,887,617	5,081,769	5,673,818	5,850,259
Telecommunications	2,095,184	1,910,459	1,243,870	1,773,071
Total business-type activities expenses	59,837,210	59,974,013	65,765,571	74,519,868
Total primary government expenses	\$ 81,541,483	\$ 78,701,279	\$ 86,571,635	\$ 95,084,283
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 339,156	\$ 170,880	\$ 276,231	\$ 588,084
Public safety	1,288,633	1,094,738	1,569,711	1,733,392
Public service	590,852		239,338	263,671
Community development	96,134	272,005	1,119,295	914,157
Risk management	4,071,574			
Operating grants and contributions	434,680	31,878	137,954	104,999
Capital grants and contributions		21,955	2,097,397	1,773,021
Total government activities program revenues	6,821,029	1,591,456	5,439,928	5,377,324
Business-type activities:				
Charges for services:				
Water and sewerage	11,480,750	12,383,971	12,304,516	13,060,052
Gas system	14,959,419	17,129,787	18,701,940	23,792,947
Electric system	33,835,447	34,569,540	35,716,067	38,009,059
Sanitation	5,514,095	6,284,443	6,943,583	7,249,559
Telecommunications	1,485,950	1,869,537	1,367,384	2,123,716
Operating grants and contributions				
Capital grants and contributions			1,402,765	
Total business-type activities program revenues	67,275,661	72,237,278	76,436,255	84,235,333
Total primary government program revenues	\$ 74,096,690	\$ 73,828,734	\$ 81,876,181	\$ 89,612,657

	Fiscal Year Ended June 30		
	2003	2004	2005
Net (expense)/revenue			
Governmental activities	\$ (14,883,244)	\$ (17,135,810)	\$ (15,366,138)
Business-type activities	7,438,451	12,263,265	10,670,684
Total primary government net expense	<u>\$ (7,444,793)</u>	<u>\$ (4,872,545)</u>	<u>\$ (4,695,454)</u>
General Revenues and Other Changes			
Net Assets			
Governmental activities:			
Taxes			
General purpose taxes	\$ 2,395,447	\$ 2,494,787	\$ 2,640,202
Sales tax	3,967,466	3,937,371	4,012,504
Franchise taxes	1,324,246	994,855	912,312
Grants and contributions not restricted	79,039	122,866	
Unrestricted investment earnings	349,563	219,154	266,186
Gain on sale of capital assets	11,344	178,178	(680,722)
Miscellaneous	83,224	1,645,214	
Transfers	6,997,602	7,326,724	7,327,795
Total government activities	<u>15,207,931</u>	<u>16,919,149</u>	<u>14,478,277</u>
Business-type activities:			
Unrestricted investment earnings	475,855	303,275	500,828
Gain on sale of capital assets		39,516	26,347
Miscellaneous	461,680	103,832	
Transfers	(6,997,602)	(7,326,724)	(7,327,795)
Total business-type activities	<u>(6,060,067)</u>	<u>(6,880,101)</u>	<u>(6,800,620)</u>
Total primary government	<u>\$ 9,147,864</u>	<u>\$ 10,039,048</u>	<u>\$ 7,677,657</u>
Change in Net Assets			
Government activities	\$ 324,687	\$ (216,661)	\$ (837,861)
Business-type Activities	1,378,384	5,383,164	3,870,964
Total primary government	<u>\$ 1,703,071</u>	<u>\$ 5,166,503</u>	<u>\$ 2,982,203</u>

Note: The City implemented GASB 34 for the fiscal year ended June 30, 2003. In time this schedule will represent the required ten years of data.

