

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2007

Prepared by:

DEPARTMENT OF FINANCE

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	x
List of principal officials	xi
Organization chart	xii
FINANCIAL SECTION	
Independent auditors' report	1
Management's discussion and analysis	3
Basic financial statements:	
Government-wide financial statements:	
Statement of net assets	9
Statement of activities	10
Fund financial statements:	
Balance sheet - Governmental funds	11
Reconciliation of fund balances on the balance sheet for governmental funds to net assets of governmental activities on the statement of net assets	12
Statement of revenues, expenditures, and changes in fund balances - Governmental funds	13
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	14
Statement of revenues, expenditures and changes in fund balance - Budget and actual - General fund ..	15
Statement of net assets - Proprietary funds	17
Statement of revenues, expenses, and changes in fund net assets - Proprietary funds	18
Statement of cash flows - Proprietary funds	19
Notes to basic financial statements	21
Required supplementary information:	
Schedule of funding progress - Defined benefit pension plan	42
Supplemental information:	
Nonmajor governmental funds:	
Combining balance sheet - Nonmajor governmental funds	43
Combining statement of revenues, expenditures, and changes in fund balances - Nonmajor governmental funds	44
Special revenue funds:	
Community development fund:	
Comparative balance sheets	45
Comparative statements of revenues, expenditures and changes in fund balance	46
Schedule of revenues, expenditures and changes in fund balance - Budget and actual	47
Grant fund:	
Comparative balance sheets	48
Comparative statements of revenues, expenditures and changes in fund balance	49
Schedule of revenues, expenditures and changes in fund balance - Budget and actual	50
Hotel/Motel fund:	
Comparative statements of revenues, expenditures and changes in fund balance	51
Schedule of revenues, expenditures and changes in fund balance - Budget and actual	52

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
Debt service fund:	
Comparative balance sheets	53
Comparative statements of revenues, expenditures and changes in fund balance	54
Schedule of revenues, expenditures and changes in fund balance - Budget and actual	55
Major governmental funds:	
General fund:	
Comparative balance sheets	56
Comparative statements of revenues, expenditures and changes in fund balance	57
Capital projects fund:	
Comparative balance sheets	58
Comparative statements of revenues, expenditures and changes in fund balance	59
Enterprise funds:	
Utility fund:	
Comparative statements of net assets	60
Comparative statements of revenues, expenses and changes in fund net assets	61
Comparative statements of cash flows	62
Schedule of operating income	64
Schedule of changes in utility plant in service	65
Comparative schedules of revenues	66
Sanitation fund:	
Comparative statements of net assets	67
Comparative statements of revenues, expenses and changes in fund net assets	68
Comparative statements of cash flows	69
Internal service funds:	
Combining statement of net assets	70
Combining statement of revenues, expenses and changes in fund net assets	71
Combining statement of cash flows	72
Group insurance fund:	
Comparative statements of net assets	73
Comparative statements of revenues, expenses and changes in fund net assets	74
Comparative statements of cash flows	75
Property and casualty fund:	
Comparative statements of net assets	76
Comparative statements of revenues, expenses and changes in fund net assets	77
Comparative statements of cash flows	78
Capital assets used in the operation of governmental funds:	
Comparative schedules of capital assets by source	79
Schedule of capital assets by function and activity	80
Schedule of changes in capital assets by function and activity	81
Additional data:	
Community home investment program grant:	
Source and application of funds status report	82
Project cost schedule	83
Community development block grant:	
Source and application of funds status report	84
Project cost schedule	85
Special local option sales tax funds:	
Schedule of projects constructed with special sales tax proceeds	86

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (UNAUDITED)	
Net assets by component	87
Changes in net assets	88
Fund balances of governmental funds	90
Changes in fund balances of governmental funds	91
General governmental tax revenues by source	93
Utility department operating and financial ratio analysis	94
Principal water customers	96
Principal natural gas customers	97
Principal electric customers	98
Ratios of outstanding debt by type	99
Direct and overlapping governmental activities debt	100
Legal debt margin information	101
Pledged-revenue coverage	102
Demographic and economic statistics	103
Principal employers by number of employees	104
Full-time equivalent city government employees by function	105
Operating indicators by function	106
Capital asset statistics by function	107

INTRODUCTORY SECTION



December 19, 2007

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

The comprehensive annual report of the City of LaGrange, Georgia (the City), for the fiscal year ended June 30, 2007 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, 2007, expenditures of federal funds went above the \$500,000 threshold; therefore, a single audit section is included in this report.

This is the fifth 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. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The City of LaGrange, incorporated in 1828, operates under the Council-Manager form of government. The City is organized under eight (8) departments: Community and Economic Development, Finance, Human Resources, Fire, 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 28,000 citizens. Included among these services are traditional city functions, such as police and fire protection, sanitation services (garbage and trash collection, landfill, and recycling center), street construction and maintenance, landscaping, cemeteries, building inspection, zoning enforcement and economic development, as well as electric, gas, water and sewer utilities and telecommunications services.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

LaGrange is home to over 40 industries in 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. A new industrial park, Callaway South Industrial Park, is currently under construction. This park is approximately 1100 acres in size and will be marked to Kia suppliers.

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 of Kia Motors that a site within Troup County was selected for construction of a 2.8 million square foot auto assembly plant. Construction of the plant is still underway, with operations planned to begin in 2009. Kia Motors projects employment at the plant to be 2,800, with many of its supplies to locate nearby. The Kia announcement continues to spark 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 to 173,000, roughly a 4% increase over 2006. In September of 2006, the Citizens of LaGrange and Troup County voted for the passage of a Special Local Option Sales Tax. These funds are earmarked for road, street and bridge projects, utility relocation and public safety facilities and equipment.

The unemployment rate for LaGrange for FY 2007 decreased 1.2% 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, 2008 adopted by the Mayor and City Council shows estimated expenses of \$104,922,800.

The City's projected combined funds balance for fiscal year 07-08 is projected to decrease just over \$2,600,000 as a result of an increase in capital projects. The City is in the process of constructing a vertical expansion wall in the subtitle D landfill in the amount of \$4.5 million dollars. The cash balance does not include approximately \$1.4 million set aside for future gas and water utility relocation and improvement projects. Further, the City has set aside almost \$3.0 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 \$2 million in City expenses for these services.

The City of LaGrange 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 streets, roads, and bridge projects, utility relocation and public safety facilities and equipment. The City's portion of this tax is nearly \$30 million.

FISCAL YEAR 2006-2007 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 seen significant investment in LaGrange in the housing/service/retail markets. This trend is expected to continue as the Kia Motor 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. As always, we believe our city is up to that challenge and the City has accomplished much. The success in 2007 is a direct result of the leadership and support of the Mayor and 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 FY 1991 to over \$18 million in FY 2007. Cash balances have decreased over the past several years due to major investments in capital projects. Over the next several years, the City anticipates that cash flow will increase back into the mid \$20 million dollar range with the completion of downtown capital projects.

Downtown Projects

The City, in partnership with the Callaway Foundation, Inc. (a local charitable organization) and the State Department of Transportation, were involved with several major downtown projects that will strengthen and revitalize our central business district. First, we have completed construction of the streetscape project, which provided for brick pavers on city sidewalks and decorative lighting on several streets in the downtown area and included the area around City Hall. The project was completed within the 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 are extremely old and needed to be replaced. By doing this work, we were able to avoid disrupting the completed streetscape for the foreseeable future. Second, the State Department of Transportation replaced all of the traffic signals and updating the timing software, which has hopefully improve the functionality of the downtown traffic signals. Third, we assisted the Callaway Foundation in the construction of a pedestrian plaza through the middle of the Main Street block to the rear of Main parking area.

The City also partnered with the Callaway Foundation on the construction of a multi-level parking deck and ten screen cinema complex that was completed in December of 2006. The parking deck has direct access from the previously mentioned pedestrian plaza. Streets in the downtown area were resurfaced in conjunction with the completion of this project. We believe these projects bear a significant impact on the downtown area and are major people attractors. 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 75% complete and contracts have been issued for the remainder of the project.

Prepaid Gas Initiative

LaGrange participated in 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 between \$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 is now serving these customers and revenues anticipated yearly are \$270,000.

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. The City had excess capacity, which has been sold, generating in excess of 1.5 million of off-system sales for the City in the fiscal year 2006-2007.

Grants

The City received a Community Development Block Grant in the amount of \$500,000 from the Georgia Department of Community Affairs. DASH for LaGrange was the sub-recipient of the funds and administered the funds. The money was spent to acquire a dilapidated apartment complex on Wilburn Avenue. This project will facilitate housing for people with low to moderate incomes within the community.

D.A.S.H.

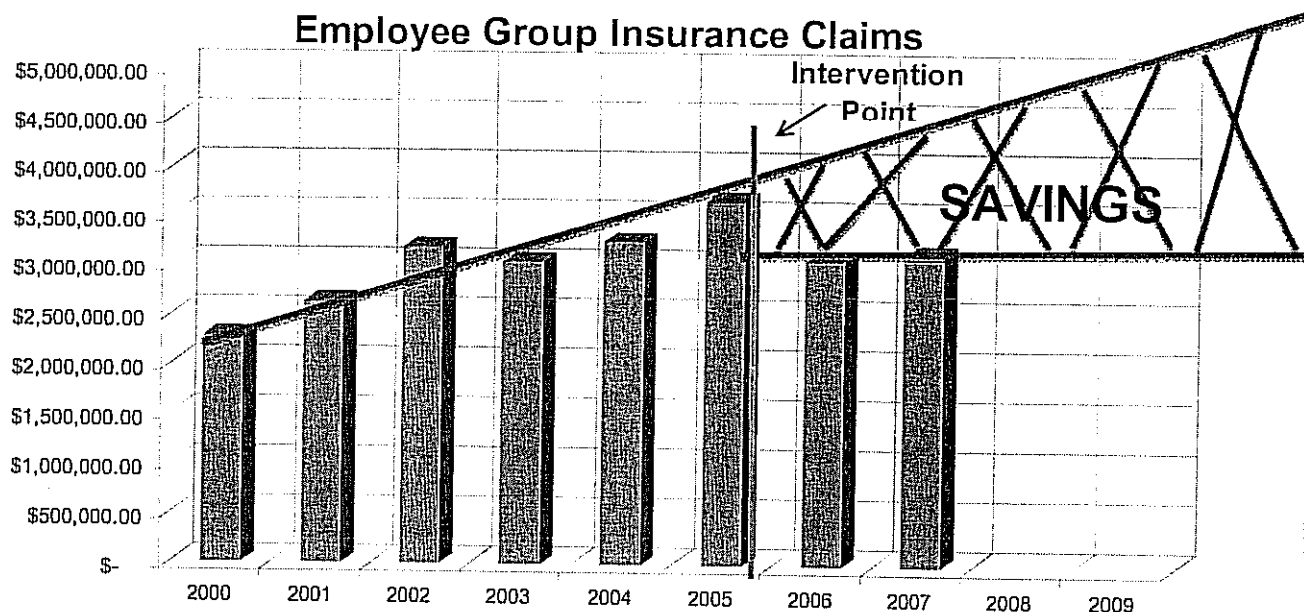
The City continues its involvement with the work of Dependable Affordable Sustainable Housing (DASH). DASH is the sub-recipient, through the City, of State Community Home Improvement Program (CHIP) funds. We were pleased to receive funding in the amount of \$300,000 in 2004 and 2005 for CHIP funds to assist in down payment assistance for new homeowners. 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 request 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.

Group Health Insurance

The group health insurance program was restructured in 2005 to dramatically increase the cost that employees paid for health care. However, employees were awarded credits for acceptable levels of blood pressure, total cholesterol, body mass index and non-tobacco users. A fifth credit for glucose will be added in January 2008. Presented below is a graph depicting healthcare costs over the last seven years. A substantial savings was seen from 2005 to 2006, roughly \$600,000. The trend carried over into 2007 with only a modest increase of 2%.



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.

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 at the departmental level. The City also maintains an encumbrance account system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end and are re-appropriated in the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. The following schedule presents a summary of the total

governmental funds revenues for the fiscal year ended June 30, 2007 and the amount and percentage of increases and decreases in relation to the prior year's revenue.

Revenues	Amount	% of Total	Increase (Decrease) from 2006	Percent of Increase (Decrease)
Taxes, Licenses and Permits	9,494,389	69%	943,622	11%
Intergovernmental	1,261,121	9%	(839,373)	(40%)
Charges for services	373,674	3%	34,490	10%
Fines	1,398,173	10%	(4,354)	(.3%)
Investment Income	293,122	2%	(40,798)	(12%)
Miscellaneous	925,649	7%	(345,799)	(27%)
TOTAL	13,746,128	100%	(252,212)	(1.8%)

As shown in the above chart, taxes, licenses and permits revenue increased by \$1,207,293. Charges for services increased by \$34,490 due to an additional contract for services. Overall the General fund revenue, was down \$252,212 or 1.8%.

The following schedule presents a summary of governmental funds expenditures for fiscal year ended June 30, 2007, and the percentage of increases and decreases in relation to the prior year amounts.

Expenditures	Amount	% of Total	Increase (Decrease) from 2006	Percent of Increase (Decrease)
General Government	1,889,057	7%	6,192	.3%
Public Safety	12,359,237	45%	948,594	8.3%
Public Services	2,318,629	9%	(480,294)	(17%)
Culture and Recreation	857,379	3%	4,947	.5%
Community Development	2,776,854	10%	632,214	29%
Capital Outlay	5,761,421	21%	2,851,445	98%
Debt Service	1,301,969	5%	78,749	6%
TOTAL	27,264,546	100%	4,041,847	17%

Enterprise Fund

Total Utility Fund operating revenues (electric, gas, water, sewer and telecommunications) decreased by \$1,082,565, while expenses decreased by \$4,007,736 from 2006.

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, 2007, the governmental long-term debt balance was \$7,443,867, consisting of \$3,175,000 in loans, which were issued to finance the construction of a facility to be leased to the State of Georgia and \$3,910,520 in capital leases. Enterprise Fund debt included 19,335,000 in water and sewer bonds, \$7,100,000 in gas bonds, and \$4,190,000 in solid waste bonds, plus \$521,301 in unamortized premiums. Outstanding debt in the Enterprise Fund also included capital leases of \$2,691,679 and notes payable of \$2,317,460 in the form of loans from the State of Georgia Environmental Facilities Authority 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 is 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 and 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

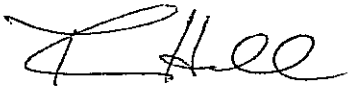
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaGrange for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the twentieth year the 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

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, 2006

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.



Chane S. Cox

President

Jeffrey R. Emer

Executive Director

City of LaGrange, Georgia

LIST OF PRINCIPAL OFFICIALS

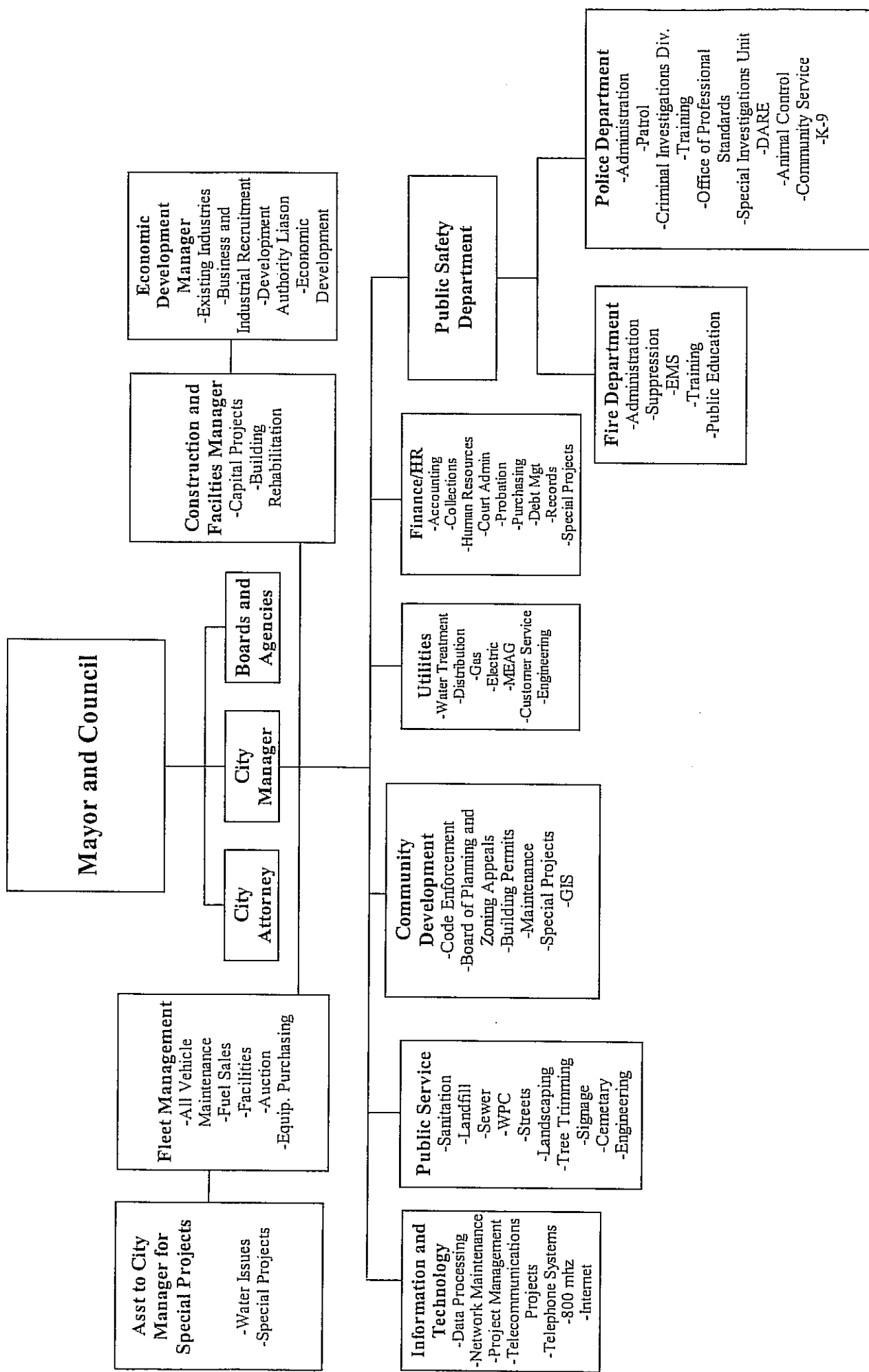
June 30, 2007

ELECTED OFFICIALS

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

OTHER OFFICIALS

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



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, 2007, 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. We did not audit the financial statements of the component unit, the Downtown LaGrange Development Authority, which represents 100% of the assets and revenues of the component units. These financial statements as of June 30, 2007, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Downtown LaGrange Development Authority is based on the report of the other auditors.

