

**CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2010

Prepared by:

DEPARTMENT OF FINANCE

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010

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December 27, 2010

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, 2010 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.

This is the eighth 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 six (6) departments: Community Development, Finance/Human Resources, Information and Technology, Public Safety, 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 35 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 environment in 2010 remains very challenging. While many predicted an economic rebound for the country from the deep recession, in the second half of 2010 we have seen little evidence locally that the situation is improving. The local unemployment rate remains unacceptably high and both building permits and sales taxes remain sluggish. We are blessed that the Kia Motors Manufacturing Plant has been very successful. The employment and hiring statistics at the car plant as well as associated manufacturers is actually exceeding initial expectations. As we approach 2011, plans are taking shape to expand operations at both the car plant as well as affiliated suppliers.

However, we have seen no rebound in single family housing although there has been some growth in the apartment market. Many of the projects that were contemplated for Troup County over the past several years have not come to fruition. Although the economy remains sluggish we have made adjustments to the City's operating plan and I remain confident that LaGrange has a very bright future and that we are well positioned to provide outstanding facilities and services to our citizens and are poised to grow in the future.

The City's local option sales tax receipts decreased by \$213,393 roughly a 4% decrease over 2009. 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 and will help offset the general and enterprise fund expenses.

MAJOR INITIATIVES

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

UTILITIES

Electric. The biggest single initiative in the utilities department was the Plant Vogtle project financing. The total "all in" cost of capital including the Federal interest subsidy on the Build America Bonds and estimated negative arbitrage is 4.83% with gross debt service savings of \$2.9 billion versus MEAG's original budget projections. LaGrange's share of this savings is \$174 million over the 46 year term and at \$33 million net present value benefit compared to budget. While this is an important first step in this project, there are still significant challenges both respect to schedule and construction that are still ahead.

Electric revenues remain strong. Off system sales should exceed \$1.5 million for 2010. Unfortunately, as we have recently discussed planned outages of several generating units during calendar year 2011 should have a significant negative impact on off systems sales revenue. In total, sales for 2010 are up about 12% about 2010 due to warmer weather and several new loads from Kia suppliers. We have secured new electric load from Sewon, Sejon, Hanil E. Hwa, ITW Daelim and others.

Gas. We have completed all the main replacement associated with the cast iron replacement project we started several years ago. Total project costs were in the \$15 million range, some of which was debt financed but some of which also came out of the operating budgets of the City. Going forward this will not be part of the gas operating budgets and should have a positive impact on net margin. There still is significant work to do in service replacements but I anticipate that work will be completed within the next year or two.

In addition to lower cost structure going forward, we have been fortunate to see a 26% increase in sales, most of which is attributable to the City of LaGrange entering into a contract with Kia.

While the City Gas Department is benefiting from lower capital costs and higher sales, we also are seeing lower operational costs. The cast iron replacement project is reducing maintenance costs on our system and we anticipate reductions in employment in the Gas Division next year as vacant positions are not being filled.

Prepaid Gas. The prepaid gas transaction that we entered into a few years ago remains very successful. During 2010, we received over \$500,000 from the two transactions entered. One was with the Municipal Gas Authority of Georgia and one was with Tennessee Energy Corporation. Despite troubles in the investment banking sector, these transactions remain solid and anticipate they will for several years.

PUBLIC SERVICES

ARRA Last year the City was awarded \$4.3 million in American Recovery and Reinvestment Act funds for certain capital improvements to the Long Cane Wastewater Plant capital improvements. The project is nearing completion and will increase both capacity and performance of the plant. Also, this project will lower future capital needs for our sewer system.

Gold Award. Once again, the Long Cane Water Pollution Control Plant has received the Gold Award for perfect compliance with EPD regulations. This award has been given to our sewage treatment facility in the past but recognizes the highest standard of wastewater treatment in the industry.