City of LaGrange, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	\$ 241,869	\$ 1,086,759	\$ 865,061	\$ 855,918	\$ 718,022	\$ 714,284	\$ 806,803	\$ 782,600	\$ 206,050	\$ 194,759
Unreserved	1,860,619	1,338,091	395,004	(9,311)	129,386	994,972	777,129	707,072	1,565,837	1,990,109
Total general fund	\$ 2,102,488	\$ 2,424,850	\$ 1,260,065	\$ 846,607	\$ 847,408	\$ 1,709,256	\$ 1,583,932	\$ 1,489,672	\$ 1,771,887	\$ 2,184,868
All other governmental funds										
Reserved	\$ 8,694,413	\$ 4,015,359	\$ 3,924,723	\$ 6,836,702	\$ 4,804,653	\$ 6,983,605	\$ 3,585,166	\$ 3,961,841	\$ 3,862,800	\$ 3,273,222
Unreserved, reported in:										
Special revenue	164,655	295,833	102,301	209,940	243,425	253,371	188,067	(350,136)	(364,578)	197,349
Debt service		1,711,542	2,148,401	2,363,962	2,350,205	233,285	2,295,635	2,291,738	1,762,872	1,124,890
Capital projects	1,168,410	620,911	(298,025)	1,194,863		1,959,188	2,372,093	2,717,370	1,231,130	1,032,902
Total all other government funds	\$ 10,027,478	\$ 6,643,645	\$ 5,877,400	\$ 10,605,267	\$ 7,398,283	\$ 9,429,449	\$ 8,440,961	\$ 8,620,813	\$ 6,492,224	\$ 5,628,363

City of LaGrange, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes, licenses and permits	\$ 7,056,705	\$ 7,344,338	\$ 7,561,380	\$ 8,076,924	\$ 8,253,038	\$ 8,047,152	\$ 7,862,799	\$ 7,697,143	\$ 7,804,356	\$ 8,550,767
Intergovernmental	901,849	1,460,022	533,609	437,733	303,031	290,242	500,719	176,699	2,288,485	2,100,494
Charges for services	175,434	147,316	157,221	175,934	263,893	341,695	368,883	251,220	267,242	339,184
Fines and forfeitures	377,164	1,129,764	999,915	1,123,610	1,270,246	1,265,665	1,031,788	1,016,273	1,272,171	1,402,527
Investment income	200,805	304,559	16,352	344,476	211,405	226,852	269,858	219,154	266,186	333,920
Miscellaneous	965,460	496,085	1,394,715	536,285	967,965	815,522	856,032	1,645,214	1,372,690	1,271,448
Total revenues	9,677,417	10,882,084	10,663,192	10,694,962	11,269,578	10,987,128	10,880,079	11,005,703	13,271,130	13,998,340
Expenditures										
General government	1,556,769	1,337,076	1,412,244	1,445,092	1,305,100	1,274,497	1,364,523	1,410,557	1,575,397	1,624,130
Public safety	6,688,297	7,691,045	7,984,829	8,497,976	8,750,529	8,922,255	9,235,159	10,225,019	10,614,052	11,410,643
Public service	2,455,546	2,722,215	2,814,926	3,046,519	2,962,267	2,449,313	2,745,594	1,902,134	3,763,165	2,798,923
Culture and recreation	874,449	876,100	876,000	1,048,531	981,100	1,117,854	697,984	819,841	755,436	852,432
Community development	2,288,673	6,103,804	1,404,540	1,387,525	1,231,218	1,110,537	919,945	1,285,915	1,376,485	1,757,338
Redevelopment and housing							261,730	247,774	388,976	387,302
Telecommunications and technology									116,714	258,735
Administrative and management							64,555	80,196	-	-
Capital outlay	1,926,964	2,545,432	2,969,169	2,589,741	5,936,643	1,611,655	5,356,631	1,701,653	3,250,998	2,909,976
Debt service										
Principal	1,110,994	3,008,825	1,315,155	1,384,405	1,071,711	1,462,254	726,243	875,391	820,092	814,269
Interest	223,886	223,892	175,811	138,023	195,158	262,936	380,862	372,771	423,878	408,951
Total expenditures	17,125,578	24,508,389	18,932,674	19,537,812	22,433,726	18,211,301	21,753,226	18,921,251	23,085,193	23,222,699
Excess of revenues										
over (under) expenditures	(7,448,161)	(13,626,305)	(8,269,482)	(8,842,850)	(11,164,148)	(7,224,173)	(10,873,147)	(7,915,548)	(9,814,063)	(9,224,359)