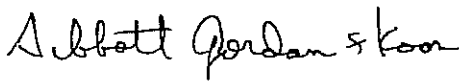
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of June 30, 2007, 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 December 12, 2007 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 black ink, reading "Abbott Jordan & Koon". The signature is written in a cursive, flowing style.

Manchester, Georgia
December 12, 2007

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, 2007. 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 2007 by \$131,855,879. Of this amount, \$15,111,961 may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$6,302,512.
- As of the close of 2007, the City's governmental funds reported combined ending fund balances of \$5,430,872, a decrease of \$2,382,360 from the prior year. The decrease was mostly due to increases in capital outlays.
- At the end of 2007, the fund balance for the general fund was \$2,239,827 or 11.74 percent of general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

The statement of net 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).

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

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

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

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

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

The City maintains four individual governmental fund types. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, special revenue funds, and general capital project funds, of which the general fund and capital projects funds are considered to be a major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund statements provide separate information for the Utility 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 \$131,855,879 at the close of 2007.

A substantial portion of the City's net assets (72 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, 2007 and June 30, 2006, are as follows:

	Governmental Activities 2007	Governmental Activities 2006	Business- type Activities 2007	Business-type Activities 2006	Totals 2007	Totals 2006
Current and other assets	\$10,081,389	\$12,797,625	\$49,526,515	\$51,161,480	\$59,607,904	\$63,959,105
Capital assets	<u>34,224,292</u>	<u>30,038,705</u>	<u>121,996,894</u>	<u>118,636,951</u>	<u>156,221,186</u>	<u>148,675,656</u>
Total assets	<u>44,305,681</u>	<u>42,836,330</u>	<u>171,523,409</u>	<u>169,798,431</u>	<u>215,829,090</u>	<u>212,634,761</u>
Long-term liabilities	6,422,665	6,399,244	36,123,184	40,351,877	42,545,849	46,751,121
Other liabilities	<u>2,893,402</u>	<u>3,758,489</u>	<u>38,533,960</u>	<u>36,571,784</u>	<u>41,427,362</u>	<u>40,330,273</u>
Total liabilities	<u>9,316,067</u>	<u>10,157,733</u>	<u>74,657,144</u>	<u>76,923,661</u>	<u>83,973,211</u>	<u>87,081,394</u>
Net assets						
Invested in capital assets, net of related debt	27,138,772	22,872,801	85,841,454	78,006,264	112,980,226	100,879,065
Restricted	3,763,692	3,734,152	0	0	3,763,692	3,734,152
Unrestricted	<u>4,087,150</u>	<u>6,071,644</u>	<u>11,024,811</u>	<u>14,868,506</u>	<u>15,111,961</u>	<u>20,940,150</u>
Total net assets	<u>\$34,989,614</u>	<u>\$32,678,597</u>	<u>\$96,866,265</u>	<u>\$92,874,770</u>	<u>\$131,855,879</u>	<u>\$125,553,367</u>

A portion of the City's net assets (2.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$15,111,961) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of 2007, 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, Special Purpose Local Option Sales Tax Fund, and the Capital Projects Fund. Monies are expended from this fund are subsequently reimbursed by revenue resources and transfers from the General Fund.

Governmental activities

Governmental activities increased the City's net assets by \$2,311,017. Key elements of this increase are as follows:

	Governmental Activities 2007	Governmental Activities 2006	Business- type Activities 2007	Business-type Activities 2006	Totals 2007	Totals 2006
Revenues						
Program revenues						
Charges for services	\$3,686,648	\$3,499,304	\$82,956,178	\$84,235,333	\$86,642,826	\$87,734,637
Grants & Contributions	\$603,647	1,878,020	0	0	\$603,647	1,878,020
General revenues						
Other taxes	9,161,410	8,287,096	0	0	9,161,410	8,287,096
Other	1,175,003	812,150	1,178,048	923,164	2,353,051	1,735,314
Total revenues	<u>\$14,626,708</u>	<u>\$14,476,570</u>	<u>\$84,134,226</u>	<u>\$85,158,497</u>	<u>\$98,760,934</u>	<u>\$99,635,067</u>
Expenses						
General government	\$2,035,303	\$2,114,147	0	0	\$2,035,303	\$2,114,147
Public safety	12,451,424	11,435,498	0	0	12,451,424	11,435,498
Public service	2,811,952	3,250,325	0	0	2,811,952	3,250,325
Culture and recreation	1,033,239	1,015,887	0	0	1,033,239	1,015,887
Community development	3,023,456	2,237,143	0	0	3,023,456	2,237,143
Interest on long-term debt	388,276	511,415	0	0	388,276	511,415
Utilities	0	0	64,826,614	68,669,609	64,826,614	68,669,609
Solid waste	0	0	5,888,158	5,850,259	5,888,158	5,850,259
Total expenses	<u>\$21,743,650</u>	<u>\$20,564,415</u>	<u>\$70,714,772</u>	<u>\$74,519,868</u>	<u>\$92,458,422</u>	<u>\$95,084,283</u>
Increase in net assets before transfers	<u>(7,116,942)</u>	<u>(6,087,845)</u>	<u>13,419,454</u>	<u>10,638,629</u>	<u>6,302,512</u>	<u>4,550,784</u>
Transfers	<u>9,427,959</u>	<u>7,844,710</u>	<u>(9,427,959)</u>	<u>(7,844,710)</u>	<u>0</u>	<u>0</u>
Increase (decrease) in net assets	<u>2,311,017</u>	<u>1,756,865</u>	<u>3,991,495</u>	<u>2,793,919</u>	<u>6,302,512</u>	<u>4,550,784</u>
Net assets - beginning 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>
Net assets - end of year	<u><u>\$34,989,614</u></u>	<u><u>\$32,678,597</u></u>	<u><u>\$96,866,265</u></u>	<u><u>\$92,874,770</u></u>	<u><u>\$131,855,879</u></u>	<u><u>125,553,367</u></u>

Business-type activities

Business-type activities increased the City's net assets by \$3,991,495. Key elements of the increase are as follows:

- Operating revenues decreased by \$1,024,271 during 2007.
- Expenses decreased by \$ 3,805,096 over 2006.

The wholesale price of natural gas and electricity purchases by the City are automatically passed through to customers through rate adjustments. Volatility in wholesale prices can cause dramatic swings in these expenses and the accompanying revenues. This factor is indicated by the decrease in revenues and expenses for FY 2007. The City's net income remains relatively stable.

Financial Analysis of the Government's Funds

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

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 2007, unreserved fund balance of the general fund was \$1,988,670, while total fund balances reached \$2,239,827. 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 10.4 percent of the total general fund expenditures, while total fund balance represents 11.7 percent of that same amount. Transfers in from other funds to supplement the general fund were \$383,507 non-major governmental funds, \$36,996 internal service funds, \$7,436,000 proprietary funds, for a total of \$7,856,503, representing 41.2 percent of total fund expenditures. The City of LaGrange does not levy a property tax and uses the enterprise funds to help fund general governmental services.

The fund balance of the General fund increased by \$54,959. Therefore, there was no significant increase in fund balance.

Other non-major governmental funds have a total fund balance of \$3,593,327. The net decrease in the fund balance during the current year for non-major government funds was (987,446). This is attributed to a decrease in intergovernmental and miscellaneous revenue.

In the FY 2007 Audit, the Capital Projects fund was presented separately as a major fund. The Capital Projects Fund, had a deficit fund balance of (\$402,282) at June 30, 2007. This decrease is attributed to decreases in intergovernmental and miscellaneous revenue.

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 2007 amounted to \$15,372,683, and those for the Solid Waste Fund amounted to (\$4,347,871). The total change in net assets for each fund was \$4,808,846, and (\$817,351), 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 more than budgetary estimates and expenditures were more 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, 2007, amounts to \$112,980,226 (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.

	Governmental Activities 2007	Governmental Activities 2006	Business- type Activities 2007	Business- type Activities 2006	Totals 2007	Totals 2006
Land	11,932,709	7,287,968	2,010,561	2,010,561	\$13,943,270	\$9,298,529
Buildings	11,114,313	9,128,789	26,631,784	26,470,585	37,746,097	35,599,374
Machinery and equipment	6,395,070	5,451,576	12,515,840	11,961,509	18,910,910	17,413,085
Vehicles	2,649,465	2,255,786	1,454,345	1,446,983	4,103,810	3,702,769
Transmission and distribution	0	0	135,722,908	118,213,746	135,722,908	118,213,746
Other	15,374,461	15,158,028	0	0	15,374,461	15,158,028
Construction in progress	<u>304,572</u>	<u>2,789,983</u>	<u>2,814,811</u>	<u>13,700,338</u>	<u>3,119,383</u>	<u>16,490,321</u>
Total	47,770,590	42,072,130	181,150,249	173,803,722	228,920,839	\$215,875,852
Less accumulated depreciation	<u>(13,546,298)</u>	<u>(12,033,425)</u>	<u>(59,153,355)</u>	<u>(55,166,771)</u>	<u>(72,699,653)</u>	<u>(67,200,196)</u>
Total net of accumulated depreciation	<u>\$34,224,292</u>	<u>\$30,038,705</u>	<u>\$121,996,894</u>	<u>\$118,636,951</u>	<u>\$156,221,186</u>	<u>\$148,675,656</u>

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

Long-term debt

At the end of 2007, the City had total bonded debt outstanding of \$30,625,000. 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 a "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 \$89,860,843, which is significantly in excess of the City's outstanding general obligation bonds, which is zero.

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

Requests for information

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

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Reporting Entity	Downtown LaGrange Development Authority
<u>Assets</u>				
Cash and cash equivalents	\$ 4,012,210	\$ 7,129,758	\$ 11,141,968	\$ 248,433
Investments	32,055	3,988,247	4,020,302	252,755
Receivables (net of allowance):				
Taxes	893,890		893,890	1,260
Accounts		8,566,276	8,566,276	
Loans	3,147,038	933,839	4,080,877	407,343
Other	872,784		872,784	
Internal balances	173,556	(173,556)		
Inventory	251,157	1,278,098	1,529,255	
Prepaid assets	57,831	119,168	176,999	
Restricted cash	128,648	501,303	629,951	
Restricted investments	512,220	26,985,289	27,497,509	
Capital assets:				
Land and construction in progress	12,237,281	4,825,372	17,062,653	1,364,750
Other capital assets, net of accumulated depreciation	21,987,011	117,171,522	139,158,533	8,503,683
Other assets		198,093	198,093	200
Total assets	<u>44,305,681</u>	<u>171,523,409</u>	<u>215,829,090</u>	<u>10,778,424</u>
<u>Liabilities</u>				
Accounts and claims payable	1,641,461	4,230,857	5,872,318	
Accrued liabilities	135,320	45,901	181,221	859
Accrued interest	70,110		70,110	
Unearned revenue	25,309	26,985,289	27,010,598	
Payable from restricted assets		6,025,689	6,025,689	
Noncurrent liabilities:				
Due within one year	1,021,202	1,246,225	2,267,427	
Due in more than one year	<u>6,422,665</u>	<u>36,123,183</u>	<u>42,545,848</u>	
Total liabilities	<u>9,316,067</u>	<u>74,657,144</u>	<u>83,973,211</u>	<u>859</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt:				
Unrestricted	27,138,772	85,841,454	112,980,226	9,691,497
Restricted for:				
Redevelopment programs	3,147,093		3,147,093	
Perpetual care	616,599		616,599	
Unrestricted	<u>4,087,150</u>	<u>11,024,811</u>	<u>15,111,961</u>	<u>1,086,068</u>
Total net assets	<u>\$ 34,989,614</u>	<u>\$ 96,866,265</u>	<u>\$ 131,855,879</u>	<u>\$ 10,777,565</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

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	Primary Government			
				Governmental Activities	Business-type Activities	Total	
Primary government:							
General government	\$ 1,774,541	\$ 427,172		\$(1,347,369)		\$(1,347,369)	Downtown LaGrange Development Authority
Public safety	12,451,424	1,770,610		(10,680,814)		(10,680,814)	
Public service	2,811,952	332,979		(2,478,973)		(2,478,973)	
Culture and recreation	1,033,239	77,300		(352,292)		(352,292)	
Community development	2,216,201	1,003,681	\$ 500,000	(1,212,520)		(1,212,520)	
Redevelopment and housing	807,255	74,906		(732,349)		(732,349)	
Telecommunications	260,762			(260,762)		(260,762)	
Interest on long-term debt	388,276			(388,276)		(388,276)	
Total governmental activities	21,743,650	3,686,648	500,000	(17,453,355)	\$ 0	(17,453,355)	
Business-type activities:							
Water and sewer	12,689,848	15,283,242			2,593,394	2,593,394	
Gas system	17,185,437	19,614,023			2,428,586	2,428,586	
Electric system	32,919,187	38,628,435			5,709,248	5,709,248	
Sanitation	5,888,158	7,052,969			1,164,811	1,164,811	
Telecommunications	2,032,142	2,377,509			345,367	345,367	
Total business-type activities	70,714,772	82,956,178	0	0	12,241,406	12,241,406	
Total primary government	\$ 92,458,422	\$ 86,642,826	\$ 500,000	\$(17,453,355)	\$ 12,241,406	\$(5,211,949)	
Components units:							
Downtown LaGrange Dev Authority	\$ 319,391	\$ 101,816	\$ 702,159			\$ 484,584	
Total component units	\$ 319,391	\$ 101,816	\$ 702,159				
General revenues:							
Taxes:							
Franchise tax				\$ 1,047,832		\$ 1,047,832	
Insurance premium tax				1,362,291		1,362,291	
Alcoholic beverage tax				650,917		650,917	
Sales tax				5,231,281		5,231,281	
Other				869,089		869,089	
Gain on sale of assets				881,881	\$ 66,425	948,306	
Investment earnings				293,122	1,111,623	1,404,745	
Transfers				9,427,959	(9,427,959)		
Total general revenues and transfers				19,764,372	(8,249,911)	11,514,461	
Change in net assets				2,311,017	3,991,495	6,302,512	
Net assets at beginning of year, as restated for component units				32,678,597	92,874,770	125,553,367	
Net assets at end of year				\$ 34,989,614	\$ 96,866,265	\$ 131,855,879	

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

<u>Assets</u>	<u>General</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 568,987	\$ 558,338	\$ 909,405	\$ 2,036,730
Investments	32,001			32,001
Receivables (net of allowance):				
Taxes	893,890			893,890
Notes			3,147,038	3,147,038
Intergovernmental		70,924	656,088	727,012
Other	6,955		7,793	14,748
Due from other funds	436,564			436,564
Inventory	251,157			251,157
Prepaid items	5,204		30,683	35,887
Restricted cash and cash equivalents	128,648			128,648
Restricted investments	<u>512,220</u>			<u>512,220</u>
 Total assets	 <u>\$ 2,835,626</u>	 <u>\$ 629,262</u>	 <u>\$ 4,751,007</u>	 <u>\$ 8,215,895</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 330,070	\$ 6,235	\$ 151,040	487,345
Accrued liabilities	243,581		10,077	253,658
Due to other funds	22,148	1,000,000	996,563	2,018,711
Unearned revenue		25,309		25,309
Total liabilities	<u>595,799</u>	<u>1,031,544</u>	<u>1,157,680</u>	<u>2,785,023</u>
Fund Balances:				
Reserved for:				
Inventory	251,157			251,157
Prepaid items			30,683	30,683
Long-term receivables			3,147,038	3,147,038
Unreserved	1,988,670	(402,282)		1,586,388
Unreserved reported in nonmajor:				
Capital projects			(349,125)	(349,125)
Special revenue			172,874	172,874
Dept service			591,857	591,857
Total fund balances	<u>2,239,827</u>	<u>(402,282)</u>	<u>3,593,327</u>	<u>5,430,872</u>
 Total liabilities and fund balances	 <u>\$ 2,835,626</u>	 <u>\$ 629,262</u>	 <u>\$ 4,751,007</u>	 <u>\$ 8,215,895</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, 2007

Total fund balance - all governmental funds	\$ 5,430,872
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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.	34,224,292
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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, 2007 are:

Accrued interest payable	\$(70,110)		
Compensated absences	(240,009)		
Notes payable	(3,175,000)		
Capital leases	(<u>3,910,520</u>)	(7,395,639)

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	<u>2,730,089</u>
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Net assets of governmental activities	<u><u>\$ 34,989,614</u></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, 2007

	General	Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales	\$ 4,575,193		\$ 656,088	\$ 5,231,281
Franchise	1,047,832			1,047,832
Insurance premium	1,362,291			1,362,291
Alcoholic beverage	650,917			650,917
Other	485,582		383,507	869,089
Licenses and permits	332,979			332,979
Intergovernmental	74,906	\$ 582,568	603,647	1,261,121
Charges for services	373,674			373,674
Fines, forfeitures, and penalties	1,398,173			1,398,173
Investment income	71,991	35,738	185,393	293,122
Miscellaneous	470,492	409,379	45,778	925,649
Total revenues	<u>10,844,030</u>	<u>1,027,685</u>	<u>1,874,413</u>	<u>13,746,128</u>
Expenditures:				
Current:				
General government	1,579,740	36,394	9,988	1,626,122
Public safety	12,359,237			12,359,237
Public service	2,212,625	106,004		2,318,629
Culture and recreation	857,379			857,379
Community development	846,973	972,144	150,482	1,969,599
Redevelopment and housing			807,255	807,255
Telecommunications and technology	262,935			262,935
Debt service:				
Principal retirements		384,629	496,710	881,339
Interest		307,391	113,239	420,630
Capital outlay:				
General government	11,585			11,585
Public safety	530,687		847,204	1,377,891
Public service	229,349	3,602,401	158,281	3,990,031
Community development	26,980	196,594		223,574
Telecommunications	9,995			9,995
Culture and recreation	148,345			148,345
Total expenditures	<u>19,075,830</u>	<u>5,605,557</u>	<u>2,583,159</u>	<u>27,264,546</u>
Excess of revenues over (under) expenditures	(8,231,800)	(4,577,872)	(708,746)	(13,518,418)
Other financing sources (uses):				
Proceeds from capital lease	800,953			800,953
Proceeds from sale of asset	16,147	891,000		907,147
Transfers in	7,856,503	2,500,000	512,832	10,869,335
Transfers out	(386,844)	(263,000)	(791,532)	(1,441,376)
Total other financing sources (uses)	<u>8,286,759</u>	<u>3,128,000</u>	<u>(278,700)</u>	<u>11,136,059</u>
Net change in fund balances	54,959	(1,449,872)	(987,446)	(2,382,359)
Fund balance, beginning of year	<u>2,184,868</u>	<u>1,047,590</u>	<u>4,580,773</u>	<u>7,813,231</u>
Fund balance, end of year	<u>\$ 2,239,827</u>	<u>\$ (402,282)</u>	<u>\$ 3,593,327</u>	<u>\$ 5,430,872</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, 2007