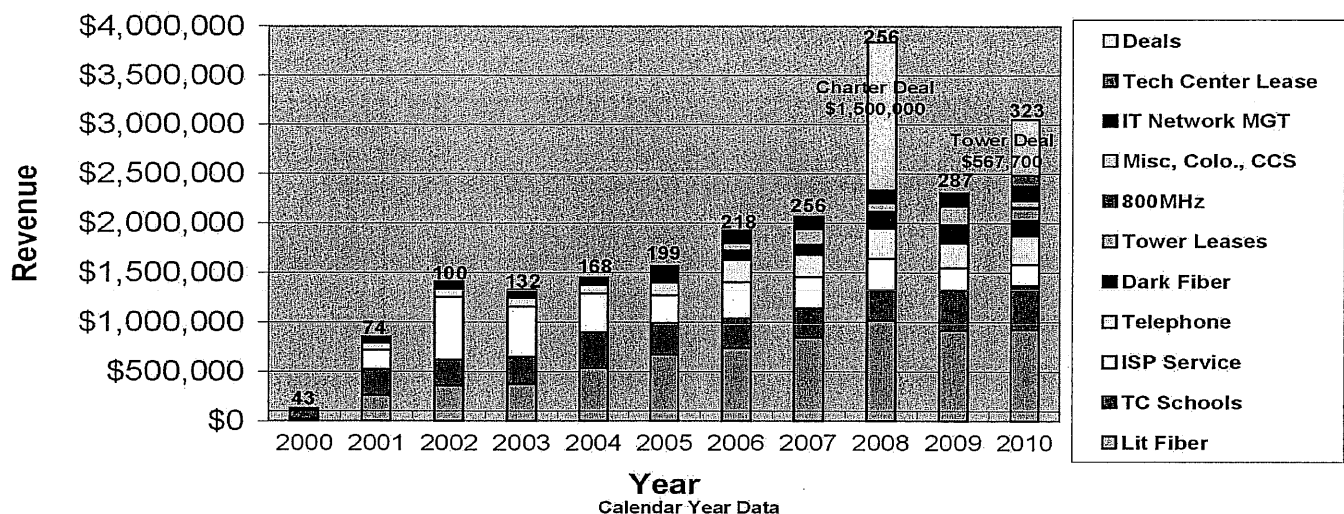
Sanitation Contracts. The City has entered into long term commercial sanitation hauling and disposal agreements with Kia, Sewon, Sejon, ITW Daelim, Powertec, Globis, Mobis, and Dahaem Solutions. Although we have lost some tonage at the landfill with the opening of the new Turkey Run facility near Hogansville, these contracts have stabilized our revenue stream in sanitation and are expected to increase gross revenues in the future.

TELECOMMUNICATIONS

Our telecommunications business continues to grow. We have diversified revenue sources and increased customer count and it remains our most profitable venture on margin. We have had to discount charges for some services, however, we have added data center revenue, lease revenue and additional revenues from a

fairly significant increase in customer count. The increased customer count enhances the reliability of our revenue stream. Presented below is a chart showing customer count and the various services being provided by our telecommunications enterprise.