Fiscal Year Ended June 30

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other financing sources (uses)										
Proceeds from capital lease	214,904	474,411	169,655	4,632,944	1,041,978	4,076,822	612,233	525,419	150,586	398,688
Sale of fixed assets								178,178	20,183	495,421
Note payable		1,835,000								
Transfers in	7,866,156	5,400,000	6,976,681	9,139,732	8,121,175	8,634,315	7,517,809	7,808,992	8,633,933	9,234,115
Transfers out	(1,433,349)		(807,884)	(615,417)	(1,205,188)	(493,950)	(470,707)	(510,489)	(1,335,081)	(1,354,745)
Total other financing sources (uses)	6,647,711	7,709,411	6,338,452	13,157,259	7,957,965	12,217,187	7,659,335	8,002,100	7,469,621	8,773,479
Net change in fund balances	\$ (800,450)	\$ (5,916,894)	\$ (1,931,030)	\$ 4,314,409	\$ (3,206,183)	\$ 4,993,014	\$ (3,213,812)	\$ 86,552	\$ (2,344,442)	\$ (450,880)

Debt service as a percentage of noncapital expenditures	8.78%	14.72%	9.34%	8.98%	7.68%	10.39%	6.75%	7.25%	6.27%	6.02%
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City of LaGrange, Georgia
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property		Local Option Sales		Franchise		Motor Fuel		Alcoholic Beverage		Hotel/Motel		Total
		Tax		Tax		Tax		Tax		Tax		Tax	
1997	\$	286,723	\$	3,535,671	\$	845,378	\$	-	\$	520,613	\$	222,249	\$ 5,410,634
1998		297,763		3,477,706		998,630		-		524,062		257,435	5,555,596
1999		8,100		3,734,346		1,082,551		-		550,619		585,697	5,961,313
2000		4,701		4,174,288		1,092,244		-		*		304,950	5,576,183
2001		4,297		4,234,882		1,124,933		-		586,581		323,355	6,274,048
2002		1,590		4,157,734		1,112,782		-		600,550		275,936	6,148,592
2003		74		3,967,466		1,324,246		-		670,331		281,291	6,243,408
2004		-		3,937,371		994,855		-		622,572		294,059	5,848,857
2005		-		4,012,504		912,312		-		656,983		307,464	5,889,263
2006		-		4,536,174		987,147		-		646,261		369,341	6,538,923

* Information not available

City of LaGrange, Georgia
Utility Department - Operating and Financial Ratio Analysis
Last Ten Fiscal Years

FINANCIAL RATIOS:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Water & sewer profit margin (%)	8.47	8.08	4.93	13.29	5.14	0.50	(11.22)	21.90	9.40	17.80
Gas profit margin (%)	13.43	17.95	22.34	16.84	10.37	14.65	14.26	20.70	10.26	9.40
Electric profit margin (%)	16.46	19.51	16.28	15.02	12.84	17.43	15.68	14.14	14.70	15.60
Telecom profit margin (%)		(289.74)	(39.23)	21.74	21.48	44.14	(5.59)	(2.14)	112.14	33.70
Return on total assets (%)	10.05	11.96	11.02	8.12	7.56	8.07	6.78	8.27	7.56	2.80
Return on equity (%)	13.83	16.57	15.73	12.67	11.59	12.60	9.02	14.22	12.31	4.90
Liabilities/Assets (%)	43.54	40.37	42.62	47.32	46.70	45.79	46.59	46.84	45.10	42.80
Current ratio (x)	2.02	1.82	2.56	2.37	2.73	3.38	2.87	3.24	2.54	2.10
Receivables avg. days outstanding	40.13	39.82	37.58	48.51	46.54	46.49	45.54	45.84	44.65	42.70
General fund transfer (% of Income)	80.00	49.49	49.88	90.45	81.91	83.76	101.28	64.09	73.18	68.10
General fund transfer (% of Revenue)	13.07	9.90	10.26	15.26	10.51	13.03	11.16	11.07	10.96	8.00
Net Capital Transfers Out (\$)	6,679	5,400	5,610	8,413	7,114	8,077	6,985	7,342	7,504	6,140
Capital investment versus depreciation (x)	1.37	1.64	1.26	1.24	0.61	0.39	0.74	2.54	2.24	2.00
Capitalization (\$)	101,577	104,904	110,374	111,970	111,488	110,252	109,230	117,957	116,899	115,636
Working Capital (\$)	5,406	4,536	10,105	10,149	12,150	17,643	17,389	20,177	14,924	10,525