Net change in fund balances - All governmental funds \$(2,382,359)

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

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

Capital outlay	5,761,421
Depreciation	(1,549,269)

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. (26,567)

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	37,142
Accrued interest payable	32,354

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	881,339
Proceeds from capital leases	(800,953)

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. 357,909

Change in net assets of governmental activities	<u>\$ 2,311,017</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, 2007

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Sales	\$ 4,500,000	\$ 4,575,193	\$ 75,193
Franchise	1,000,000	1,047,832	47,832
Insurance premium	1,400,000	1,362,291	(37,709)
Alcoholic beverage	655,000	650,917	(4,083)
Other	490,000	485,582	(4,418)
Licenses and permits	320,000	332,979	12,979
Intergovernmental	85,200	74,906	(10,294)
Fines, forfeitures and penalties	1,319,000	1,398,173	79,173
Charges for services	333,500	373,674	40,174
Investment income	57,600	71,991	14,391
Miscellaneous	397,500	470,492	72,992
Total revenues	<u>10,557,800</u>	<u>10,844,030</u>	<u>286,230</u>
Expenditures:			
Current:			
General government:			
Administrative	672,200	746,662	(74,462)
Finance	639,800	602,658	37,142
Purchasing	56,700	54,121	2,579
Garage	(122,000)	(111,059)	(10,941)
Human resources	106,400	112,085	(5,685)
General government	38,000	48,689	(10,689)
City hall	130,200	126,584	3,616
Total general government	<u>1,521,300</u>	<u>1,579,740</u>	<u>(58,440)</u>
Public safety:			
Court administration	219,600	253,493	(33,893)
Probation	162,500	164,509	(2,009)
Police	6,584,300	7,135,214	(550,914)
Community service	75,200	85,169	(9,969)
Traffic control	185,100	573,020	(387,920)
Fire services	3,478,700	3,525,232	(46,532)
Building safety	473,200	437,276	35,924
Animal control	170,800	185,324	(14,524)
Total public safety	<u>11,349,400</u>	<u>12,359,237</u>	<u>(1,009,837)</u>
Public service:			
Engineering and supervision	128,600	108,984	19,616
Streets	1,204,200	1,362,176	(157,976)
Street cleaning	61,500	72,719	(11,219)
Trash and refuse	669,200	668,746	454
Total public service	<u>2,063,500</u>	<u>2,212,625</u>	<u>(149,125)</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, 2007
(Continued)

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:			
Landscaping and cemetery maintenance	835,300	857,379	(22,079)
Community development:			
Community development	261,700	304,112	(42,412)
DAL marketing	140,500	139,041	1,459
Kia project manager	116,200	115,937	263
Other community support	343,600	287,883	55,717
Total community development	862,000	846,973	15,027
Telecommunications:			
Administration	122,700	127,557	(4,857)
LGTV	120,400	135,378	(14,978)
Total telecommunications	243,100	262,935	(19,835)
Capital outlay:			
General government	42,700	11,585	31,115
Public safety	913,100	530,687	382,413
Public service	445,000	229,349	215,651
Landscaping	60,000	148,345	(88,345)
Community development	33,700	26,980	6,720
Telecommunications	20,000	9,995	10,005
Total capital outlay	1,514,500	956,941	557,559
Total expenditures	18,389,100	19,075,830	(686,730)
Excess (deficiency) of revenues over (under) expenditures	(7,831,300)	(8,231,800)	(400,500)
Other financing sources (uses):			
Transfers in	7,521,000	7,856,503	335,503
Transfers out		(386,844)	(386,844)
Sale of capital assets	85,000	16,147	(68,853)
Proceeds from capital leases		800,953	800,953
Total other financing sources (uses)	7,606,000	8,286,759	680,759
Net change in fund balance	(225,300)	54,959	280,259
Fund balance, beginning of year	2,184,868	2,184,868	
Fund balance, end of year	\$ 1,959,568	\$ 2,239,827	\$ 280,259

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	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	\$ 5,640,859	\$ 1,488,899	\$ 7,129,758	\$ 1,975,480
Investments	3,988,247		3,988,247	54
Note receivable				
Receivables:				
Accounts	8,483,679	82,597	8,566,276	
Other	933,839		933,839	131,024
Due from other funds	1,641,616	1,000,000	2,641,616	110,000
Prepays	115,448	3,720	119,168	21,944
Inventory	1,276,630	1,468	1,278,098	
Restricted assets:				
Restricted investments	26,985,289		26,985,289	
Restricted deposits	501,303		501,303	
Total current assets	<u>49,566,910</u>	<u>2,576,684</u>	<u>52,143,594</u>	<u>2,238,502</u>
Noncurrent assets:				
Capital assets, not being depreciated	572,828	4,252,544	4,825,372	
Capital assets, being depreciated	104,859,332	12,312,190	117,171,522	
Other assets	198,093		198,093	
Advances to other funds				1,645,703
Total noncurrent assets	<u>105,630,253</u>	<u>16,564,734</u>	<u>122,194,987</u>	<u>1,645,703</u>
Total assets	<u>155,197,163</u>	<u>19,141,418</u>	<u>174,338,581</u>	<u>3,884,205</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	3,945,603	285,253	4,230,856	29,116
Accrued liabilities	36,674	9,227	45,901	
Due to other funds	100,000	1,069,469	1,169,469	
Accrued compensated absences	173,320	58,920	232,240	
Unearned revenue	26,985,289		26,985,289	
Claims reserve				1,125,000
Notes payable, current	81,129	43,116	124,245	
Capital leases, current	453,109	436,632	889,741	
Liabilities payable from restricted assets:				
Customer deposits	1,422,702	1,530	1,424,232	
Accrued interest	83,029	28,428	111,457	
Revenue bonds, current	<u>3,885,000</u>	<u>605,000</u>	<u>4,490,000</u>	
Total current liabilities	<u>37,165,855</u>	<u>2,537,575</u>	<u>39,703,430</u>	<u>1,154,116</u>
Noncurrent liabilities:				
Revenue bonds, long-term	23,091,476	3,564,825	26,656,301	
Notes payable, long-term	1,363,680	829,535	2,193,215	
Capital leases, long-term	934,565	867,373	1,801,938	
Landfill postclosure liability		5,471,729	5,471,729	
Advances from other funds	<u>1,645,703</u>		<u>1,645,703</u>	
Total noncurrent liabilities	<u>27,035,424</u>	<u>10,733,462</u>	<u>37,768,886</u>	<u>0</u>
Total liabilities	<u>64,201,279</u>	<u>13,271,037</u>	<u>77,472,316</u>	<u>0</u>
<u>Net assets</u>				
Invested in capital assets, net of debt	75,623,201	10,218,253	85,841,454	
Unrestricted	<u>15,372,683</u>	<u>(4,347,872)</u>	<u>11,024,811</u>	<u>2,730,089</u>
Total net assets	<u>\$ 90,995,884</u>	<u>\$ 5,870,381</u>	<u>\$ 96,866,265</u>	<u>\$ 2,730,089</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, 2007

	Business-type Activities Major Enterprise Funds			Internal Service Funds Governmental Activities
	Utility Fund	Sanitation Fund	Total	
Operating revenues:				
Water and sewer system	\$ 15,182,942		\$ 15,182,942	
Gas system	19,559,836		19,559,836	
Electric system	38,525,416		38,525,416	
Sanitation		\$ 6,858,938	6,858,938	
Premiums				\$ 4,811,984
Telecommunications	2,377,509		2,377,509	
Other sales	257,506	194,031	451,537	
Total operating revenues	<u>75,903,209</u>	<u>7,052,969</u>	<u>82,956,178</u>	<u>4,811,984</u>
Operating expenses:				
Water and sewer system	8,525,705		8,525,705	
Gas system	16,126,034		16,126,034	
Electric system	32,215,867		32,215,867	
Sanitation		4,874,581	4,874,581	
Telecommunications	1,533,234		1,533,234	
Administrative services	1,366,198	204,138	1,570,336	158,405
Depreciation and amortization	3,531,887	528,726	4,060,613	
Risk management				4,477,379
Total operating expenses	<u>63,298,925</u>	<u>5,607,445</u>	<u>68,906,370</u>	<u>4,635,784</u>
Operating income (loss)	<u>12,604,284</u>	<u>1,445,524</u>	<u>14,049,808</u>	<u>176,200</u>
Nonoperating revenues (expenses):				
Investment income	931,453	180,170	1,111,623	181,709
Gain (loss) on sale of assets	134,503	(68,078)	66,425	
Interest expense	(1,194,299)	(280,713)	(1,475,012)	
Intergovernmental support	(333,390)		(333,390)	
Total nonoperating revenues (expenses)	<u>(461,733)</u>	<u>(168,621)</u>	<u>(630,354)</u>	<u>181,709</u>
Net income (loss) before transfers	<u>12,142,551</u>	<u>1,276,903</u>	<u>13,419,454</u>	<u>357,909</u>
Transfers in	1,169,417	282,012	1,451,429	36,996
Transfers out	(8,503,122)	(2,376,266)	(10,879,388)	(36,996)
Total transfers	<u>(7,333,705)</u>	<u>(2,094,254)</u>	<u>(9,427,959)</u>	<u>0</u>
Change in net assets	4,808,846	(817,351)	3,991,495	357,909
Net assets, beginning of year	<u>86,187,038</u>	<u>6,687,732</u>	<u>92,874,770</u>	<u>2,372,180</u>
Net assets, end of year	<u>\$ 90,995,884</u>	<u>\$ 5,870,381</u>	<u>\$ 96,866,265</u>	<u>\$ 2,730,089</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007

	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	\$ 75,484,636	\$ 7,046,328	\$ 82,530,964	\$ 4,791,295
Cash paid to employees	(4,435,866)	(1,126,294)	(5,562,160)	
Cash paid to suppliers	(53,284,146)	(3,364,872)	(56,649,018)	(4,672,213)
Net cash provided (used) by operating activities	<u>17,764,624</u>	<u>2,555,162</u>	<u>20,319,786</u>	<u>119,082</u>
Cash flow from noncapital financing activities:				
Advances to other funds				(1,645,703)
Transfers in	1,169,417	282,012	1,451,429	36,966
Transfers out	(8,503,122)	(2,376,266)	(10,879,388)	(36,996)
Net cash provided (used) by noncapital financing activities	<u>(7,333,705)</u>	<u>(2,094,254)</u>	<u>(9,427,959)</u>	<u>(1,645,703)</u>
Cash flows from capital and related financing activities:				
Intergovernmental support - LaGrange Dev Authority	(333,390)		(333,390)	
Principal payments on revenue bonds	(3,745,000)	(575,000)	(4,320,000)	
Proceeds from sale of assets	134,503	50,818	185,321	
Acquisition of capital assets	(4,561,594)	(2,999,784)	(7,561,378)	
Capital lease proceeds	681,415	408,633	1,090,048	
Capital lease payments	(472,266)	(443,791)	(916,057)	
Payments on notes payable	(77,778)	(42,126)	(119,904)	
Payments received on loans to third parties	570,404		570,404	
Interest paid	(1,284,878)	(276,359)	(1,561,237)	
Net cash provided (used) by capital financing activities	<u>(9,088,584)</u>	<u>(3,877,609)</u>	<u>(12,966,193)</u>	<u>0</u>
Cash flows from investing activities:				
Sale (purchase) of investments	(3,803,558)		(3,803,558)	(3)
Interest income	<u>931,453</u>	<u>180,170</u>	<u>1,111,623</u>	<u>181,709</u>
Net cash provided (used) by investing activities	<u>(2,872,105)</u>	<u>180,170</u>	<u>(2,691,935)</u>	<u>181,706</u>
Net increase (decrease) in cash	<u>(1,529,770)</u>	<u>(3,236,531)</u>	<u>(4,766,301)</u>	<u>(1,344,915)</u>
Cash, beginning of year	<u>7,671,932</u>	<u>4,725,430</u>	<u>12,397,362</u>	<u>3,320,395</u>
Cash, end of year	<u>\$ 6,142,162</u>	<u>\$ 1,488,899</u>	<u>\$ 7,631,061</u>	<u>\$ 1,975,480</u>

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2007
(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	\$ 5,640,859	\$ 1,488,899	\$ 7,129,758	\$ 1,975,480
Restricted cash	501,303		501,303	
Total	<u>\$ 6,142,162</u>	<u>\$ 1,488,899</u>	<u>\$ 7,631,061</u>	<u>\$ 1,975,480</u>
Cash flows from operating activities:				
Operating income (loss)	\$ 12,692,702	\$ 1,441,489	\$ 14,134,191	\$ 176,200
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	3,531,887	528,726	4,060,613	
Net bond (accretion) amortization	(88,418)	4,035	(84,383)	
(Gain)/Loss on sale of assets	21,927		21,927	
Changes in operating assets and liabilities:				
Accounts receivable	(418,573)	(6,641)	(425,214)	(20,688)
Inventory	331,143	560	331,703	
Other assets	12,731	(2,611)	10,120	(21,944)
Accounts payable	60,990	139,697	200,687	(4,486)
Accrued vacation	34,165	15,357	49,522	
Due from other fund	(1,641,616)	(1,000,000)	(2,641,616)	(10,000)
Due to other funds	1,745,703	1,069,469	2,815,172	
Unearned revenue	1,379,584		1,379,584	
Other accrued expenses	2,352	689	3,041	
Customer deposits	100,047	(250)	99,797	
Closure/postclosure		364,642	364,642	
Net cash provided (used) by operating activities	<u>\$ 17,764,624</u>	<u>\$ 2,555,162</u>	<u>\$ 20,319,786</u>	<u>\$ 119,082</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

- A. The Reporting Entity - The City of LaGrange, Georgia is a municipal corporation governed by a Mayor and 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 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, 2007
(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 funds:

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

Capital Projects Fund - The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

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, 2007
(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, 2007.

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 Projects Fund and SPLOST Fund are budgeted on a project basis, which may be one or more years in length. Proprietary fund type budgets are adopted for management control purposes only.

- E. Cash and Cash Equivalents - Cash and cash equivalents shown on the balance sheet represent demand deposits and non-negotiable certificates of deposit. All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.
- F. Investments - The statutes of the State of Georgia authorize the City to invest in U.S. government obligations; U.S. governmental agency 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, 2007
(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, and infrastructure of the primary government, as well as any reported component units, are depreciated using the straight-line method over the following estimated useful lives:

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

- J. 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, 2007
(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 \$11,771,919, which includes \$20,050 petty cash and the bank balance was \$14,277,011. 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, 2007, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Municipal Competitive Trust	July 2006 - December 2011	\$ 30,973,482
Federal Home Loan Bank		107
Coca Cola Stock		512,220
Total investments		31,485,809
Georgia fund 1 (State Investment Pool)	24 day WAM	32,002
Total pooled cash and investments		<u>\$ 31,517,811</u>

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

Credit Risk - 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, 2007, 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 98.3% total investments.

The City's investment of \$32,002 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, 2007
(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, 2007, the Authority had drawn \$933,839 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>
2008	\$ 132,104	\$ 0
2009	2,739,885	0
2010	3,154,098	0
2011	276,529	0
2012	276,529	
Thereafter	<u>628,689</u>	<u>933,839</u>
	7,207,834	933,839
Less, allowance for doubtful accounts	(4,060,796)	<u>0</u>
	<u>\$ 3,147,038</u>	<u>\$ 933,839</u>

Accounts receivable in the Utility fund is reported net of an allowance for doubtful accounts of \$5,770,640.

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.

\$ 82,515

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

324,828

\$ 407,343

Due within one year

\$ 61,807

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2007, was as follows:

<u>Primary Government</u>	<u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,287,968	\$ 4,644,741		\$ 11,932,709
Construction in progress	2,789,983	304,572	\$(2,789,983)	304,572
Total capital assets not being depreciated	<u>10,077,951</u>	<u>4,949,313</u>	<u>(2,789,983)</u>	<u>12,237,281</u>
Capital assets being depreciated:				
Buildings	9,128,789	1,985,524		11,114,313
Machinery and equipment	5,451,576	943,494		6,395,070
Vehicles	2,255,786	453,329	(59,650)	2,649,465
Infrastructure	15,158,028	216,433		15,374,461
Total capital assets being depreciated	<u>31,994,179</u>	<u>3,598,780</u>	<u>(59,650)</u>	<u>35,533,309</u>
Less, accumulated depreciation for:				
Buildings	(1,794,130)	(281,150)		(2,075,280)
Machinery and equipment	(3,019,596)	(297,066)		(3,316,662)
Vehicles	(1,022,918)	(256,342)	36,396	(1,242,864)
Infrastructure	(6,196,781)	(714,711)		(6,911,492)
Total accumulated depreciation	<u>(12,033,425)</u>	<u>(1,549,269)</u>	<u>36,396</u>	<u>(13,546,298)</u>
Total capital assets being depreciated, net	<u>19,960,754</u>	<u>2,049,511</u>	<u>(23,254)</u>	<u>21,987,011</u>
Governmental activities capital assets, net	<u>\$ 30,038,705</u>	<u>\$ 6,998,824</u>	<u>\$(2,813,237)</u>	<u>\$ 34,224,292</u>

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

Government activities:	
General government	\$ 244,233
Public safety	327,515
Public service	537,115
Culture and recreation	186,983
Community development	<u>253,423</u>
Total depreciation expense for governmental activities	<u>\$ 1,549,269</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

A summary of business-type activities for property, plant and equipment at June 30, 2007 is presented below:

<u>Business-Type Activities</u>	<u>June 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2007</u>
Capital assets, not being depreciated:				
Land	\$ 2,010,561			\$ 2,010,561
Construction in progress	<u>13,700,338</u>	<u>\$ 4,586,258</u>	<u>\$(15,471,785)</u>	<u>2,814,811</u>
Total capital assets, not being depreciated	<u>15,710,899</u>	<u>4,586,258</u>	<u>(15,471,785)</u>	<u>4,825,372</u>
Capital assets being depreciated:				
Buildings	26,470,585	161,199		26,631,784
Machinery and equipment	11,961,509	695,896	(141,565)	12,515,840
Vehicles	1,446,983	80,649	(73,287)	1,454,345
Infrastructure	<u>118,213,746</u>	<u>17,509,162</u>		<u>135,722,908</u>
Total capital assets being depreciated	<u>158,092,823</u>	<u>18,446,906</u>	<u>(214,852)</u>	<u>176,324,877</u>
Less, accumulated depreciation for:				
Buildings	(10,258,468)	(496,559)		(10,755,027)
Machinery and equipment	(5,980,233)	(816,060)	22,669	(6,773,624)
Vehicles	(805,882)	(134,531)	51,360	(889,053)
Infrastructure	<u>(38,122,188)</u>	<u>(2,613,463)</u>		<u>(40,735,651)</u>
Total accumulated depreciation	<u>(55,166,771)</u>	<u>(4,060,613)</u>	<u>74,029</u>	<u>(59,153,355)</u>
Total capital assets being depreciated, net	<u>102,926,052</u>	<u>14,386,293</u>	<u>(140,823)</u>	<u>117,171,522</u>
Business-type activities capital assets, net	<u>\$118,636,951</u>	<u>\$ 18,972,551</u>	<u>\$(15,612,608)</u>	<u>\$121,996,894</u>