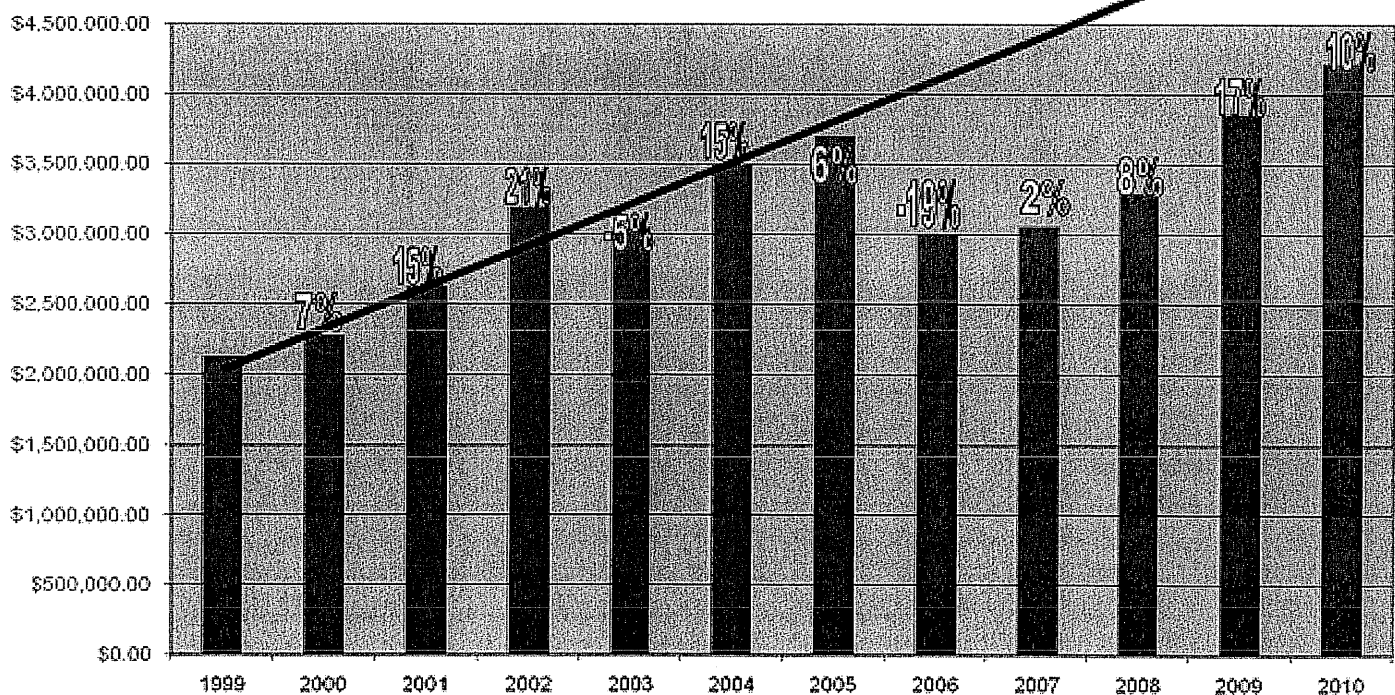
City Of LaGrange Telecom Revenue



HUMAN RESOURCES AND ADMINISTRATION

Health Insurance. Although health claims have gone up over the last couple of years, which is consistent with the National average, our program of managing health risks is still very successful. As is outlined in the graph below, a trend line analysis of our healthcare claims show we are saving in excess of a million dollars a year compared with where we otherwise would be. The intervention point of our new program was in 2006.

City of LaGrange Medical Claims



ECONOMIC DEVELOPMENT

During 2010, we announced two new Korean projects coming to Troup County. Hanil E. Hwa and Daeha America both were announced and results in approximately \$16 million in new investment and over 200 jobs. Also, expansions are planned/underway at Kia, Sewon, Sejon, Johnson Controls, Daehim Solutions, and others. The job creation at Kia and related suppliers has exceeded initial projections.

During 2010 the City applied for and received a \$500,000 grant from the Department of Community Affairs which was used to fund the construction of the secondary road at Sewon and opened up additional acreage in the Callaway South Industrial Park for future development.