OPERATING INFORMATION:

Electric MWH purchases	481,848	505,017	508,641	532,834	548,980	548,242	551,238	535,310	525,129	513,354
Electric \$/MWH purchased	44.56	42.63	43.47	47.61	51.04	48.98	48.43	51.27	54.74	60.67
Electric MWH sales	454,183	474,946	485,475	508,351	521,845	518,079	526,194	509,969	506,029	492,641
Electric \$/MWH sold	59.79	59.33	59.31	58.93	61.23	64.93	63.08	64.81	65.40	69.36
Electric Operating \$/MWH sold	2.91	3.24	3.54	3.15	3.60	5.31	4.17	3.38	4.56	4.01
Installed Electric meters	11,741	11,697	11,835	12,009	12,009	12,534	12,591	12,654	12,754	12,873
Electric employees	12	12	12	12	12	12	12	12	12	12
meters/employee	978	975	986	1,001	1,001	1,045	1,049	1,055	1,063	1,073
MWHs/employee	37,849	39,579	40,456	42,363	43,487	43,173	43,650	42,497	42,169	41,053
Gas Dth purchases	2,117,000	2,144,000	2,068,000	2,016,000	2,260,000	1,980,009	2,068,645	2,110,313	1,986,250	1,902,006
Gas \$/Dth purchased	3.61	3.21	2.81	3.41	6.82	4.55	5.49	6.03	7.23	10.27
Gas Dth sales	2,039,000	2,017,000	1,990,000	1,948,000	2,012,000	1,860,976	1,953,529	2,006,417	1,914,773	1,813,697
Gas \$/Dth sold	5.02	5.49	4.96	5.30	9.27	6.77	7.61	8.50	9.66	13.22
Gas Operating \$/Dth sold	0.70	0.88	0.80	0.78	0.83	0.84	0.69	0.68	1.05	0.71
Installed Gas meters	8,166	8,205	8,462	8,663	9,000	9,422	9,548	9,538	9,545	9,580
Gas employees	12	12	12	12	12	12	12	12	12	12
meters/employee	681	684	705	722	750	785	796	795	795	798
Dth/employee	169,917	168,083	165,833	162,333	167,667	155,081	162,794	167,201	159,564	151,141

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Water MMGAL sales	2,388	2,232	2,379	2,430	2,299	2,238	2,252	2,145	2,142	2,198
Water \$/MGAL sold	2.57	2.72	2.60	2.76	2.76	2.92	2.83	3.18	3.27	3.46
Water and Sewer Operating/MMGAL	2.41	2.54	2.42	2.46	2.59	2.66	2.69	2.97	3.49	4.10
Installed Water meters	15,016	15,213	15,495	15,925	16,200	17,504	17,856	18,207	18,502	18,700
Water distribution employees	13	13	14	14	13	13	13	16	16	16
Water production employees	13	13	13	14	14	14	14	14	14	13
meters/distribution employee	1,155	1,170	1,107	1,138	1,246	1,346	1,374	1,138	1,156	1,169
meters/production employee	1,155	1,170	1,192	1,138	1,200	1,297	1,323	1,349	1,322	1,438
MMGAL/distribution employee	184	172	170	174	177	172	173	134	134	137
MMGAL/production employee	184	172	183	174	170	166	167	159	153	169
Customer Service Reps	6	6	6	6	6	6	6	6	6	6
Meters/CSR	5,821	5,852	5,965	6,100	6,202	6,577	6,666	6,733	6,800	6,859
Utility Service Workers	8	8	8	8	8	8	9	9	9	9
Meters/Service Worker	4,365	4,389	4,474	4,575	4,651	4,933	4,444	4,489	4,533	4,573

Note: Changed from read to installed meters in 2000.