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

Business-type activities:	
Water and sewer	\$ 2,473,835
Electric system	342,152
Gas system	389,724
Telecommunications	326,176
Sanitation	<u>528,726</u>
Total depreciation expense for business-type activities	<u>\$ 4,060,613</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Activity for the Downtown LaGrange Development Authority for the year ended June 30, 2007, 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	<u>3,644,404</u>		<u>\$(3,644,404)</u>	
Total capital assets not being depreciated	<u>5,009,154</u>	<u>\$ 0</u>	<u>(3,644,404)</u>	<u>1,364,750</u>
Capital assets being depreciated:				
Buildings and improvements	3,804,177	4,349,752		8,153,929
Furniture and equipment	<u>706,592</u>			<u>706,592</u>
Total capital assets being depreciated	<u>4,510,769</u>	<u>4,349,752</u>	<u>0</u>	<u>8,860,521</u>
Less, accumulated depreciation for:				
Buildings and improvements	(24,253)	(16,681)		(40,934)
Furniture and equipment	<u>(166,432)</u>	<u>(149,472)</u>		<u>(315,904)</u>
Total accumulated depreciation	<u>(190,685)</u>	<u>(166,153)</u>	<u>0</u>	<u>(356,838)</u>
Total capital assets being depreciated, net	<u>4,320,084</u>	<u>4,183,599</u>		<u>8,503,683</u>
Development Authority capital assets, net	<u>\$ 9,329,238</u>	<u>\$ 4,183,599</u>	<u>\$(3,644,404)</u>	<u>\$ 9,868,433</u>

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

Community development	<u>\$ 166,153</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:

Asset:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 3,747,301	\$ 10,174,319
Less, accumulated depreciation	<u>(2,475,934)</u>	<u>(4,925,383)</u>
Total	<u>\$ 1,271,367</u>	<u>\$ 5,248,936</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Year ending June 30:		
2008	\$ 898,034	929,334
2009	827,390	776,805
2010	740,978	548,834
2011	532,167	438,081
2012	455,822	118,477
2013-2017	<u>1,157,999</u>	
Total lease payments	4,612,390	2,811,531
Less, amount representing interest	<u>(701,870)</u>	<u>(119,852)</u>
Present value of minimum lease payments	<u>\$ 3,910,520</u>	<u>\$ 2,691,679</u>

6. LONG-TERM DEBT

A. Notes Payable

Governmental Activities

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Financing of the City's Transition Center - Debt Service Fund	4.85%	<u>\$ 3,175,000</u>

Loans payable currently outstanding are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2008	\$ 160,000	153,988
2009	180,000	146,228
2010	200,000	137,498
2011	230,000	127,798
2012	250,000	116,643
2013-2017	1,710,000	372,238
2018	<u>445,000</u>	<u>21,583</u>
	<u>\$ 3,175,000</u>	<u>\$ 1,075,976</u>

Business-Type Activities

The City's Utility Fund borrowed funds for system improvements under notes payable. As of June 30, 2007, the City had drawn \$1,896,381 against the \$2,597,069 of these notes. In prior years, the City's Sanitation Fund also entered into a notes payable agreement with the Georgia Environmental Facilities Authority whereby the City could borrow up to \$1,000,000.

In prior years, the City had borrowed all of the \$1,000,000 available.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Notes payable currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
System improvements - Utility Fund	4.24%	\$ 1,444,809
Gas recirculation project at landfill - Sanitation Fund	2.33%	872,651
		<u>\$ 2,317,460</u>

Notes payable service requirements to maturity are as follows:

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2008	\$ 124,245	\$ 79,939
2009	128,754	75,431
2010	133,436	70,748
2011	138,301	65,884
2012	143,354	60,831
2013-2017	799,722	221,201
2018-2022	741,796	67,560
2023-2024	107,852	2,528
	<u>\$ 2,317,460</u>	<u>\$ 644,122</u>

B. Revenue Bonds

Business-Type Activities

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. In prior years, the City issued \$52,265,000 in revenue bonds to finance construction projects to expand existing facilities and construct additional facilities. Revenue bonds outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Series 1997 Solid Waste Revenue Bonds	4.5% - 4.85%	\$ 4,190,000
Series 1999 Water & Sewerage Revenue Bonds	3.5% - 4.3%	2,700,000
Series 2002 Water & Sewerage Revenue Bonds	4.7% - 5.25%	16,635,000
Series 2003 Gas Authority Revenue Bonds	2.13% - 4.38%	7,100,000
		<u>\$ 30,625,000</u>

Revenue bond service requirements to maturity are as follows:

	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2008	\$ 4,490,000	1,177,026
2009	4,660,000	1,004,129
2010	4,850,000	806,944
2011	5,070,000	599,861
2012	5,285,000	372,603
2013-2017	2,745,000	908,854
2018-2022	2,400,000	492,381
2023-2024	1,125,000	49,422
	<u>\$ 30,625,000</u>	<u>\$ 5,411,220</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

C. Compensated Absences - The City accrues compensated absences for their employees. Both governmental and business-type activities have accrued absences at June 30, 2007. Accrued compensated absences from governmental activities are repaid through the General Fund. Business-type activities accrued compensated absences are repaid through the Utility Fund and Sanitation Fund.

D. Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 3,845,904	\$ 800,954	\$(736,338)	\$ 3,910,520	\$ 742,864
Notes payable	3,320,000		(145,000)	3,175,000	160,000
Compensated absences	<u>352,547</u>	<u>493,126</u>	<u>(487,326)</u>	<u>358,347</u>	<u>118,338</u>
Governmental activities long-term liabilities	<u>\$ 7,518,451</u>	<u>\$ 1,294,080</u>	<u>\$(1,368,664)</u>	<u>\$ 7,443,867</u>	<u>\$ 1,021,202</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 34,945,000		\$(4,320,000)	\$ 30,625,000	\$ 4,490,000
Add, unamortized premium	<u>617,337</u>		<u>(96,036)</u>	<u>521,301</u>	
Total bonds	35,562,337	\$ 0	(4,416,036)	31,146,301	4,490,000
Capital leases	2,517,687	1,090,048	(916,056)	2,691,679	889,741
Notes payable	2,437,364		(119,904)	2,317,460	124,245
Compensated absences	<u>182,718</u>	<u>302,742</u>	<u>(253,221)</u>	<u>232,239</u>	<u>232,239</u>
Business-type activities long-term liabilities	<u>\$ 40,700,106</u>	<u>\$ 1,392,790</u>	<u>\$(5,705,217)</u>	<u>\$ 36,387,679</u>	<u>\$ 5,736,225</u>

The government-wide statement of net assets includes \$4,490,000 of the long-term liabilities due within one year for business-type activities in liabilities "payable from restricted assets." The remaining amount of \$1,246,225 is displayed as "noncurrent liabilities, due within one year" on that same statement.

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007 is as follows:

Due to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General Fund	Utility Fund	\$ 22,148
Capital Projects Fund	Sanitation Fund	1,000,000
Nonmajor Governmental Funds	Utility Fund	550,000
Nonmajor Governmental Funds	General Fund	436,564
Nonmajor Governmental Funds	Internal Service Fund	10,000
Utility Fund	Internal Service Fund	100,000
Sanitation Fund	Utility Fund	<u>1,069,469</u>
		<u>\$ 3,188,181</u>

All due to/from balances were made during the year to supplement operations. All due to/from balances are expected to be repaid within one year.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Advances to/from other funds at June 30, 2007 consisted of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Utility Fund	Internal Service Fund	<u>\$ 1,645,703</u>

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

Total Enterprise Fund non-current liabilities per fund level Statement of Net Assets	\$ 37,768,886
Advances from other funds	<u>(1,645,703)</u>

Non-current liabilities - Due in more than one year per government-wide Statement of Net Assets \$ 36,123,183

Interfund transfers were made during the year to supplement operations. These transfers were as follows:

	<u>Transfers Out</u>						<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental</u>	<u>Utility Fund</u>	<u>Sanitation Fund</u>	<u>Internal Service</u>	
Transfers in:							
General Fund			\$ 383,507	\$ 6,436,000	\$ 1,000,000	\$ 36,996	\$ 7,856,503
Capital Improvements Fund				1,700,000	800,000		2,500,000
Nonmajor governmental	\$ 349,848			162,984			512,832
Utility Fund		\$ 263,000	330,151		576,266		1,169,417
Sanitation Fund			77,874	204,138			282,012
Internal service	<u>36,996</u>						<u>36,996</u>
	<u>\$ 386,844</u>	<u>\$ 263,000</u>	<u>\$ 791,532</u>	<u>\$ 8,503,122</u>	<u>\$ 2,376,266</u>	<u>\$ 36,996</u>	<u>\$ 12,357,760</u>

8. RESERVED NET ASSETS

At June 30, 2007, reserved net assets for governmental funds consisted of the following:

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Reserved for perpetual care	\$ 616,599	
Reserved for long-term receivables		\$ 3,147,093
Total reserved net assets	<u>\$ 616,599</u>	<u>\$ 3,147,093</u>

9. RISK MANAGEMENT AND SELF-INSURANCE

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

Charges to other funds for these benefits are based upon an estimate of actual claims, administrative costs and stop-loss insurance premiums. Such charges are reported as revenue in the internal service funds and expenditures/expenses in the paying fund. An estimate of unpaid claims has been accrued as of June 30, 2007.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

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

- A. Group Insurance Fund - The purpose of this Fund is to pay the medical claims of City employees and their covered dependents and to minimize the total cost of medical insurance to the City. Under this plan, the City is self-insured for claims aggregating up to \$3,418,409 for the year ended June 30, 2007. Claims exceeding this amount are covered by a private insurance carrier.
- B. Property and Casualty Insurance Fund - The purpose of this Fund is to pay worker's compensation, general, automobile and personal liability claims. This program is administered by a third party, which provides claims review and processing. Under this plan, the City is self-insured for claims aggregating up to \$1,000,000 for general insurance liability and \$1,000,000 for workers compensation liability for the plan year ended June 30, 2007. Claims exceeding this amount are covered by a private insurance carrier.

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

	<u>Group Insurance</u>	<u>Property and Casualty</u>
Liability balance, June 30, 2005	\$ 525,000	\$ 600,000
Claims and changes in estimate	3,135,552	551,217
Claims payments	<u>(3,135,552)</u>	<u>(551,217)</u>
Liability balance, June 30, 2006	525,000	600,000
Claims and changes in estimate	3,166,211	350,848
Claims payments	<u>(3,166,211)</u>	<u>(350,848)</u>
Liability balance, June 30, 2007	<u>\$ 525,000</u>	<u>\$ 600,000</u>

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

10. DEFINED BENEFIT PENSION PLAN

The City of LaGrange Retirement Plan ("Plan"), a defined benefit pension plan, is affiliated with the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association.

All full-time City employees with one year service and all City officials are eligible to participate in the System. Benefits fully vest after ten years of service. Annual retirement benefits are based on 1% of covered compensation plus 1.75% of average earnings in excess of covered compensation multiplied by the number of years of credited service. Normal retirement age is 65 with 5 years of service or age 55 with 30 years of credited service. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and city ordinance.

The City's employees participation is noncontributory. However, the City is subject to the minimum funding standards of the Public Retirement Systems Standard Law. Policy set by the City for contributing the annual pension expense exceeds the minimum requirements.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303 or by calling 404/688-0472.

Total pension expense amounted to approximately \$702,844 for the year ended June 30, 2007. The participant data and the asset values used in the actuarial valuation are as of January 1, 2007.

The City improved its pension plan by offering full retirement benefits at age 55 with 30 years of service. This change to the plan occurred after the January 1, 2007 valuation. The City agreed to pay an additional 2% of payroll in addition to the 5.9% quoted in the annual valuation.

Significant actuarial assumptions and other information used to compute the actuarial accrued liability and the annual recommended contribution of the plan are as follows:

Actuarial Cost Method	Projected unit credit.
Amortization Method	Level dollar for remaining unfunded liability.
Remaining Amortization Period	Remaining amortization period varies for the bases.
Asset Valuation Method	Sum of actuarial value at beginning of year and the increase in cost value during year excluding realized appreciation or losses. This value is adjusted by 10 percent of the amount that it exceeds or is less than the market value at end of year.
Actuarial Assumptions:	
Investment rate of return	8.00%
Projected salary increase	5.50%
Cost of living adjustments	0.00%
Post retirement benefit increase	Not applicable

It is the City's policy to contribute an amount equal to the recommended contribution each year.

The System has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the level dollar amortization of the unfunded actuarial accrued liability (initial unfunded accrued liability over 30 years from 1982 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which such changes arise), and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). Amortization periods are closed for this plan year.

The annual recommended contribution is the greater of 1) the minimum contribution described above or 2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to insure that contributions are not required if a plan's assets exceed the present value of future benefits. However, any amount over the minimum contribution will be phased in over five years, starting 2003. Therefore, 80% of the amount over the minimum contribution (if any) is recognized for the 2007 recommended contribution.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Listed below is a summary of the key valuation results.

Contributions for plan year beginning January 1, 2007:	
Recommended	\$ 702,844
Recommended as a percent of payroll	5.09%
State minimum requirement	\$ 696,946
Funding elements for plan year beginning January 1, 2007:	
Normal cost, including administrative expenses	\$ 677,544
Market value of assets	\$ 20,106,276
Actuarial value of assets	\$ 20,481,861
Actuarial accrued liability	\$ 20,412,914
Unfunded (surplus) actuarial accrued liability	\$(68,947)
Ratio of unfunded (surplus) to annual covered payroll	.50%
GASB 25/27 for plan year beginning January 1, 2007:	
Annual required contributions	\$ 696,946
Funded ratio	100.34%
Demographic data for plan year beginning January 1, 2007:	
Number of retired participants and beneficiaries	140
Number of vested former participants	106
Number of active employees, including 7 elected officials:	
Fully vested	163
Not vested	191
Total membership in the plan	<u>600</u>
Total payroll	<u>\$ 13,797,131</u>
Average payroll	<u>\$ 39,761</u>

Historical trend information is shown in the table below:

TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$ 702,844	100%	\$ 0
06/30/06	\$ 651,614	100%	\$ 0
06/30/05	\$ 642,135	100%	\$ 0

11. DEFINED CONTRIBUTION PLAN

The City has a defined contribution plan which is administered by Nationwide Retirement Services. The plan is a combined 457 plan and 401A plan. The City matches employee contributions on a 1:2 ratio up to a maximum of \$667 per year. During the year ended June 30, 2007, the City contributed \$92,419 and employees contributed \$335,921. Plan provisions and contribution requirements are established and amended by a resolution of the City Council.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

12. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

- A. Utility Fund - Established to account for the operation of the City's water, sewer, electrical, gas and telecommunication services.
- B. Sanitation Fund - Established to account for the operation of the City's waste disposal activities.

The Utility Fund includes water and sewer system operations, of which the revenues are pledged against revenue bonds. The following segment information presented is a summary of activities for water and sewer operations for the year ended June 30, 2007.

Segment information for the Sanitation Fund for the year ended June 30, 2007 is not presented below since it is presented in the basic financial statements.

Condensed Statement of Net Assets

Assets:	
Current assets	\$ 9,416,397
Capital assets	<u>69,378,154</u>
Total assets	<u>78,794,551</u>
Liabilities:	
Current liabilities	444,737
Current liabilities payable from restricted assets	1,422,702
Noncurrent liabilities	<u>22,722,132</u>
Total liabilities	<u>24,589,571</u>
Net assets:	
Invested in capital assets, net of related debt	46,656,022
Unrestricted	<u>7,548,958</u>
Total net assets	<u>\$ 54,204,980</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Water and sewer charges	\$ 15,283,242
Depreciation expense	(2,473,835)
Other operating expenses	<u>(9,028,241)</u>
Operating income	<u>3,781,166</u>
Nonoperating revenues (expenses):	
Investment earnings	160,060
(Loss) on sale of fixed assets	(16,429)
Interest expense	<u>(854,153)</u>
Nonoperating revenues (expenses)	<u>(710,522)</u>
Income before transfers	3,070,644
Transfers in	1,769,866
Transfers out	<u>(899,217)</u>
Change in net assets	3,941,293
Beginning net assets	<u>50,263,687</u>
Ending net assets	<u>\$ 54,204,980</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 4,892,954
Noncapital financing activities	870,648
Capital and related financing activities	(5,002,839)
Investing activities	159,408
Net increase (decrease)	920,171
Beginning cash and cash equivalents	2,812,120
Ending cash and cash equivalents	<u>\$ 3,732,291</u>

13. COMMITMENT AND CONTINGENCIES

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

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

At June 30, 2007, the outstanding debt of the Authority was approximately \$3.7 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$173 million at June 30, 2007.

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

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

At June 30, 2007, \$30,973,482 has been placed into the Trust for the benefit of the City, of which \$3,988,193 is available without restriction and \$26,985,289 is subject to restrictions. Due to the restricted nature of the \$26,985,289, the amount is reported as unearned revenue at June 30, 2007.

- B. Guarantee of Communication System Debt - The City has guaranteed the payment of debt totaling \$5,690,000 at June 30, 2007 relating to a privately owned communications system, a portion of which is utilized by the City for communication activities.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(Continued)

- C. Intergovernmental Contract - The City has entered into a contract dated April 1, 2005, with the Downtown LaGrange Development Authority obligating the City to pay to the Authority amounts sufficient to enable the Authority to pay the principal and interest on the Authority's Series 2005 Revenue Bonds. For the year ended June 30, 2007, interest payments of \$195,390 related to this contract have been made. The total debt guarantee at June 30, 2007, is approximately \$5,778,547.

The City has entered into a contract dated December 1, 2005, with the LaGrange Development Authority obligating the City to pay to the Authority amounts sufficient to enable the Authority to pay the principal and interest on the authority's 2005 A and 2005 B Revenue Bonds. For the year ended June 30, 2007, principal payments of \$145,000 and interest payments of \$188,390 related to this contract had been made. The total debt guarantee at June 30, 2007 is approximately \$7,276,366.

14. JOINT VENTURES

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

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

Under Georgia Law, the City, in conjunction with other cities and counties in the five county west Georgia area, is a member of the Chattahoochee-Flint Regional Development Center (the "RDC") and is required to pay annual dues thereto. During the year ended June 30, 2007, the City paid \$26,603 in dues.