Data Source: City Utility Department

City of LaGrange, Georgia
Principal Water Customers
Current Year and Five Years Ago

	2006				2001 *			
	Customer			Percentage of Total	Customer			Percentage of Total
	Charges	Rank	Customer Charges		Charges	Rank	Customer Charges	
Milliken & Co.	\$ 926,167	1	12		\$ 774,006	1	10	
Troup County Commissioners	176,391	2	2.3		81,807	6	1.1	
City of Greenville	162,813	3	2.1		129,165	4	1.7	
West Ga Medical Park	161,534	4	2.1		135,371	3	1.8	
Kimberly Clark	113,178	5	1.5		90,419	5	1.2	
Troup Co. School System	83,993	6	1.1		74,262	7	1.0	
LaGrange College	67,985	7	0.9					
Lee Crossing Rent Office	61,620	8	0.8		55,728	8	0.7	
Exxon Mobil	52,744	9	0.7					
Whispering Pines	44,979	10	0.6					
West Point Home Inc.					178,050	2	2.3	
Tall Pines					53,580	9	0.7	
City of LaGrange					43,622	10	0.6	
	<u>\$ 1,851,404</u>		<u>24.1</u>		<u>\$ 1,616,010</u>		<u>21.1</u>	

Data Source: City Utility Department

* Individual customer information was not available prior to 2001.

City of LaGrange, Georgia
Principal Natural Gas Customers
Current Year and Five Years Ago

	2006			2001 *		
	Customer	Customer Charges	Rank	Customer Charges	Rank	Percentage of Total Customer Charges
	Milliken & Co.	\$ 5,727,175	1	\$ 3,539,697	1	18.1
	Kimberly Clark	1,547,608	2	871,729	2	4.5
	Exxon Mobil	1,009,102	3	693,018	4	3.5
	West Ga Medical Park	748,087	4	493,393	5	2.5
	LaGrange Moulding Co.	635,552	5			
	Hillside Coating	630,409	6			
	Mountville Mills	498,983	7	303,967	10	1.6
	Interface Flooring Systems	465,567	8	415,630	9	2.1
	Troup Co. School System	463,021	9	455,197	7	2.3
	Emerson Network Power	419,039	10			
	West Point Home Inc.			779,610	3	4
	Shorewood Packaging			460,200	6	2.4
	Kleen Tex #2			435,593	8	2.2
		<u>\$ 12,144,543</u>		<u>\$ 8,448,034</u>		<u>43.2</u>

Data Source: City Utility Department

* Individual customer information was not available prior to 2001.

City of LaGrange, Georgia
Principal Electric Customers
Current Year and Five Years Ago

	2006			2001 *		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Exxon Mobil	\$ 2,745,001	1	7.3	\$ 2,205,576	1
	Duracell USA	1,545,823	2	4.1	1,181,075	3
	City of LaGrange	1,419,822	3	3.8	1,325,188	2
	West Ga Medical Park	1,279,985	4	3.4	1,052,814	4
	Wal-Mart	1,183,197	5	3.1	868,035	7
	Troup Co. School System	934,060	6	2.5	852,944	8
	Freudenberg NOK	836,263	7	2.2	836,286	9
	Interface Flooring Systems	781,535	8	2.1	784,703	10
	LaGrange College	720,664	9	1.9		
	Kleen Tex #2	710,850	10	1.9		
	Shorewood Packaging				902,318	5
	Treadgear Films Division				892,436	6
		<u>\$ 12,157,200</u>		<u>32.3</u>	<u>\$ 10,901,375</u>	<u>31.7</u>

Data Source: City Utility Department

* Individual customer information was not available prior to 2001.