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

15. HOTEL / MOTEL LODGING TAX

During the year ended June 30, 2007, the City levied a 5% lodging tax and received \$383,507 for this tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied in excess of 3% be expended or obligated contractually for the promotion of tourism, conventions or trade shows. The LaGrange-Troup County Chamber of Commerce has certified that the \$150,482 of lodging tax received from the City during the year ended June 30, 2007 was used for the promotion of tourism.

16. RELATED ORGANIZATION

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

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(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 \$5,471,729 reported as the landfill closure and post-closure care liability at June 30, 2007 includes \$1,779,412, 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 \$3,692,317 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, 2007, 34% of this landfill's capacity had been utilized and accordingly, a liability of \$3,692,317 has been recognized. The City will recognize the remaining estimated closure and post-closure care of \$6,153,468 as the remaining capacity is used.

Liability balance, June 30, 2006	\$ 5,107,087
Additions	364,642
Liability balance, June 30, 2007	<u>\$ 5,471,729</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	\$ 176,446	\$ 721,256	\$(544,810)
Debt Service Fund	General Government:			
	Debt service	50,100	609,949	(559,849)

19. DEFICIT FUND BALANCE

The Capital Projects Fund, a major capital projects fund of the primary government, had a deficit fund balance of \$402,282 at June 30, 2007.

The Grant fund, a nonmajor Special Revenue Fund of the primary government, had a deficit fund balance of \$31,206 at June 30, 2007. The SPLOST fund, a nonmajor Capital Projects Fund of the primary government, had a deficit fund balance of \$349,125 at June 30, 2007. 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, 2007
(Continued)

20. POST-RETIREMENT HEALTH CARE BENEFITS

The City provides post-retirement coverage for health and dental care, in accordance with council resolution adopted as in *Personnel Policy 6.15 Retirement System*, to employees aged 60 or over who are vested in the City Retirement System at half of the current health and dental insurance premium costs. The City also offers employees who retire and are at least 55 years of age with 15 or more years of service the ability to retain coverage for health and dental care. Employees with 15-20 years of service are responsible for 50% of the insurance premium. Employees with more than 25 years of service are responsible for 25% of the insurance premium. The health and dental insurance premium reductions offered by the City will continue until the employee and/or spouse reaches 65 or becomes eligible for Medicare. Currently, 18 retirees receive post-retirement benefits. Expenditures for post-retirement health care and dental care are recognized on a pay-as-you-go basis as expenditures are paid. During the year, expenditures of \$25,621 were recognized for post-retirement insurance benefits.

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.

21. RESTATEMENT

The financial statements of the Downtown LaGrange Development Authority, the City's only component unit, for the year ended June 30, 2006 have been restated to reduce construction in progress and capital contributions of \$176,937 that should not have been recorded on the books of the Authority as they were recorded on the books of the City of LaGrange. This restatement resulted in a reduction of beginning net assets for June 30, 2007 in the amount of \$176,937.

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, 2007

	Actuarial Valuation Date		
	<u>January 1, 2007</u>	<u>January 1, 2006</u>	<u>January 1, 2005</u>
Actuarial value of plan assets	\$ 20,481,861	\$ 19,338,025	\$ 18,403,591
Actuarial accrued liability	20,412,914	19,510,737	18,465,904
Total unfunded actuarial liability (or funding excess)	(68,947)	172,712	62,313
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	100.3%	99.1%	99.7%
Annual covered payroll	13,797,131	12,528,917	12,549,560
Ratio of the unfunded actuarial liability (or funding excess) to annual covered (.50)%	1.38%	.5%

L*a*GRANGE *georgia*
S M A R T M O V E [™]

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Fund - Capital projects funds account 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 Purpose Local Option Sales Tax "SPLOST" Fund:** The purpose of this fund is to account for the City's portion of a countywide 1% local options sales tax for construction projects and capital improvements.

Special Revenue 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, 2007

	Capital Projects	Special Revenue				Total Nonmajor Governmental Funds
	SPLOST Fund	Community Development Fund	Grant Fund	Hotel/Motel Tax Fund	Debt Service Fund	
<u>Assets</u>						
Cash and cash equivalents	\$ 82,390	\$ 206,184	\$ 28,974		\$ 591,857	\$ 909,405
Receivables:						
Notes		3,147,038				3,147,038
Intergovernmental	656,088					656,088
Other		7,793				7,793
Prepaid items					30,683	30,683
Total assets	<u>\$ 738,478</u>	<u>\$ 3,361,015</u>	<u>\$ 28,974</u>	<u>\$ 0</u>	<u>\$ 622,540</u>	<u>\$ 4,751,007</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	\$ 151,040					\$ 151,040
Accrued payroll		\$ 477				477
Due to other funds	936,563		\$ 60,000			996,563
Customer deposits		9,600				9,600
Total liabilities	<u>1,087,603</u>	<u>10,077</u>	<u>60,000</u>			<u>1,157,680</u>
Fund balance:						
Reserved for prepaid items					\$ 30,683	30,683
Reserved for long-term receivables		3,147,038				3,147,038
Unreserved	(349,125)	203,900	(31,026)		591,857	415,606
Total fund balance	<u>(349,125)</u>	<u>3,350,938</u>	<u>(31,026)</u>		<u>622,540</u>	<u>3,593,327</u>
Total liabilities and fund balance	<u>\$ 738,478</u>	<u>\$ 3,361,015</u>	<u>\$ 28,974</u>	<u>\$ 0</u>	<u>\$ 622,540</u>	<u>\$ 4,751,007</u>

CITY OF LAGRANGE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2007

	Capital Projects	Special Revenue				Total Nonmajor Governmental Funds
	SPLOST Fund	Community Development Fund	Grant Fund	Hotel/Motel Tax Fund	Debt Service Fund	
Revenues:						
Hotel/Motel tax				\$ 383,507		\$ 383,507
Special purpose sales tax	\$ 656,088					656,088
Intergovernmental		\$ 518,750	\$ 84,897			603,647
Investment income (loss)	272	77,875			\$ 107,246	185,393
Miscellaneous		45,778				45,778
Total revenues	<u>656,360</u>	<u>642,403</u>	<u>84,897</u>	<u>383,507</u>	<u>107,246</u>	<u>1,874,413</u>
Expenditures:						
Current:						
General government			9,988			9,988
Redevelopment and housing		721,256	85,999			807,255
Community development				150,482		150,482
Debt service:						
Principal retirement					496,710	496,710
Interest					113,239	113,239
Capital outlay:						
Public safety	847,204					847,204
Public service	158,281					158,281
Total expenditures	<u>1,005,485</u>	<u>721,256</u>	<u>95,987</u>	<u>150,482</u>	<u>609,949</u>	<u>2,583,159</u>
Excess of revenues over (under expenditures)	(349,125)	(78,853)	(11,090)	233,025	(502,703)	(708,746)
Other financing sources (uses):						
Transfers in				150,482	362,350	512,832
Transfers out				(383,507)	(408,025)	(791,532)
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>(233,025)</u>	<u>(45,675)</u>	<u>(278,700)</u>
Net change in fund balance	(349,125)	(78,853)	(11,090)	0	(548,378)	(987,446)
Fund balance, beginning of year	<u>0</u>	<u>3,429,791</u>	<u>(19,936)</u>	<u>0</u>	<u>1,170,918</u>	<u>4,580,773</u>
Fund balance, end of year	<u><u>\$ (349,125)</u></u>	<u><u>\$ 3,350,938</u></u>	<u><u>\$ (31,026)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 622,540</u></u>	<u><u>\$ 3,593,327</u></u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 206,184	\$ 226,159
Receivables:		
Notes	3,147,038	3,212,506
Other	<u>7,793</u>	<u>895</u>
Total assets	<u>\$ 3,361,015</u>	<u>\$ 3,439,560</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable		\$ 9,273
Accrued payroll	\$ 477	496
Due to other funds		
Customer deposits	<u>9,600</u>	
Total liabilities	<u>10,077</u>	<u>9,769</u>
Fund balance:		
Reserved for long-term receivables	3,147,038	3,212,506
Unreserved	<u>203,900</u>	<u>217,285</u>
Total fund balance	<u>3,350,938</u>	<u>3,429,791</u>
Total liabilities and fund balance	<u>\$ 3,361,015</u>	<u>\$ 3,439,560</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Intergovernmental	\$ 518,750	\$ 91,743
Miscellaneous	<u>123,653</u>	<u>14,336</u>
Total revenues	<u>642,403</u>	<u>106,079</u>
Expenditures:		
Current:		
Redevelopment and housing		272,258
Administrative and management	<u>721,256</u>	
Total expenditures	<u>721,256</u>	<u>272,258</u>
Excess of expenditures over revenues	(<u>78,853</u>)	(<u>166,179</u>)
Other financing sources (uses):		
Gain on sale of assets		<u>140,000</u>
Total other financing sources	<u>0</u>	<u>140,000</u>
Net change in fund balance	(78,853)	(26,179)
Fund balance, beginning of year	<u>3,429,791</u>	<u>3,455,970</u>
Fund balance, end of year	<u>\$ 3,350,938</u>	<u>\$ 3,429,791</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2007

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental		\$ 518,750	\$ 518,750
Interest	\$ 8,400	77,875	69,475
Miscellaneous	130,789	45,778	(85,011)
Total revenues	139,189	642,403	503,214
Expenditures:			
Current:			
Redevelopment and housing	176,446	721,256	(544,810)
Total expenditures	176,446	721,256	(544,810)
Excess of expenditures over revenues	(37,257)	(78,853)	(41,596)
Net change in fund balance	(37,257)	(78,853)	(41,596)
Fund balance, beginning of year	3,429,791	3,429,791	0
Fund balance, end of year	\$ 3,392,534	\$ 3,350,938	\$(41,596)

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 28,974	\$ 40,064
Receivables:		
Grants		<u>40,000</u>
Total assets	<u>\$ 28,974</u>	<u>\$ 80,064</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Due to other funds	\$ 60,000	\$ 100,000
Total liabilities	<u>60,000</u>	<u>100,000</u>
Fund balance:		
Unreserved	(31,026)	(19,936)
Total fund balance	<u>(31,026)</u>	<u>(19,936)</u>
Total liabilities and fund balance	<u>\$ 28,974</u>	<u>\$ 80,064</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Intergovernmental	\$ 84,897	\$ 104,999
Total revenues	<u>84,897</u>	<u>104,999</u>
Expenditures:		
Current:		
Administrative and management	9,988	
Redevelopment and housing	<u>85,999</u>	<u>115,044</u>
Total expenditures	<u>95,987</u>	<u>115,044</u>
Excess of expenditures over revenues	(11,090)	(10,045)
Net change in fund balance	(11,090)	(10,045)
Fund balance, beginning of year	(19,936)	(9,891)
Fund balance, end of year	<u><u>\$ (31,026)</u></u>	<u><u>\$ (19,936)</u></u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2007

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 613,950	\$ 84,897	\$(529,053)
Total revenues	<u>613,950</u>	<u>84,897</u>	<u>(529,053)</u>
Expenditures:			
Current:			
Administrative and management	15,100	9,988	5,112
Redevelopment and housing	<u>598,950</u>	<u>85,999</u>	<u>512,951</u>
Total expenditures	<u>614,050</u>	<u>95,987</u>	<u>518,063</u>
Excess of expenditures over revenues	(100)	(11,090)	(10,990)
Net change in fund balance	(100)	(11,090)	(10,990)
Fund balance, beginning of year	(19,936)	(19,936)	0
Fund balance, end of year	<u>\$(20,036)</u>	<u>\$(31,026)</u>	<u>\$(10,990)</u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL TAX FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Hotel/Motel tax	\$ 383,507	\$ 369,511
Total revenues	<u>383,507</u>	<u>369,511</u>
Expenditures:		
Current:		
Community development	150,482	145,897
Total expenditures	<u>150,482</u>	<u>145,897</u>
Excess of revenues over expenditures	<u>233,025</u>	<u>223,614</u>
Other financing sources (uses):		
Transfers in	150,482	145,897
Transfers out	(383,507)	(369,511)
Total other financing sources (uses)	<u>(233,025)</u>	<u>(223,614)</u>
Net change in fund balance	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2007

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel/Motel tax	\$ 400,000	\$ 383,507	\$(16,493)
Total revenues	<u>400,000</u>	<u>383,507</u>	<u>(16,493)</u>
Expenditures:			
Current:			
Community development	<u>160,000</u>	<u>150,482</u>	<u>9,518</u>
Total expenditures	<u>160,000</u>	<u>150,482</u>	<u>9,518</u>
Excess of expenditures over revenues	<u>240,000</u>	<u>233,025</u>	<u>(6,975)</u>
Other financing sources (uses):			
Transfers in		150,482	150,482
Transfers out		<u>(383,507)</u>	<u>(383,507)</u>
Total other financing sources (uses)	<u>0</u>	<u>(233,025)</u>	<u>(233,025)</u>
Net change in fund balance	240,000	0	(240,000)
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 240,000</u>	<u>\$ 0</u>	<u>\$(240,000)</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash	\$ 591,857	\$ 1,124,890
Investments		
Prepaid items	<u>30,683</u>	<u>46,028</u>
Total assets	<u>\$ 622,540</u>	<u>\$ 1,170,918</u>
<u>Liabilities and Fund Balance</u>		
Fund balance:		
Reserved for prepaid items	\$ 30,683	\$ 46,028
Unreserved	<u>591,857</u>	<u>1,124,890</u>
Total fund balance	<u>622,540</u>	<u>1,170,918</u>
Total liabilities and fund balance	<u>\$ 622,540</u>	<u>\$ 1,170,918</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Interest	\$ 107,246	\$ 102,783
Total revenues	<u>107,246</u>	<u>102,783</u>
Expenditures:		
Principal retirement	496,710	462,004
Interest	<u>113,239</u>	<u>83,111</u>
Total expenditures	<u>609,949</u>	<u>545,115</u>
Excess of expenditures over revenues	(502,703)	(442,332)
Other financing sources:		
Transfers in	362,350	312,587
Transfers out	(408,025)	(514,352)
Total other financing sources	(45,675)	(201,765)
Net change in fund balance	(548,378)	(644,097)
Fund balance, beginning of year	<u>1,170,918</u>	<u>1,815,015</u>
Fund balance, end of year	<u>\$ 622,540</u>	<u>\$ 1,170,918</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2007

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 60,000	\$ 107,246	\$ 47,246
Total revenues	<u>60,000</u>	<u>107,246</u>	<u>47,246</u>
Expenditures:			
Debt service:			
Principal retirement		496,710	(496,710)
Interest and fiscal charges	<u>50,100</u>	<u>113,239</u>	<u>(63,139)</u>
Total expenditures	<u>50,100</u>	<u>609,949</u>	<u>(559,849)</u>
Excess of revenues over (under) expenditures	<u>9,900</u>	<u>(502,703)</u>	<u>(512,603)</u>
Other financing sources (uses):			
Transfers in		362,350	362,350
Transfers out		<u>(408,025)</u>	<u>(408,025)</u>
Total other financing sources (uses)	<u>0</u>	<u>(45,675)</u>	<u>(45,675)</u>
Net change in fund balance	9,900	(548,378)	(558,278)
Fund balance, beginning of year	<u>1,170,918</u>	<u>1,170,918</u>	<u>0</u>
Fund balance, end of year	<u>\$ 1,180,818</u>	<u>\$ 622,540</u>	<u>\$ (558,278)</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.

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

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 568,987	\$ 823,719
Investments	32,001	21,499
Receivables:		
Taxes	893,890	1,001,906
Other	6,955	5,895
Due from other funds	436,564	
Inventory	251,157	194,759
Prepaid items	5,204	4,918
Restricted cash and cash equivalents	128,648	120,235
Restricted investments	<u>512,220</u>	<u>423,602</u>
Total assets	<u>\$ 2,835,626</u>	<u>\$ 2,596,533</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 330,070	\$ 250,550
Due to other funds	22,148	
Other accrued liabilities	243,581	155,045
Unearned revenue	<u> </u>	<u>6,070</u>
Total liabilities	<u>595,799</u>	<u>411,665</u>
Fund balance:		
Reserved for inventory	251,157	194,759
Unreserved	<u>1,988,670</u>	<u>1,990,109</u>
Total fund balance	<u>2,239,827</u>	<u>2,184,868</u>
Total liabilities and fund balance	<u>\$ 2,835,626</u>	<u>\$ 2,596,533</u>

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Taxes:		
Sales	\$ 4,575,194	\$ 4,536,174
Franchise	1,047,832	987,147
Insurance premium	1,362,291	1,302,070
Alcoholic beverage	650,917	646,261
Other	485,582	445,933
Licenses and permits	332,979	263,671
Intergovernmental	74,906	53,228
Charges for services	373,674	339,184
Fines and forfeitures	1,398,173	1,402,527
Investment income (loss)	71,991	58,790
Miscellaneous	470,491	492,792
Total revenues	<u>10,844,030</u>	<u>10,527,777</u>
Expenditures:		
Current:		
General government	1,579,740	1,525,917
Public safety	12,359,237	11,410,643
Public service	2,212,625	2,135,975
Culture and recreation	857,379	852,432
Community development	846,973	1,122,245
Telecommunications	262,935	258,735
Capital outlay:		
General government	11,585	32,678
Public safety	530,687	161,168
Public service	229,349	368,042
Culture and recreation	148,345	17,589
Community development	26,980	
Telecommunications	9,995	
Total expenditures	<u>19,075,830</u>	<u>17,885,424</u>
Excess of expenditures over revenues	(8,231,800)	(7,357,647)
Other financing sources (uses):		
Sale of assets	16,147	17,191
Proceeds from capital lease	800,953	398,688
Transfers in	7,856,503	7,825,631
Transfers out	(386,844)	(470,882)
Total other financing sources	<u>8,286,759</u>	<u>7,770,628</u>
Net change in fund balance	54,959	412,981
Fund balance, beginning of year	<u>2,184,868</u>	<u>1,771,887</u>
Fund balance, end of year	<u>\$ 2,239,827</u>	<u>\$ 2,184,868</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Cash	\$ 558,338	\$ 604,668
Receivables:		
Notes		6,464
Intergovernmental		1,453,948
Prepaid items	<u>70,924</u>	<u>14,688</u>
Total assets	<u>\$ 629,262</u>	<u>\$ 2,079,768</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 6,235	\$ 1,006,868
Unearned revenue	25,309	25,310
Due to other funds	<u>1,000,000</u>	
Total liabilities	<u>1,031,544</u>	<u>1,032,178</u>
Fund balance:		
Reserved for prepaid items		14,688
Unreserved	<u>(402,282)</u>	<u>1,032,902</u>
Total fund balance	<u>(402,282)</u>	<u>1,047,590</u>
Total liabilities and fund balance	<u>\$ 629,262</u>	<u>\$ 2,079,768</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Intergovernmental	\$ 582,568	\$ 1,942,267
Interest	35,738	80,604
Miscellaneous	<u>409,379</u>	<u>764,320</u>
Total revenues	<u>1,027,685</u>	<u>2,787,191</u>
Expenditures:		
Current:		
General government	36,394	98,213
Public service	106,004	662,948
Community development	972,144	489,196
Debt service:		
Principal retirement	384,629	352,265
Interest	307,391	325,840
Capital outlay:		
Public service	3,602,401	1,151,579
Community development	<u>196,594</u>	<u>1,178,920</u>
Total expenditures	<u>5,605,557</u>	<u>4,258,961</u>
Excess of expenditures over revenues	(<u>4,577,872</u>)	(<u>1,471,770</u>)
Other financing sources (uses):		
Sales of assets	891,000	338,230
Transfers in	2,500,000	950,000
Transfers out	(<u>263,000</u>)	<u></u>
Total other financing sources	<u>3,128,000</u>	<u>1,288,230</u>
Net change in fund balance	(1,449,872)	(183,540)
Fund balance, beginning of year	<u>1,047,590</u>	<u>1,231,130</u>
Fund balance, end of year	<u><u>\$ (402,282)</u></u>	<u><u>\$ 1,047,590</u></u>

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S M A R T M O V E TM

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, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 5,640,859	\$ 7,195,265
Investments	3,988,247	1,564,273
Note receivable		570,404
Receivables:		
Accounts	8,483,679	8,998,945
Other	933,839	
Due from other funds	1,641,616	
Prepays	115,448	128,179
Inventory	1,276,630	1,607,773
Restricted assets:		
Restricted investments	26,985,289	25,605,705
Restricted deposits	501,303	476,667
Total current assets	<u>49,566,910</u>	<u>46,147,211</u>
Noncurrent assets:		
Capital assets, not being depreciated	572,828	14,078,604
Capital assets, being depreciated	104,859,332	90,345,775
Other assets	198,093	209,746
Total noncurrent assets	<u>105,630,253</u>	<u>104,634,125</u>
Total assets	<u>155,197,163</u>	<u>150,781,336</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	3,945,603	3,884,613
Accrued liabilities	36,674	34,322
Due to other funds	100,000	
Unearned revenue	26,985,289	25,605,705
Notes payable - Current	81,129	77,778
Capital leases - Current	453,109	389,805
Liabilities payable from restricted assets:		
Customer deposits	1,422,702	1,322,655
Accrued interest payable	83,029	85,190
Revenue bonds - Current	3,885,000	3,745,000
Total current liabilities	<u>36,992,535</u>	<u>35,145,068</u>
Non-current liabilities:		
Accrued compensated absences	173,320	139,155
Revenue bonds - Long-term	23,091,476	27,076,547
Notes payable - Long-term	1,363,680	1,444,809
Capital leases - Long-term	934,565	
Advances from other funds	1,645,703	788,719
Total noncurrent liabilities	<u>27,208,744</u>	<u>29,449,230</u>
Total liabilities	<u>64,201,279</u>	<u>64,594,298</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	75,623,201	70,816,531
Unrestricted	15,372,683	15,370,507
Total net assets	<u>\$ 90,995,884</u>	<u>\$ 86,187,038</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Water and sewer system	\$ 15,182,942	\$ 13,021,082
Gas system	19,559,836	23,773,621
Electric system	38,525,416	37,901,282
Telecommunications	2,377,509	2,123,716
Other sales	<u>257,506</u>	<u>166,073</u>
Total operating revenues	<u>75,903,209</u>	<u>76,985,774</u>
Operating expenses:		
Water and sewer system	8,525,705	9,019,089
Gas system	16,126,034	21,333,990
Electric system	32,215,867	32,246,976
Telecommunications	1,533,234	1,483,196
Administrative services	1,366,198	
Depreciation and amortization	<u>3,531,887</u>	<u>3,223,410</u>
Total operating expenses	<u>63,298,925</u>	<u>67,306,661</u>
Operating income	<u>12,604,284</u>	<u>9,679,113</u>
Nonoperating revenues (expenses):		
Gain (loss) on sale of assets	134,503	
Investment income	931,453	703,102
Interest expense	(1,194,299)	(1,362,948)
Intergovernmental support	<u>(333,390)</u>	
Total nonoperating revenues (expenses)	<u>(461,733)</u>	<u>(659,846)</u>
Net income before transfers	12,142,551	9,019,267
Transfers in	1,169,417	466,936
Transfers out	<u>(8,503,122)</u>	<u>(6,606,553)</u>
Change in net assets	4,808,846	2,879,650
Net assets, beginning of year	<u>86,187,038</u>	<u>83,307,388</u>
Net assets, end of year	<u>\$ 90,995,884</u>	<u>\$ 86,187,038</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 75,484,636	\$ 75,731,732
Cash paid to employees	(4,435,866)	(4,274,013)
Cash paid to suppliers	(53,284,146)	(58,484,057)
Net cash provided (used) by operating activities	<u>17,764,624</u>	<u>12,973,662</u>
Cash flow from noncapital financing activities:		
Transfers in	1,169,417	466,936
Transfers out	(8,503,122)	(6,606,553)
Net cash provided (used) by noncapital financing activities	<u>(7,333,705)</u>	<u>(6,139,617)</u>
Cash flows from capital and related financial activities:		
Intergovernmental support - LaGrange Development Authority	(333,390)	
Loans to third parties		(570,404)
Payments received on loans to third parties	570,404	
Principal payments on revenue bonds	(3,745,000)	(3,635,001)
Proceeds from sale of assets	134,503	7,250
Acquisition of capital assets	(4,561,594)	(6,452,156)
Capital lease proceeds	681,415	469,543
Capital lease payments	(472,266)	(471,308)
Payments on notes payable	(77,778)	(74,566)
Interest expense	(1,284,878)	(1,436,073)
Net cash provided (used) by capital and related financing activities	<u>(9,088,584)</u>	<u>(12,162,715)</u>
Cash flows from investing activities:		
Sale (Purchase) of investments	(3,803,558)	1,369,544
Investment income	931,453	703,102
Net cash provided (used) by investing activities	<u>(2,872,105)</u>	<u>2,072,646</u>
Net increase (decrease) in cash	(1,529,770)	(3,256,024)
Cash, beginning of year	<u>7,671,932</u>	<u>10,927,956</u>
Cash, end of year	<u>\$ 6,142,162</u>	<u>\$ 7,671,932</u>
Report on the balance sheet as:		
Cash and cash equivalents	\$ 5,640,859	\$ 7,195,265
Restricted cash	<u>501,303</u>	<u>476,667</u>
Total	<u>\$ 6,142,162</u>	<u>\$ 7,671,932</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006
(Continued)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Operating income	\$ 12,692,702	\$ 9,679,113
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,531,887	3,223,410
Net bond (accretion) amortization	(88,418)	
(Gain)loss on sale of assets	21,927	5,696
Changes in operating assets and liabilities:		
Accounts receivable	(418,573)	(670,241)
Inventory	331,143	88,996
Prepays	12,731	10,261
Accounts payable	60,990	(529,572)
Accrued vacation	34,165	3,408
Due from other funds	(1,641,616)	597,644
Due to other funds	1,745,703	
Unearned revenue	1,379,584	433,612
Customer deposits	100,047	114,174
Other accrued expenses	<u>2,352</u>	<u>17,161</u>
Net cash provided by operating activities	<u>\$ 17,764,624</u>	<u>\$ 12,973,662</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF OPERATING INCOME
Year Ended June 30, 2007

	<u>Electric System</u>	<u>Gas System</u>	<u>Water and Sewer System</u>	<u>Telecom- munications</u>	<u>Total</u>
Operating revenues	\$ 38,628,435	\$ 19,614,023	\$ 15,283,242	\$ 2,377,509	\$ 75,903,209
Operating expenses:					
Electricity and natural gas purchase	29,996,411	14,912,496			44,908,907
Administrative services	361,168	329,762	502,536	172,732	1,366,198
Depreciation	342,152	389,724	2,473,835	326,176	3,531,887
Other operating	<u>2,219,456</u>	<u>1,213,538</u>	<u>8,525,705</u>	<u>1,533,234</u>	<u>13,491,933</u>
	<u>32,919,187</u>	<u>16,845,520</u>	<u>11,502,076</u>	<u>2,032,142</u>	<u>63,298,925</u>
Operating income	<u>\$ 5,709,248</u>	<u>\$ 2,768,503</u>	<u>\$ 3,781,166</u>	<u>\$ 345,367</u>	<u>\$ 12,604,284</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF CHANGES IN UTILITY PLANT IN SERVICE
Year Ended June 30, 2007

	Historical Cost		Allowance for Depreciation			Net Asset Value
	Balance June 30, 2006 Reclassified	Balance June 30, 2007	Deletions	Expense	Balance June 30, 2007	
Water and sewer system	\$ 110,054,342	\$ 974,655 \$(56,526) \$ 110,972,471	\$ 34,599	\$(2,619,113) \$	\$(41,739,593)	\$ 69,232,878
Gas system	23,565,509	2,682,152 26,247,661 (4,467,562) (244,446)	(4,712,008)		(4,712,008)	21,535,653
Electric system	15,636,900	361,144 15,998,044 (5,854,297) (342,152)	(6,196,449)		(6,196,449)	9,801,595
Tele-communications	5,713,515	543,644 6,257,159 (1,068,949) (326,176)	(1,395,125)		(1,395,125)	4,862,034
	<u>\$ 154,970,266</u>	<u>\$ 4,561,595 \$(56,526) \$ 159,475,335</u>	<u>\$ 34,599</u>	<u>\$(3,531,887) \$</u>	<u>\$(54,043,175)</u>	<u>\$ 105,432,160</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE SCHEDULES OF REVENUES
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Water and sewer system:		
Water sales	\$ 8,729,721	\$ 7,704,853
Sewer service charges	5,760,272	5,099,179
Fire services	64,006	63,379
Connection fees	628,943	153,671
Miscellaneous	<u>100,300</u>	<u>38,970</u>
	<u>15,283,242</u>	<u>13,060,052</u>
Gas system:		
Gas sales	19,559,836	23,773,621
Miscellaneous	<u>54,187</u>	<u>19,326</u>
	<u>19,614,023</u>	<u>23,792,947</u>
Electric system:		
Electricity sales	37,852,727	37,278,426
Street and security lights	672,689	621,047
Miscellaneous	<u>103,019</u>	<u>109,586</u>
	<u>38,628,435</u>	<u>38,009,059</u>
Telecommunications:		
Internet services	1,322,098	1,213,258
Other telecommunications services	<u>1,055,411</u>	<u>910,458</u>
	<u>2,377,509</u>	<u>2,123,716</u>
Total operating revenues	<u>\$ 75,903,209</u>	<u>\$ 76,985,774</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 1,488,899	\$ 4,725,430
Receivables:		
Accounts receivable	82,597	75,956
Due from other funds	1,000,000	
Prepays	3,720	1,109
Inventory	1,468	2,028
Total current assets	<u>2,576,684</u>	<u>4,804,523</u>
Noncurrent assets:		
Capital assets, not being depreciated	4,252,544	1,632,295
Capital assets, being depreciated	12,312,190	12,580,277
Total noncurrent assets	<u>16,564,734</u>	<u>14,212,572</u>
Total assets	<u>19,141,418</u>	<u>19,017,095</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	285,253	145,556
Accrued liabilities	9,227	8,538
Due to other funds	1,069,469	
Notes payable, current	43,116	42,126
Capital leases, current	436,632	442,889
Liabilities payable from restricted assets:		
Customer deposits	1,530	1,780
Accrued interest payable	28,428	28,109
Revenue bonds, current	605,000	575,000
Total current liabilities	<u>2,478,655</u>	<u>1,243,998</u>
Noncurrent liabilities:		
Accrued compensated absences	58,920	43,563
Revenue bonds, long-term	3,564,825	4,165,790
Notes payable, long-term	829,535	872,651
Capital leases, long-term	867,373	896,274
Landfill postclosure liability	5,471,729	5,107,087
Total noncurrent liabilities	<u>10,792,382</u>	<u>11,085,365</u>
Total liabilities	<u>13,271,037</u>	<u>12,329,363</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	10,218,253	7,189,733
Unrestricted	(4,347,872)	(502,001)
Total net assets	<u>\$ 5,870,381</u>	<u>\$ 6,687,732</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Sanitation	\$ 6,858,938	\$ 7,105,725
Other sales	<u>194,031</u>	<u>143,834</u>
Total operating revenues	<u>7,052,969</u>	<u>7,249,559</u>
Operating expenses:		
Sanitation	4,874,581	4,968,376
Administrative services	204,138	
Depreciation and amortization	<u>528,726</u>	<u>569,183</u>
Total operating expenses	<u>5,607,445</u>	<u>5,537,559</u>
Operating income	<u>1,445,524</u>	<u>1,712,000</u>
Nonoperating revenues (expenses):		
Investment income	180,170	214,101
Gain (loss) on sale of assets	(68,078)	5,961
Interest expense	<u>(280,713)</u>	<u>(312,700)</u>
Total nonoperating revenues (expenses)	<u>(168,621)</u>	<u>(92,638)</u>
Income before transfers	1,276,903	1,619,362
Transfers in	282,012	344,909
Transfers out	<u>(2,376,266)</u>	<u>(2,050,002)</u>
Change in net assets	(817,351)	(85,731)
Net assets, beginning of year	<u>6,687,732</u>	<u>6,773,463</u>
Net assets, end of year	<u>\$ 5,870,381</u>	<u>\$ 6,687,732</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 7,046,328	\$ 7,248,962
Cash paid to employees	(1,126,294)	(1,048,957)
Cash paid to suppliers	(3,364,872)	(3,623,958)
Net cash provided (used) by operating activities	<u>2,555,162</u>	<u>2,576,047</u>
Cash flows from noncapital financing activities:		
Transfers in	282,012	344,909
Transfers out	(2,376,266)	(2,050,000)
Net cash provided (used) by noncapital financing activities	<u>(2,094,254)</u>	<u>(1,705,091)</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	50,818	
Capital lease proceeds	408,633	819,241
Capital lease payments	(443,791)	(535,550)
Principal payments on revenue bonds	(575,000)	(540,965)
Payments on notes payable	(42,126)	(41,159)
Acquisition of capital assets	(2,999,784)	(1,096,359)
Interest expenses	(276,359)	(305,374)
Net cash provided (used) by capital and related financing activities	<u>(3,877,609)</u>	<u>(1,700,166)</u>
Cash flows from investing activities:		
Investment income	180,170	214,101
Net cash provided (used) by investing activities	<u>180,170</u>	<u>214,101</u>
Net (decrease) increase in cash	(3,236,531)	(615,109)
Cash, beginning of year	<u>4,725,430</u>	<u>5,340,539</u>
Cash, end of year	<u>\$ 1,488,899</u>	<u>\$ 4,725,430</u>
Cash flows from operating activities:		
Operating income	\$ 1,441,489	\$ 1,712,000
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	528,726	569,183
Net bond (accretion) amortization	4,035	
(Gain) loss on sale of assets		(5,400)
Changes in operating assets and liabilities:		
Accounts receivable		(597)
Prepays		(1,109)
Inventory	(6,641)	
Accounts payable	560	
Accrued vacation	(2,611)	
Due from other funds	15,357	
Other accrued expenses	139,697	80,187
Due to other funds	(1,000,000)	
Other nonoperating revenue, net	1,069,469	
Customer deposits	689	221,783
Closure/postclosure care	(250)	
	<u>364,642</u>	
Net cash provided by operating activities	<u>\$ 2,555,162</u>	<u>\$ 2,576,047</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, 2007

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 550,852	\$ 1,424,628	\$ 1,975,480
Investments		54	54
Receivables-other	29,034	101,990	131,024
Due from other funds		110,000	110,000
Prepaid expense	21,944		21,944
Advances to other funds		1,645,703	1,645,703
Total assets	<u>601,830</u>	<u>3,282,375</u>	<u>3,884,205</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	23,423	5,693	29,116
Claims reserve	<u>525,000</u>	<u>600,000</u>	<u>1,125,000</u>
Total liabilities	<u>548,423</u>	<u>605,693</u>	<u>1,154,116</u>
Net assets:			
Unrestricted	<u>53,407</u>	<u>2,676,682</u>	<u>2,730,089</u>
Total net assets	<u>\$ 53,407</u>	<u>\$ 2,676,682</u>	<u>\$ 2,730,089</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Year Ended June 30, 2007

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 3,828,778	\$ 983,206	\$ 4,811,984
Operating expenses:			
Administrative services	137,563	20,842	158,405
Risk management	<u>3,565,602</u>	<u>911,777</u>	<u>4,477,379</u>
Total operating expenses	<u>3,703,165</u>	<u>932,619</u>	<u>4,635,784</u>
Operating income (loss)	<u>125,613</u>	<u>50,587</u>	<u>176,200</u>
Nonoperating revenues:			
Investment income	<u>23,801</u>	<u>157,908</u>	<u>181,709</u>
Total nonoperating revenues	<u>23,801</u>	<u>157,908</u>	<u>181,709</u>
Income before transfers	149,414	208,495	357,909
Transfers in	36,996		36,996
Transfers out	<u>(36,996)</u>		<u>(36,996)</u>
Change in net assets	149,414	208,495	357,909
Net assets, beginning of year	<u>(96,007)</u>	<u>2,468,187</u>	<u>2,372,180</u>
Net assets, end of year	<u>\$ 53,407</u>	<u>\$ 2,676,682</u>	<u>\$ 2,730,089</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2007