City of LaGrange, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income**	Per Capita**
	General Obligation Notes *	Revenue Bonds *	Capital Leases	Notes Payable	Revenue Bonds	Capital Leases	Notes Payable			
1997	\$ 160,353	\$ 1,916,350	\$ 1,264,209	\$ -	\$ 42,323,882	\$ 2,344,599	\$ -	\$ 48,009,383	9.45%	\$ 1,718
1998			2,825,885	1,835,000	48,487,666	931,818	578,123	54,658,492	10.34%	1,937
1999			2,110,385	1,405,000	48,933,678	2,018,901	795,943	55,263,907	10.05%	1,939
2000			5,808,924	955,000	46,257,203	3,008,321	1,798,983	57,828,431	13.36%	2,224
2001			5,610,405	490,000	43,320,726	2,660,301	2,252,710	54,334,142	12.20%	2,070
2002			5,074,973	3,640,000	40,324,250	2,496,087	2,040,451	53,575,761	11.67%	2,021
2003			4,960,963	3,640,000	39,666,716	2,644,013	1,984,178	52,895,870	11.19%	1,975
2004			4,700,991	3,550,000	43,994,408	2,703,682	2,664,790	57,613,871	11.83%	2,130
2005			4,136,485	3,445,000	39,838,372	2,235,762	2,553,090	52,208,709	10.39%	1,908
2006			3,845,904	3,320,000	35,562,337	2,517,687	2,437,364	47,683,292	9.21%	1,725

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

* City's share of LaGrange Development Authority debt.

** See Demographic and Economic Statistics on page 100 for personal income and population data.

City of LaGrange, Georgia
Ratios of General Obligation Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>General Obligation Notes</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Total Tax Revenue *</u>	<u>Per Capita**</u>
1997	\$ 1,916,350	\$ 596,536	\$ 1,319,814	24.39%	\$ 47

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.
The City has not had any general obligation bonds or notes since fiscal year ended June 30, 1997.

* See General Governmental Tax Revenue by Source on page 89 for total tax revenue.

** See Demographic and Economic Statistics on page 100 for population data.

City of LaGrange, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Troup County, Georgia	\$ 10,100,000	46%	\$ 4,646,000
Troup County Board of Public Education	18,122,620	46%	8,336,405
Subtotal, overlapping debt			<u>12,982,405</u>
Direct debt:			
City of LaGrange, Georgia			-
governmental activities			-
LaGrange Development Authority			-
Subtotal, direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 12,982,405</u>

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

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

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

City of LaGrange, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 61,151,228	\$ 65,487,962	\$ 70,489,189	\$ 73,403,160	\$ 75,605,255	\$ 80,912,212	\$ 81,153,942	\$ 83,363,330	\$ 85,166,194	\$ 87,295,349
Total net debt applicable to limit	1,319,814	-	-	-	-	-	-	-	-	-
Total net debt margin	\$ 59,831,414	\$ 65,487,962	\$ 70,489,189	\$ 73,403,160	\$ 75,605,255	\$ 80,912,212	\$ 81,153,942	\$ 83,363,330	\$ 85,166,194	\$ 87,295,349
Total net debt applicable to the limit as a percentage of debt limit	2.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year		2006
Assessed value		\$ 872,953,490
Add Back: Exempt real property		-
Total assessed value		-
Debt limit (10% of total assessed value)		87,295,349
Debt applicable to limit:		
General obligation bonds		-
Less: Amount set aside for repayment of general obligation debt		-
Total net debt applicable to limit		87,295,349
Legal debt margin		\$ 87,295,349

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

City of LaGrange, Georgia
Pledged Revenue Coverage
Water And Sewer Bonds
Last Ten Fiscal Years