	Group Insurance Fund	Property and Casualty Fund	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 3,808,090	\$ 983,205	\$ 4,791,295
Cash paid to suppliers	(3,730,301)	(941,912)	(4,672,213)
Net cash provided (used) by operating activities	<u>77,789</u>	<u>41,293</u>	<u>119,082</u>
Cash flows from non-capital financing activities:			
Advances to other funds		(1,645,703)	(1,645,703)
Transfers in	36,996		36,996
Transfers out	(36,996)		(36,996)
Net cash (used) by non-capital financing activities	<u>0</u>	<u>(1,645,703)</u>	<u>(1,645,703)</u>
Cash flows from investing activities:			
Sale (purchase) of investments		(3)	(3)
Investment income	23,801	157,908	181,709
Net cash provided (used) by investing activities	<u>23,801</u>	<u>157,905</u>	<u>181,706</u>
Net increase (decrease) in cash	101,590	(1,446,505)	(1,344,915)
Cash, beginning of year	<u>449,262</u>	<u>2,871,133</u>	<u>3,320,395</u>
Cash, end of year	<u>\$ 550,852</u>	<u>\$ 1,424,628</u>	<u>\$ 1,975,480</u>
Report on the balance sheet as:			
Cash and cash equivalents	<u>\$ 550,852</u>	<u>\$ 1,424,628</u>	<u>\$ 1,975,480</u>
Cash flows from operating activities:			
Operating income	\$ 125,613	\$ 50,587	\$ 176,200
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:			
(Increase) decrease in accounts receivable	(20,688)		(20,688)
(Increase) decrease in prepaid expense	(21,944)		(21,944)
(Increase) decrease in interfund accounts		(10,000)	(10,000)
Increase (decrease) in accounts payable	(5,192)	706	(4,486)
Net cash provided (used) by operating activities	<u>\$ 77,789</u>	<u>\$ 41,293</u>	<u>\$ 119,082</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 550,852	\$ 449,262
Receivables-other	29,034	8,346
Prepaid expense	21,944	
Total assets	<u>601,830</u>	<u>457,608</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	23,423	28,615
Claims reserve	525,000	525,000
Total current liabilities	<u>548,423</u>	<u>553,615</u>
Net assets:		
Unrestricted	<u>\$ 53,407</u>	<u>\$ (96,007)</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues	\$ <u>3,828,778</u>	\$ <u>3,865,455</u>
Operating expenses:		
Administrative services	137,563	130,933
Risk management	<u>3,565,602</u>	<u>3,428,694</u>
Total operating expenses	<u>3,703,165</u>	<u>3,559,627</u>
Operating income (loss)	<u>125,613</u>	<u>305,828</u>
Nonoperating revenues:		
Investment income	<u>23,801</u>	<u>13,008</u>
Total nonoperating revenues	<u>23,801</u>	<u>13,008</u>
Income (loss) before transfers	149,414	318,836
Transfers in	36,996	35,460
Transfers out	(<u>36,996</u>)	(<u>70,120</u>)
Change in net assets	149,414	284,176
Net assets, beginning of year	(<u>96,007</u>)	(<u>380,183</u>)
Net assets, end of year	<u>\$ 53,407</u>	<u>\$ (96,007)</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 3,808,090	\$ 3,865,455
Cash paid to suppliers	(3,730,301)	(3,556,773)
Net cash provided (used) by operating activities	<u>77,789</u>	<u>308,682</u>
Cash flows from non-capital financing activities:		
Transfers in	36,996	35,460
Transfers out	(36,996)	(70,120)
Net cash provided (used) by non-capital financing activities	<u>0</u>	<u>(34,660)</u>
Cash flows from investing activities:		
Investment income	<u>23,801</u>	<u>13,008</u>
Net cash provided (used) by investing activities	<u>23,801</u>	<u>13,008</u>
Net increase (decrease) in cash	101,590	287,030
Cash, beginning of year	<u>449,262</u>	<u>162,232</u>
Cash, end of year	<u>\$ 550,852</u>	<u>\$ 449,262</u>
Report on the balance sheet as:		
Cash and cash equivalents	<u>\$ 550,852</u>	<u>\$ 449,262</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 125,613	\$ 305,828
Adjustments to reconcile operating loss to net cash used for operating activities:		
Increase in receivables	(20,688)	
Increase in prepaid expenses	(21,944)	
Decrease in accounts payable	(5,192)	2,854
Net cash provided (used) by operating activities	<u>\$ 77,789</u>	<u>\$ 308,682</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,424,628	\$ 2,871,133
Investments	54	51
Due from other funds	110,000	100,000
Receivables-other	101,990	
Advances to other funds	<u>1,645,703</u>	<u>101,990</u>
Total assets	<u>3,282,375</u>	<u>3,073,174</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	5,693	4,987
Claims reserve	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>605,693</u>	<u>604,987</u>
Net assets:		
Unrestricted	<u>\$ 2,676,682</u>	<u>\$ 2,468,187</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Charges for services	\$ 983,206	\$ 1,064,664
Operating expenses:		
Administrative services	20,842	21,468
Risk management	911,777	1,057,343
Total operating expenses	<u>932,619</u>	<u>1,078,811</u>
Operating income (loss)	<u>50,587</u>	<u>(14,147)</u>
Nonoperating revenues:		
Investment income	157,908	123,824
Total nonoperating revenues	<u>157,908</u>	<u>123,824</u>
Change in net assets	208,495	109,677
Net assets, beginning of year	<u>2,468,187</u>	<u>2,358,510</u>
Net assets, end of year	<u>\$ 2,676,682</u>	<u>\$ 2,468,187</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 983,205	\$ 1,064,664
Cash paid to suppliers	(941,912)	(1,109,268)
Net cash provided (used) by operating activities	<u>41,293</u>	<u>(44,604)</u>
Cash flows from non-capital financing activities:		
Advances to other funds	(1,645,703)	
Net cash provided (used) by non-capital financing activities	<u>(1,645,703)</u>	<u>0</u>
Cash flows from investing activities:		
Sale (purchase) of investments	(3)	467,722
Investment income	157,908	123,824
Net cash provided (used) by investing activities	<u>157,905</u>	<u>591,546</u>
Net increase (decrease) in cash	(1,446,505)	546,942
Cash, beginning of year	<u>2,871,133</u>	<u>2,324,191</u>
Cash, end of year	<u><u>\$ 1,424,628</u></u>	<u><u>\$ 2,871,133</u></u>
Report on the balance sheet as:		
Cash and cash equivalents	<u><u>\$ 1,424,628</u></u>	<u><u>\$ 2,871,133</u></u>
Cash flows from operating activities:		
Operating income	\$ 50,587	\$(14,147)
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) in investments	(3)	
(Increase) in interfund accounts	(10,000)	
Increase (decrease) in accounts payable	<u>706</u>	<u>(30,457)</u>
Net cash provided by operating activities	<u><u>\$ 41,290</u></u>	<u><u>\$(44,604)</u></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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Governmental fund capital assets:		
Land	\$ 11,932,709	\$ 7,287,968
Buildings and improvements	11,114,313	9,128,789
Machinery and equipment	6,395,070	5,451,576
Vehicles	2,649,465	2,255,786
Infrastructure	15,374,461	15,158,028
Construction in progress	<u>304,572</u>	<u>2,789,983</u>
Total governmental fund capital assets	<u>\$ 47,770,590</u>	<u>\$ 42,072,130</u>
Investment in governmental fund capital assets by source:		
General fund revenues	\$ 8,765,182	\$ 7,871,202
General obligation bonds	3,000,000	3,000,000
Capital projects fund	28,882,631	25,083,636
Special revenues fund	3,619,712	2,614,227
Donations	<u>3,503,065</u>	<u>3,503,065</u>
Total governmental fund capital assets	<u>\$ 47,770,590</u>	<u>\$ 42,072,130</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, 2007

<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	\$ 13,943,395	\$ 3,299,633	\$ 6,350,780	\$ 1,960,902	\$ 191,552	\$ 2,140,528	
Public safety	5,988,017	21,465	2,255,392	2,022,101	1,641,129	47,930	
Public service	9,942,709	1,609,815		1,277,429	407,014	6,648,451	
Culture and recreation	4,937,806	1,737,735	206,943	286,631	365,168	2,341,329	
Community development	12,958,663	5,264,061	2,301,198	848,007	44,602	4,196,223	\$ 304,572
Total governmental funds capital assets	<u>\$ 47,770,590</u>	<u>\$ 11,932,709</u>	<u>\$ 11,114,313</u>	<u>\$ 6,395,070</u>	<u>\$ 2,649,465</u>	<u>\$ 15,374,461</u>	<u>\$ 304,572</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, 2007

<u>Function and Activity</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
General government	\$ 13,918,963	\$ 24,432		\$ 13,943,395
Public safety	5,361,541	686,126	\$ 59,650	5,988,017
Public service	9,749,282	396,905	203,478	9,942,709
Culture and recreation	4,789,461	148,345		4,937,806
Community development	<u>8,252,883</u>	<u>7,292,285</u>	<u>2,586,505</u>	<u>12,958,663</u>
Total governmental funds capital assets	<u>\$ 42,072,130</u>	<u>\$ 8,548,093</u>	<u>\$ 2,849,633</u>	<u>\$ 47,770,590</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

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

CHIP and CDBG Schedules - Disclosure required by specific grants audit requirements.

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

CITY OF LAGRANGE, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY HOME INVESTMENT PROGRAM GRANT
Year Ended June 30, 2007

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

Total grant	\$ 300,000
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2007	(84,897)
June 30, 2006	(104,999)
June 30, 2005	(96,347)
Program funds available for future draw down	<u>\$ 13,757</u>
 Total program funds drawn down by recipient for the year ended June 30, 2007	 \$ 84,897
Add, program income applicable to the year ended June 30, 2007	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2007	<u>\$ 84,897</u>

CHIP 05m-x-141-2-2921

Total grant	\$ 298,950
Less, total program funds drawn down by recipient for the year ended June 30, 2007	<u>0</u>
Program funds available for future draw down	<u>\$ 298,950</u>

CITY OF LAGRANGE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY HOME INVESTMENT PROGRAM GRANT
Year Ended June 30, 2007

<u>Activity</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>		<u>Questioned Cost</u>
		<u>Year Ended June 30, 2007</u>	<u>Prior Years</u>	
CHIP 04m-x-141-2-2913:				
H-013-00	\$ 285,000	\$ 61,999	\$ 219,994	None
A-21A-00	<u>15,000</u>	<u>9,898</u>	<u>1,243</u>	None
	<u>\$ 300,000</u>	<u>\$ 71,897</u>	<u>\$ 221,237</u>	
CHIP 05m-x-141-2-2921:				
H-013-00	\$ 284,000	\$ 24,000	N/A	None
A-21A-00	<u>14,950</u>			None
	<u>\$ 298,950</u>	<u>\$ 24,000</u>		

CITY OF LAGRANGE, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended June 30, 2007

CDBG 06h-x-141-2-3223:

Total grant	\$ 500,000
Less, total program funds drawn down by recipient for the year ended: June 30, 2007	(500,000)
Program funds available for future draw down	<u>\$ 0</u>
Total program funds drawn down by recipient for the year ended June 30, 2007	\$ 500,000
Add, program income applicable to the year ended June 30, 2007	<u>0</u>
Total program funds drawn by recipient and program income fr the year ended June 30, 2007	<u>\$ 500,000</u>

CITY OF LAGRANGE, GEORGIA
 PROJECT COST SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 Year Ended June 30, 2007

<u>Activity</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u> <u>Year Ended June 30, 2007</u>	<u>Prior Years</u>	<u>Questioned Cost</u>
CDBG 06h-X-141-2-3223: H001-00	\$ <u>500,00</u>	\$ <u>500,000</u>	N/A	None

CITY OF LAGRANGE, GEORGIA
SPECIAL LOCAL OPTION SALES TAX FUNDS
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
Year Ended June 30, 2007

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Special Local Option Sales Tax - 2006:				
Roads, streets and bridges:				
Construction and resurfacing	\$ 9,800,000	N/A	\$ 65,547	\$ 65,547
Bridge repair	880,000		0	0
Bike and sidewalk facilities	880,000		0	0
Utility relocation and construction	4,880,000		0	0
Public safety facilities and equipment	2,880,000		847,204	847,204

STATISTICAL SECTION

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.	87
<u>Revenue Capacity</u> - These schedules present information to help the reader assess the City's most significant local revenue source, utility revenue.	94
<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.	99
<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.	103
<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.	105

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 Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 18,895,271	\$ 19,160,513	\$ 20,955,023	\$ 22,872,801	\$ 27,138,772
Restricted for:					
Redevelopment programs	3,452,942	3,880,395	3,810,657	3,212,506	3,147,093
Perpetual care	619,029	592,765	504,840	521,646	616,599
Capital outlay	91,871	27,799			
Unrestricted	8,842,707	8,023,687	5,651,212	6,071,644	4,087,150
Total governmental activities net assets	\$ 31,901,820	\$ 31,685,159	\$ 30,921,732	\$ 32,678,597	\$ 34,989,614
Business-type activities					
Invested in capital assets, net of related debt	\$ 61,607,620	\$ 62,436,197	\$ 74,485,060	\$ 78,006,264	\$ 85,729,997
Restricted for:					
Redevelopment programs					
Perpetual care					
Unrestricted	19,220,003	23,774,590	15,595,791	14,868,506	11,136,268
Total business-type activities net assets	\$ 80,827,623	\$ 86,210,787	\$ 90,080,851	\$ 92,874,770	\$ 96,866,265
Primary government					
Invested in capital assets, net of related debt	\$ 80,502,891	\$ 81,596,710	\$ 95,440,083	\$ 100,879,065	\$ 112,868,769
Restricted for:					
Redevelopment	3,452,942	3,880,395	3,810,657	3,212,506	3,147,093
Perpetual care	619,029	592,765	504,840	521,646	616,599
Capital outlay	91,871	27,799			
Unrestricted	28,062,710	31,798,277	21,247,003	20,940,150	15,223,418
Total primary government net assets	\$ 112,729,443	\$ 117,895,946	\$ 121,002,583	\$ 125,553,367	\$ 131,855,879

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.

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S M A R T M O V E SM

City of LaGrange, Georgia
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 1,299,278	\$ 1,967,196	\$ 1,867,233	\$ 1,861,149	\$ 1,774,541
Public safety	9,562,780	11,468,875	11,214,890	11,435,498	12,451,424
Public Service	4,321,136	2,316,783	4,276,819	3,250,325	2,811,952
Culture and recreation	641,908	1,024,664	944,364	1,015,887	1,033,239
Community development	1,265,763	1,576,977	1,568,303	1,849,841	2,216,201
Risk Management	4,272,833				
Miscellaneous			510,577	640,300	1,068,017
Interest on long-term debt.	340,575	372,771	423,878	511,415	388,276
Total governmental activities expenses	21,704,273	18,727,266	20,806,064	20,564,415	21,743,650
Business-type activities:					
Water and sewerage	11,846,135	8,642,457	11,250,626	12,472,000	12,689,848
Gas	12,982,663	14,658,958	17,004,842	21,836,159	17,185,437
Electric system	29,035,611	29,680,370	30,592,415	32,588,379	32,919,187
Sanitation	3,887,617	5,081,769	5,673,818	5,850,259	5,888,158
Telecommunications	2,085,184	1,910,459	1,243,870	1,773,071	2,032,142
Total business-type activities expenses	59,837,210	59,974,013	65,765,571	74,519,868	70,714,772
Total primary government expenses	\$ 81,541,483	\$ 78,701,279	\$ 86,571,635	\$ 95,084,283	\$ 92,458,422
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 339,156	\$ 170,880	\$ 276,231	\$ 588,084	\$ 427,172
Public safety	1,288,633	1,094,738	1,569,711	1,733,392	1,770,610
Public service	590,852		239,338	263,671	332,979
Community development	96,134	272,005	1,119,295	914,157	1,155,887
Risk management	4,071,574				
Operating grants and contributions	434,680	31,878	137,954	104,999	103,647
Capital grants and contributions		21,955	2,097,397	1,773,021	500,000
Total government activities program revenues	6,821,029	1,591,456	5,439,926	5,377,324	4,290,295
Business-type activities:					
Charges for services:					
Water and sewerage	11,480,750	12,383,971	12,304,516	13,060,052	15,283,242
Gas system	14,959,419	17,129,787	18,701,940	23,792,947	19,614,023
Electric system	33,835,447	34,569,540	35,716,067	38,009,059	38,628,435
Sanitation	5,514,095	6,284,443	6,943,583	7,249,559	7,052,989
Telecommunications	1,485,950	1,869,537	1,367,384	2,123,716	2,377,509
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	82,956,178
Total primary government program revenues	\$ 74,096,690	\$ 73,828,734	\$ 81,876,181	\$ 89,612,657	\$ 87,246,473

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	\$ (14,883,244)	\$ (17,135,810)	\$ (15,366,138)	\$ (15,187,091)
Business-type activities	7,438,451	12,263,265	10,670,684	9,715,465
Total primary government net expense	<u>\$ (7,444,793)</u>	<u>\$ (4,872,545)</u>	<u>\$ (4,695,454)</u>	<u>\$ (5,471,626)</u>
General Revenues and Other Changes				
Net Assets				
Governmental activities:				
Taxes				
General purpose taxes	\$ 2,395,447	\$ 2,494,787	\$ 2,640,202	\$ 2,763,775
Sales tax	3,967,466	3,937,371	4,012,504	4,536,174
Franchise taxes	1,324,246	994,855	912,312	987,147
Grants and contributions not restricted	79,039	122,866		
Unrestricted investment earnings	349,563	219,154	266,186	333,920
Gain on sale of capital assets	11,344	178,178	(680,722)	478,230
Miscellaneous	83,224	1,645,214		
Transfers	6,997,602	7,327,795		7,844,710
Total government activities	<u>15,207,931</u>	<u>16,919,149</u>	<u>14,478,277</u>	<u>16,943,956</u>
Business-type activities:				
Unrestricted investment earnings	475,855	303,275	500,828	917,203
Gain on sale of capital assets		39,516	26,347	5,961
Miscellaneous	461,680	103,832		
Transfers	(6,997,602)	(7,326,724)	(7,327,795)	(7,844,710)
Total business-type activities	<u>(6,060,067)</u>	<u>(6,880,101)</u>	<u>(6,800,620)</u>	<u>(6,921,546)</u>
Total primary government	<u>\$ 9,147,864</u>	<u>\$ 10,039,048</u>	<u>\$ 7,677,657</u>	<u>\$ 10,022,410</u>
Change in Net Assets				
Government activities	324,687	(216,661)	(887,861)	1,756,865
Business-type Activities	1,376,384	5,383,164	3,870,064	2,793,919
Total primary government	<u>\$ 1,703,071</u>	<u>\$ 5,166,503</u>	<u>\$ 2,982,203</u>	<u>\$ 4,550,784</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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 1,086,759	\$ 855,061	\$ 855,918	\$ 718,022	\$ 714,284	\$ 806,803	\$ 782,600	\$ 206,050	\$ 194,759	\$ 251,157
Unreserved	1,338,091	395,004	(9,311)	129,386	994,972	777,129	707,072	1,565,837	1,990,109	1,988,670
Total general fund	\$ 2,424,850	\$ 1,250,065	\$ 846,607	\$ 847,408	\$ 1,709,256	\$ 1,583,932	\$ 1,489,672	\$ 1,771,887	\$ 2,184,868	\$ 2,239,827
Other governmental funds										
Reserved	\$ 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	\$ 3,177,721
Unreserved, reported in:										
Special revenue	295,833	102,301	209,940	243,425	253,371	188,067	(350,136)	(364,578)	197,349	172,874
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	591,857
Capital projects	620,911	(298,025)	1,194,663		1,959,188	2,372,093	2,717,370	1,231,130	1,032,902	(751,407)
Total all other government funds	\$ 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	\$ 3,191,045