Fiscal Year Ended June 30	Net Revenue Available for Debt Service			Debt Service Requirements			Revenue Bond Coverage ***
	Total Revenue *	Operating Expenses **	Net Revenue Available for Debt Service	Principal	Interest	Total	
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
2003	11,949,691	6,560,645	5,389,046	3,065,000	1,296,416	4,361,416	1.24
2004	12,383,971	6,375,573	6,008,398	3,260,000	1,189,770	4,449,770	1.35
2005	12,263,660	6,770,892	5,492,768	3,245,000	1,096,643	4,341,643	1.27
2006	13,060,052	6,444,619	6,615,433	3,335,000	1,068,906	4,403,906	1.50

* Operating and nonoperating revenue available for debt service.

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

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

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

City of LaGrange, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Total Population *	Personal Income *	Per Capital Income *	Median Age *	Education Level in Years of Formal Schooling	City / County Consolidated School Enrollment **	City Unemployment Rate ***
1997	27,941	\$ 508,182,967	\$ 18,187	33.3	N/A	11,112	6.9%
1998	28,220	528,645,260	18,733	33.6	N/A	11,082	7.1%
1999	28,502	549,946,080	19,295	33.6	N/A	11,299	6.8%
2000	25,998	432,866,700	16,650	32.8	N/A	11,653	5.4%
2001	26,250	445,515,000	16,972	32.8	N/A	11,748	6.7%
2002	26,512	458,975,744	17,312	32.8	N/A	10,717	8.1%
2003	26,777	472,828,266	17,658	32.8	N/A	11,944	8.9%
2004	27,045	487,107,495	18,011	32.8	N/A	12,049	8.5%
2005	27,362	502,667,302	18,371	32.8	N/A	12,240	6.6%
2006	27,635	517,824,630	18,738	32.8	N/A	12,400	7.3%

N/A : Not Available

Data Sources:

* 2000 & 2005 U.S. Census; other years - LaGrange Planning Office.

** Board of Education

*** Troup County Department of Labor

City of LaGrange, Georgia
Principal Employers by Number of Employees
Current Year and Ten Years Ago

Employer	Type of Business	2006		1997	
		Employees	Rank	Employees	Rank
Milliken & Co.	Textiles	1,900	1	*	
Troup County School System	Education	1,807	2	*	
Wal-Mart Distribution Center	Warehousing	1,600	3	*	
West Georgia Health Systems	Medical Services	1,336	4	*	
Troup County Board of Commissioners	Government	517	5	*	
City of LaGrange	Government	429	6	*	
Emerson Network Power	Energy	400	7	*	
Guardian Automotive	Automotive	385	8	*	
T-Mobile	Wireless Telecommunications	310	9	*	
Interface Flooring	Floor coverings	300	10	*	

Data Source: LaGrange-Troup County Chamber of Commerce

* Information not available

City of LaGrange, Georgia
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental activities										
General government	24	25	25	26	26	26	27	28	29	29
Public safety	93	96	100	100	100	105	106	106	107	108
Police	59	59	59	59	59	60	59	59	59	59
Fire	3	3	3	3	3	3	3	3	3	3
Animal control	6	10	10	10	10	10	10	10	10	10
Community service	0	4	5	4	4	3	3	3	3	3
Court services	0	0	0	0	3	4	5	5	4	4
Probation services										
Public service	13	11	11	14	14	14	14	14	13	13
Landscaping and cemeteries	15	15	18	18	18	20	20	20	20	20
Highways and streets	3	3	3	3	3	3	3	3	3	3
Traffic control	9	9	9	9	9	9	9	9	9	9
Trash and refuse	4	4	3	2	2	2	1	1	1	1
Engineering										
Community development	0	0	0	0	0	0	0	7	7	7
Life and building safety	1	1	1	1	1	1	2	2	2	2
Housing and inspections	0	0	0	0	0	0	0	0	1	1
Economic development	13	14	14	14	15	10	12	3	4	3
Community and economic development										
Other governmental services	15	14	15	15	15	15	15	15	15	15
Vehicle maintenance	0	0	0	0	0	0	0	0	2	2
Local government television	258	268	276	278	282	285	289	288	292	292
Total governmental activities										
Business-type activities										
Water and sewerage	63	63	64	64	61	60	60	63	63	63
Electric	12	12	12	12	12	12	12	12	12	12
Gas	12	12	12	12	12	12	12	12	12	12
Telecommunications	2	2	2	2	2	3	3	5	5	5
Sanitation	30	32	33	29	30	32	28	33	32	32
Business-type activities support services	24	23	24	25	26	27	28	28	27	28
Total business-type activities	143	144	147	144	143	146	143	153	151	152
Grand total	401	412	423	422	425	431	432	441	443	444