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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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
venues										
taxes, licenses and permits	\$ 7,344,338	\$ 7,561,380	\$ 8,076,924	\$ 8,253,038	\$ 8,047,152	\$ 7,852,799	\$ 7,697,143	\$ 7,804,356	\$ 8,550,767	\$ 9,494,389
charges for services	1,460,022	533,609	437,733	303,031	290,242	500,719	176,699	2,288,485	2,100,494	1,261,121
fees and forfeitures	147,316	157,221	175,934	263,893	341,695	368,883	251,220	267,242	339,184	373,674
investment income	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	1,398,173
miscellaneous	304,559	16,352	344,476	211,405	226,852	269,858	219,154	266,186	333,920	293,122
	496,085	1,394,715	536,285	967,965	815,522	856,032	1,645,214	1,372,690	1,271,448	925,648
Total revenues	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	13,746,127
expenditures										
general government	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	1,626,122
public safety	7,691,045	7,964,829	8,497,976	8,750,529	8,922,255	9,235,159	10,225,019	10,614,052	11,410,643	12,359,237
public service	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	2,318,629
culture and recreation	876,100	876,000	1,048,531	981,100	1,117,854	697,984	819,841	755,436	852,432	857,379
community development	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	1,969,599
development and housing						261,730	247,774	388,976	387,302	807,255
telecommunications and technology								116,714	258,735	262,935
administrative and management						64,555	80,196	-	-	-
capital outlay	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	5,761,421
debt service										
principal	3,008,825	1,315,155	1,384,405	1,071,711	1,462,254	726,243	875,391	820,092	814,269	881,339
interest	223,892	175,811	138,023	195,158	262,936	380,862	372,771	423,878	408,951	420,630
Total expenditures	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	27,264,546
excess of revenues										
over (under) expenditures	(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)	(13,518,419)

Fiscal Year Ended June 30

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other financing sources (uses)										
Proceeds from capital lease	474,411	169,655	4,632,944	1,041,978	4,076,822	612,233	525,419	150,586	398,688	800,953
Sale of fixed assets							178,178	20,183	495,421	907,147
Note payable	1,835,000									
Transfers in	5,400,000	6,976,681	9,139,732	8,121,175	8,634,315	7,517,809	7,808,992	8,533,933	9,234,115	10,869,335
Transfers out		(807,884)	(615,417)	(1,205,188)	(493,950)	(470,707)	(510,489)	(1,335,081)	(1,354,745)	(1,441,376)
Total other financing sources (uses)	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	11,136,059
Net change in fund balances	\$ (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)	\$ (2,382,360)

Debt service as a percentage of noncapital expenditures

	14.72%	9.34%	8.98%	7.68%	10.39%	6.75%	7.25%	6.27%	6.02%	6.05%
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City of LaGrange, Georgia
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Property Tax	Local Option Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Total
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
2007	-	5,231,281	1,047,832	-	650,917	383,507	7,313,537

* Information not available

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

FINANCIAL RATIOS:

	<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>	<u>2007</u>
water & sewer profit margin (%)	8.1	4.9	13.3	5.1	0.5	(11.2)	21.9	9.4	4.8	34.1
gas profit margin (%)	18.0	22.3	16.8	10.4	14.7	14.3	20.7	10.0	8.2	12.7
electric profit margin (%)	19.5	16.3	15.0	12.8	17.4	15.7	14.1	14.7	14.3	16.9
telecom profit margin (%)	(289.7)	(39.2)	21.7	21.5	44.1	(5.6)	(2.1)	55.3	15.3	24.0
return on total assets (%)	12.0	11.0	8.1	7.6	8.1	6.8	8.3	7.6	6.9	10.2
return on equity (%)	16.6	15.7	12.7	11.6	12.6	9.0	14.2	12.3	10.5	19.8
liabilities/Assets (%)	40.4	42.6	47.3	46.7	45.8	46.6	46.8	45.1	42.8	51.6
current ratio (x)	1.8	2.6	2.4	2.7	3.4	2.9	3.2	2.5	2.1	3.2
receivables avg. days outstanding	39.8	37.6	48.5	46.5	46.5	45.5	45.8	43.5	45.4	57.4
general fund transfer (% of Income)	49.5	49.9	90.5	81.9	83.8	101.3	64.1	73.2	68.1	93.8
general fund transfer (% of Revenue)	9.9	10.3	15.3	10.5	13.0	11.2	11.1	10.7	7.9	18.3
total Equity Transfers Out (\$)	5,400	5,610	8,413	7,114	8,077	6,985	7,342	7,504	6,141	13,995
total investment versus depreciation (x)	1.6	1.3	1.2	0.6	0.4	0.7	2.5	2.2	2.0	5.4
capitalization (%)	104,904	110,374	111,970	111,488	110,252	109,230	117,957	116,899	115,637	121,106
working Capital (\$)	4,536	10,105	10,149	12,150	17,643	17,389	20,177	14,924	10,525	16,027

OPERATING INFORMATION:

electric MWH purchases	505,017	508,641	532,834	548,980	548,242	551,238	535,310	525,129	513,354	502,517
electric \$/MWH purchased	42.63	43.47	47.61	51.04	48.98	48.43	51.27	54.74	60.67	60.73
electric MWH sales	474,946	485,475	508,351	521,845	518,079	526,194	509,969	506,029	492,641	482,332
electric \$/MWH sold	59.33	59.31	58.93	61.23	64.93	63.08	64.81	65.40	69.36	74.03
electric Operating \$/MWH sold	3.243	3.541	3.151	3.605	5.314	4.166	3.377	4.565	4.009	4.489
retailed Electric meters	11,697	11,835	12,009	12,009	12,534	12,591	12,654	12,754	12,873	12,919
electric employees	12	12	12	12	12	12	12	12	12	12
transmission employees	975	986	1,001	1,001	1,045	1,049	1,055	1,063	1,073	1,077
MWHs/employee	39,579	40,456	42,363	43,487	43,173	43,850	42,497	42,169	41,053	40,194
gas purchases	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	2,055,045
gas \$/Dth purchased	3.21	2.81	3.41	6.82	4.55	5.49	6.03	7.23	10.27	7.28
gas Dth sales	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	1,997,983
gas \$/Dth sold	5.49	4.96	5.30	9.27	6.77	7.61	8.50	9.66	13.22	9.93
gas Operating \$/Dth sold	0.88	0.80	0.78	0.83	0.84	0.69	0.68	1.05	0.71	0.81
retailed Gas meters	8,205	8,462	8,663	9,000	9,422	9,548	9,538	9,545	9,580	9,567
gas employees	12	12	12	12	12	12	12	12	12	12
transmission employees	684	705	722	750	785	796	795	795	798	797
MWHs/employee	168,083	165,833	162,333	167,667	155,081	162,794	167,201	159,564	151,141	166,499

Water MMGAL sales	2,379	2,430	2,299	2,238	2,252	2,145	2,142	2,198	2,406
Water \$/MGAL sold	2.60	2.76	2.76	2.92	2.83	3.18	3.27	3.46	3.66
Water and Sewer Operating/MMGAL	2.42	2.46	2.59	2.66	2.69	2.97	3.49	4.10	2.99
Installed Water meters	15,495	15,925	16,200	17,504	17,856	18,207	18,502	18,700	19,002
Water distribution employees	14	14	13	13	13	16	16	16	17
Water production employees	13	14	14	14	14	14	14	13	13
Meters/distribution employee	1,107	1,138	1,246	1,346	1,374	1,138	1,156	1,169	1,118
Meters/production employee	1,192	1,138	1,200	1,297	1,323	1,349	1,322	1,438	1,462
MMGAL/distribution employee	170	174	177	172	173	134	134	137	142
MMGAL/production employee	183	174	170	166	167	159	153	169	185
Customer Service Reps	6	6	6	6	6	6	6	6	6
Meters/CSR	5,852	6,100	6,202	6,577	6,666	6,733	6,800	6,859	6,915
Utility Service Workers	8	8	8	8	9	9	9	9	9
Meters/Service Worker	4,389	4,575	4,651	4,933	4,444	4,489	4,533	4,573	4,610
Meters per USW			2,086	2,273	2,171	2,460	2,790	3,112	3,089

Notes:

Changed from read to installed meters in 2000.

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

Customer	2007			2001 *		
	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank	Percentage of Total Customer Charges
Milliken & Co.	\$ 1,091,014	1	7.1	\$ 774,006	1	10
Troup County Commissioners	207,902	2	1.4	81,807	6	1.1
West Ga Medical Park	193,580	3	1.3	135,371	3	1.8
City of Greenville	174,664	4	1.1	129,165	4	1.7
Kimberly Clark	125,225	5	0.8	90,419	5	1.2
DRI Builders Inc	94,854	6	0.6			
LaGrange College	93,611	7	0.6			
Troup Co. School System	82,261	8	0.5	74,262	7	1.0
Lee Crossing Rent Office	70,911	9	0.5	55,728	8	0.7
Exxon Mobil	59,704	10	0.4			
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>\$ 2,193,726</u>		<u>14.3</u>	<u>\$ 1,616,010</u>		<u>21.1</u>

Data Source: City Utility Department

* Individual customer information was not available prior to 2001.

Current Year and Six Years Ago

Customer	2007			2001 *		
	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank	Percentage of Total Customer Charges
Milliken & Co.	\$ 5,357,630	1	27.0	\$ 3,539,697	1	18.1
Kimberly Clark	1,239,341	2	6.2	871,729	2	4.5
Exxon Mobil	826,698	3	4.2	693,018	4	3.5
West Ga Medical Park	598,251	4	3.0	493,393	5	2.5
Interface Flooring Systems	520,051	5	2.6	415,630	9	2.1
Mountville Mills	486,977	6	2.5	303,967	10	1.6
LaGrange Moulding Co.	471,419	7	2.4			
Hillside Coating	389,386	8	2.0			
Troup Co. School System	355,407	9	1.8	455,197	7	2.3
Emerson Network Power	323,609	10	1.6			
West Point Home Inc.				779,610	3	4
Shorewood Packaging				460,200	6	2.4
Kleen Tex #2				435,593	8	2.2
	\$ 10,568,769		53.3	\$ 8,448,034		43.2

Data Source: City Utility Department

* Individual customer information was not available prior to 2001.

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

	2007				2001 *			
	Customer		Percentage of Total		Customer Charges		Rank	
	Customer	Charges	Rank	Customer Charges	Rank	Customer Charges	Rank	Percentage of Total Customer Charges
Exxon Mobil		\$ 3,163,573	1	8.3		\$ 2,205,576	1	6.4
Duracell USA		1,538,576	2	4.0		1,181,075	3	3.4
City of LaGrange		1,521,168	3	4.0		1,325,188	2	3.9
West Ga Medical Park		1,330,798	4	3.5		1,052,814	4	3.1
Wal-Mart		1,204,828	5	3.1		868,035	7	2.5
Troup Co. School System		928,663	6	2.4		852,944	8	2.5
Freudenberg NOK		917,304	7	2.4		836,286	9	2.4
Interface Flooring Systems		870,263	8	2.3		784,703	10	2.3
Kleen Tex #2		770,105	9	2.0				
LaGrange College		739,978	10	1.9				
Shorewood Packaging						902,318	5	2.6
Treadgear Films Division						892,436	6	2.6
		<u>\$ 12,985,256</u>		<u>33.9</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			
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
2007			3,910,520	3,175,000	30,625,000	2,691,679	2,317,460	42,719,659	8.01%	1,532

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

** See Demographic and Economic Statistics on page 103 for personal income and population data.

City of LaGrange, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

<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	\$ 3,425,000	46%	\$ 1,575,500
Troup County Board of Public Education	44,560,976	46%	20,498,049
Subtotal, overlapping debt			<u>22,073,549</u>
Direct debt:			
City of LaGrange, Georgia			-
governmental activities			-
LaGrange Development Authority			-
Subtotal, direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 22,073,549</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 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
debt limit	\$ 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	\$ 89,860,844
total net debt applicable to limit										
total net debt margin	\$ 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	\$ 89,860,844
total net debt applicable to the limit										
as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year										
										2007
Assessed value										\$ 898,608,439
Add Back: Exempt real property										
Total assessed value										
Debt limit (10% of total assessed value)										89,860,844
Debt applicable to limit:										
General obligation bonds										
Less: Amount set aside for repayment of general obligation debt										
Total net debt applicable to limit										89,860,844
Legal debt margin										\$ 89,860,844

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	
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	7,519,460	5,540,592	3,335,000	1,068,906	4,403,906	1.26
2007	15,443,302	9,028,241	6,415,061	3,440,000	946,213	4,386,213	1.46

* Operating and no operating revenue available for debt service.

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

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

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

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		City / County Consolidated School Enrollment **	Unemployment Rate ***
					Formal Schooling			
1998	28,220	\$ 528,645,260	\$ 18,733	33.6	N/A	N/A	11,082	7.1%
1999	28,502	549,946,090	19,295	33.6	N/A	N/A	11,299	6.8%
2000	25,998	432,866,700	16,650	32.8	N/A	N/A	11,653	5.4%
2001	26,250	445,515,000	16,972	32.8	N/A	N/A	11,748	6.7%
2002	26,512	458,975,744	17,312	32.8	N/A	N/A	10,717	8.1%
2003	26,777	472,828,266	17,658	32.8	N/A	N/A	11,944	8.9%
2004	27,045	487,107,495	18,011	32.8	N/A	N/A	12,049	8.5%
2005	27,362	502,667,302	18,371	32.8	N/A	N/A	12,240	6.6%
2006	27,635	517,824,630	18,738	32.8	N/A	N/A	12,400	7.3%
2007	27,911	533,359,369	19,113	32.8	N/A	N/A	12,359	6.1%

N/A = Not Available

Data Sources:

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

** Board of Education

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

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

Employer	Type of Business	2007		1998	
		Employees	Rank	Employees	Rank
Troup County School System	Education	1807	1	*	
Milliken & Co.	Textiles	1660	2	*	
Wal-Mart Distribution Center	Warehousing	1600	3	*	
West Georgia Health Systems	Medical Services	1336	4	*	
Interface Flooring	Floor coverings	1080	5	*	
Troup County Board of Commissioners	Government	517	6	*	
Duracell	Batteries	475	7	*	
City of LaGrange	Government	429	8	*	
Emerson Network Power	Energy	400	9	*	
American Home Shield	Home Warranty	400	10	*	

Data Source: LaGrange - Troup Chamber of Commerce

* Information not available

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Full-time Equivalent Employees as of June 30										
Governmental activities										
General Government	25	25	26	26	26	27	28	29	29	19
Public safety	96	100	100	100	105	106	106	107	108	97
Police	59	59	59	59	60	59	59	59	59	60
Fire	3	3	3	3	3	3	3	3	3	3
Animal control	4	5	4	4	3	3	3	3	3	2
Court services	0	0	0	3	4	5	5	4	4	4
Probation services	11	11	14	14	14	14	14	13	13	15
Public service	15	18	18	18	20	20	20	20	20	20
Landscaping & cemeteries	3	3	3	3	3	3	3	3	3	2
Highways & streets	9	9	9	9	9	9	9	9	9	9
Traffic control	4	3	2	2	2	1	1	1	1	1
Trash and refuse	0	0	0	0	0	0	0	0	0	0
Engineering	1	1	1	1	1	2	2	2	2	2
Community development	0	0	0	0	0	0	0	0	0	0
Life & building safety	1	1	1	1	1	2	2	2	2	2
Housing & inspections	0	0	0	0	0	0	0	1	1	2
Economic development	14	14	14	15	10	12	3	4	3	9
Community and economic development	14	15	15	15	15	15	15	15	15	15
Other governmental services	14	15	15	15	15	15	15	15	15	15
Vehicle maintenance	14	15	15	15	15	15	15	15	15	15
Local governmental television	258	266	268	272	275	279	278	282	282	262
Total governmental activities										
Business-type activities										
Water & sewerage	63	64	64	61	60	60	63	63	63	62
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	3	3	5	5	5	4
Sanitation	32	33	29	30	32	28	33	32	32	33
Business-type activities support services	23	24	25	26	27	28	28	27	28	28
Total Business-type activities	144	147	144	143	146	143	153	151	152	151
Grand total	402	413	412	415	421	422	431	433	434	413

Data Source: City Finance Department

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

Function	Fiscal Year Ended June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Physical arrests	*	*	4129	3956	3626	3521	4319	4537	4489	5042
Parking violations	*	*	543	1638	789	1155	689	1253	1158	1205
Traffic violations	*	*	14007	13142	13818	11851	15404	13053	14687	15116
Fire										
Number of calls answered	1737	1648	2585	2693	2766	2795	2908	2854	2514	2632
Inspections	800	800	800	800	157	125	901	1235	2197	2763
Health and Welfare										
Animal Control (captured animals-City)	*	*	*	*	*	1359	1431	1128	908	600
Highways and streets										
Street resurfacing (miles)	9	6	9	8	10	9	8	4	9	2
Potholes repaired	2514	2436	2618	2572	2398	2451	2429	2554	2360	2500
Water and sewerage										
New water connections	197	282	430	275	1304	352	351	295	198	383
New sewage connections	N/A	N/A	N/A	N/A	577	*	399	184	179	305
Average daily consumption (thousands of gallons)	6115	6518	6658	6299	6132	6170	5877	5869	6022	6590
Average daily sewage treatment (thousands of gallons)	5660	5630	6110	5910	5250	6990	5740	6310	5150	5320
Gas										
Breaks on gas main	44	36	113	131	149	195	68	75	9	10
Solid waste										
Refuse collected (tons/day)	208	214	226	238	297	307	325	359	386	441
Recyclables collected (tons/day)	1	2	3	4	5	5	6	7	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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	35	36	39	44	53	68	75	81	77
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire engines	9	9	9	9	9	9	9	9	9	8
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	207
Parks	12	12	12	12	12	12	12	12	12	14
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	3
Community centers	1	1	1	1	1	1	1	1	1	2
Highways and streets										
Streets (miles)	180	184	186	190	190	192	192	194	198	205
Streetlights (additions)	*	*	*	146	114	93	84	202	178	106
Traffic signals (City owned)	15	15	15	15	15	15	15	15	15	9
Water and sewerage										
Water mains (miles)	175	179	181	185	186	188	188	191	195	200
Fire hydrants	1,411	1,463	1,502	1,544	1,597	1,630	1,671	1,704	1,729	1800
Maximum daily water capacity (thousands of gallons)	12,500	13,900	13,400	12,000	15,000	10,800	10,000	10,100	12,400	11500
Sanitary sewers (miles)	180	184	186	190	190	192	192	194	198	210
Storm sewers (miles)	37	41	41	42	45	47	47	49	51	55
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)	241	248	210	212	217	228	241	248	250	260
Number of distribution stations	14	14	14	15	15	15	15	15	13	12
Sanitation										
Collection trucks	45	45	45	45	27	28	30	32	33	35

Data Sources: Various City departments.

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

* Information Not Available

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