Data Source: City Finance Department

City of LaGrange, Georgia
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year Ended June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Physical arrests	*	*	*	4129	3956	3626	3521	4319	4537	4489
Parking violations	*	*	*	543	1638	789	1155	689	1253	1158
Traffic violations	*	*	*	14007	13142	13818	11851	15404	13053	14687
Fire										
Number of calls answered	1561	1737	1648	2585	2693	2766	2795	2908	2854	2514
Inspections	800	800	800	800	800	157	125	901	1235	2197
Health and welfare										
Animal control (captured animals-city)	*	*	*	*	*	*	1359	1431	1128	908
Highways and streets										
Street resurfacing (miles)	7	9	6	9	8	10	9	8	4	9
Potholes repaired	2487	2514	2436	2618	2572	2398	2461	2429	2554	2360
Water and sewerage										
New water connections	222	197	282	430	275	1304	352	351	295	198
New sewage connections	*	*	*	*	*	577	*	399	184	179
Average daily consumption (thousands of gallons)	6543	6115	6518	6658	6299	6132	6170	5877	5869	6022
Average daily sewage treatment (thousands of gallons)	6830	5660	5630	6110	5910	5250	6990	5740	6310	5150
Gas										
Breaks on gas main	38	44	36	113	131	149	195	68	75	9
Solid waste										
Refuse collected (tons/day)	194	208	214	226	238	297	307	325	359	386
Recyclables collected (tons/day)	1	1	2	3	4	5	5	6	7	7

Data Sources: Various City Departments

Note: Indicators not available for the general government function.

* Information not available

City of LaGrange, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year Ended June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	25	35	36	39	44	53	68	75	81
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire engines	9	9	9	9	9	9	9	9	9	9
Health and welfare										
Animal control										
Animal pounds	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Cemeteries	6	6	6	6	6	6	6	6	6	6
Parks acreage	121	121	121	121	121	121	121	121	121	121
Parks	12	12	12	12	12	12	12	12	12	12
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	180	180	184	186	190	190	192	192	194	198
Streetlights (additions)	*	*	*	*	146	114	93	84	202	176
Traffic signals (city owned)	15	15	15	15	15	15	15	15	15	15
Water and sewerage										
Water mains (miles)	175	175	179	181	185	186	188	188	191	195
Fire hydrants	1,354	1,411	1,463	1,502	1,544	1,597	1,630	1,671	1,704	1,729
Maximum daily water capacity										
(thousands of gallons)	11,000	12,500	13,900	13,400	12,000	15,000	10,800	10,000	10,100	12,400
Sanitary sewers (miles)	180	180	184	186	190	190	192	192	194	198
Storm sewers (miles)	35	37	41	41	42	45	47	47	49	51
Maximum daily sewer treatment capacity										
(thousands of gallons)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Gas										
Gas lines (miles)	238	241	248	210	212	217	228	241	248	250
Number of distribution stations	14	14	14	14	15	15	15	15	15	13
Sanitation										
Collection trucks	45	45	45	45	45	27	28	30	32	33

Data Sources: Various City departments.

Note: No capital asset statistics are available for the general government function.

* Information Not Available