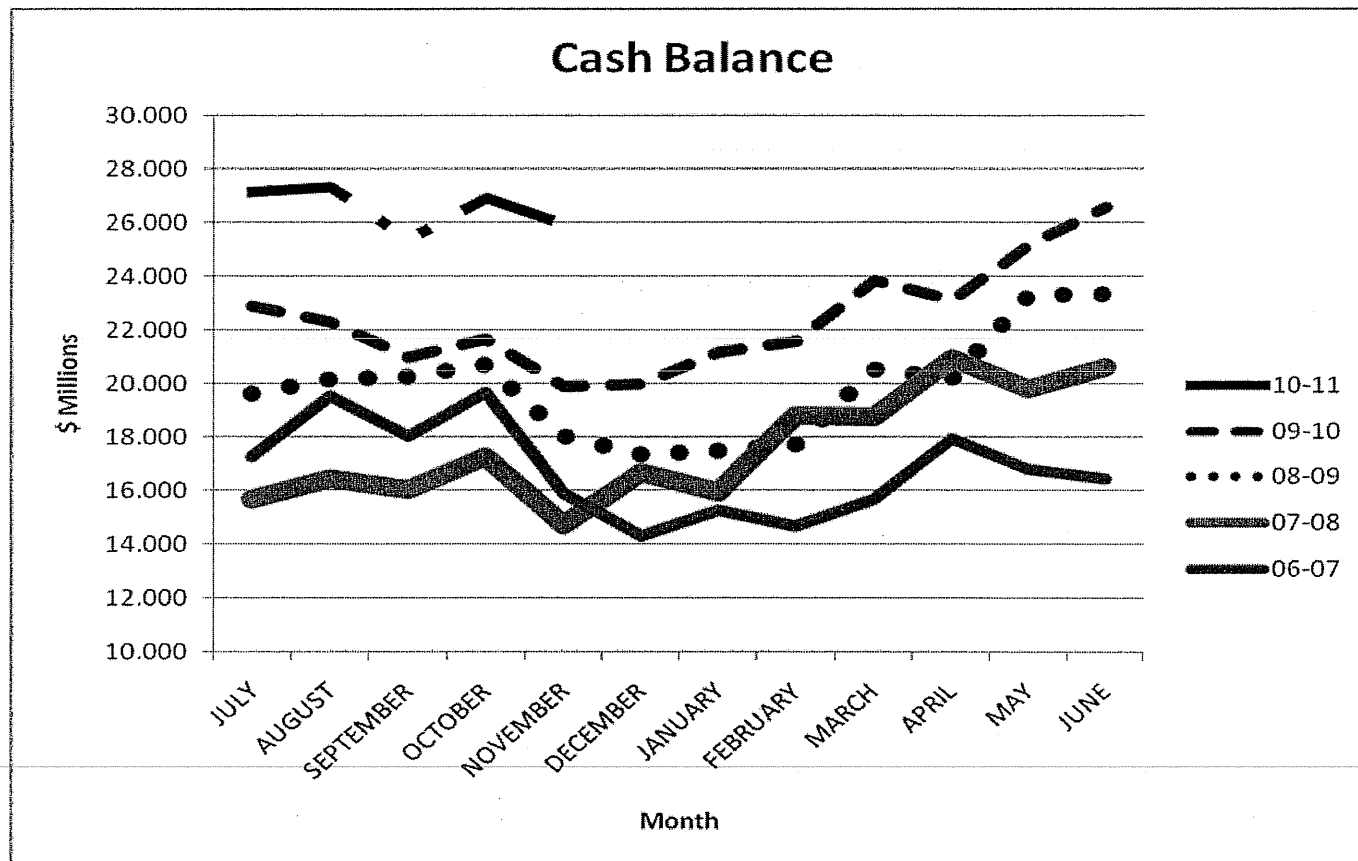
FINANCIAL INFORMATION

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.

Although the American economy remains in a grasp of a deep and serious economic downturn, the City of LaGrange's financial condition is actually improving. As mentioned earlier, we have not seen significant improvements in sales taxes or building permit activity but utility sales are strong and the City has done significant cost cutting and personnel reductions over the last several years that has improved the bottom line. We started cutting capital expenses four years ago and making changes to operating activities which has served us well during this economic downturn. Our cash position is improving and we are approaching the minimum three month unrestricted cash balance that is recommended by the Government Finance Officers Association.

We are at the convergence of several events which bode very positively for the financial stability of our community for years to come. First, next fiscal year will mark the final payment of most of our water and sewer debt. While we have capital needs in the water and sewer systems going forward as will be discussed below, the financial reality is we will free up approximately \$4.2 million in free cash flow after we make our final payments next fiscal year. Also, the Sanitation Revenue Bonds issued in 1997 will mature in two years freeing up additional cash flow. Also, last year we began to receive our distributions from the MEAG Competitive Trust and that will continue for several years going forward. All these factors coupled with lower operating costs and, hopefully, a more robust economy should assure LaGrange a very bright future indeed.

Presented below is a five year history of the City's cash position by month. As you can see, during the current fiscal year we are attracting about three to four million dollars per month higher than at any time during the past five years. We anticipate this trend to continue through the balance of the next fiscal year and would estimate a 2011 year end cash position for the City of between \$27 million and \$28 million.



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, special revenue funds and debt service fund are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects fund. 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, 2010 and the amount and percentage of increases and decreases in relation to the prior year's revenue.

Revenues	Amount	% of Total	Increase (Decrease) from 2009	Percent of Increase (Decrease)
Taxes, Licenses and Permits	9,162,108	56%	(3,810,126)	(30%)
Intergovernmental	3,757,242	23%	2,312,843	160%
Charges for services	402,548	3%	16,138	4%
Fines	1,696,576	10%	(121,286)	(7%)
Investment Income	106,833	1%	(40,875)	(28%)
Lease Income	0	0%	0	0
Miscellaneous	1,204,796	7%	907,100	305%
TOTAL	16,330,103	100%	-736,206	(4%)

As shown in the above chart, taxes, licenses and permits revenue decreased by \$3,810,126. This decrease is not as substantial as shown. The Special Local Sales Tax Revenue has been reclassified in Fiscal Year 2010 from Taxes, Licenses and Permits to Intergovernmental Revenue. Overall the General fund revenue, was down \$ 736,206 or 4%.

The following schedule presents a summary of governmental funds expenditures for fiscal year ended June 30, 2010, and the percentage of increases and decreases in relation to the prior year amounts.

Expenditures	Amount	% of Total	Increase (Decrease) from 2009	Percent of Increase (Decrease)
General Government	1,900,076	7%	128,381	7%
Public Safety	13,393,140	51%	960,190	8%
Public Services	2,207,494	8%	51,411	2%
Culture and Recreation	885,939	3%	1,099	.12%
Community Development	2,004,820	8%	(143,865)	7%
Capital Outlay	3,910,773	15%	433,030	12%
Debt Service	1,937,360	8%	20,387	1%
TOTAL	26,239,602	100%	1,450,633	6%

Enterprise Fund

Total Utility Fund operating revenues (electric, gas, water, sewer and telecommunications) increased by \$2,281,853, while expenses also decreased by \$429,682 from 2009. Rate increases and holding expenses to only required capital items are contributing factors to these increase of 10% in assets for the proprietary funds.

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. 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, 2009. This was the twenty third 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.

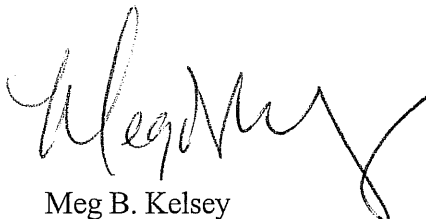
Acknowledgments

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, 2009

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



President

Executive Director

City of LaGrange, Georgia

LIST OF PRINCIPAL OFFICIALS

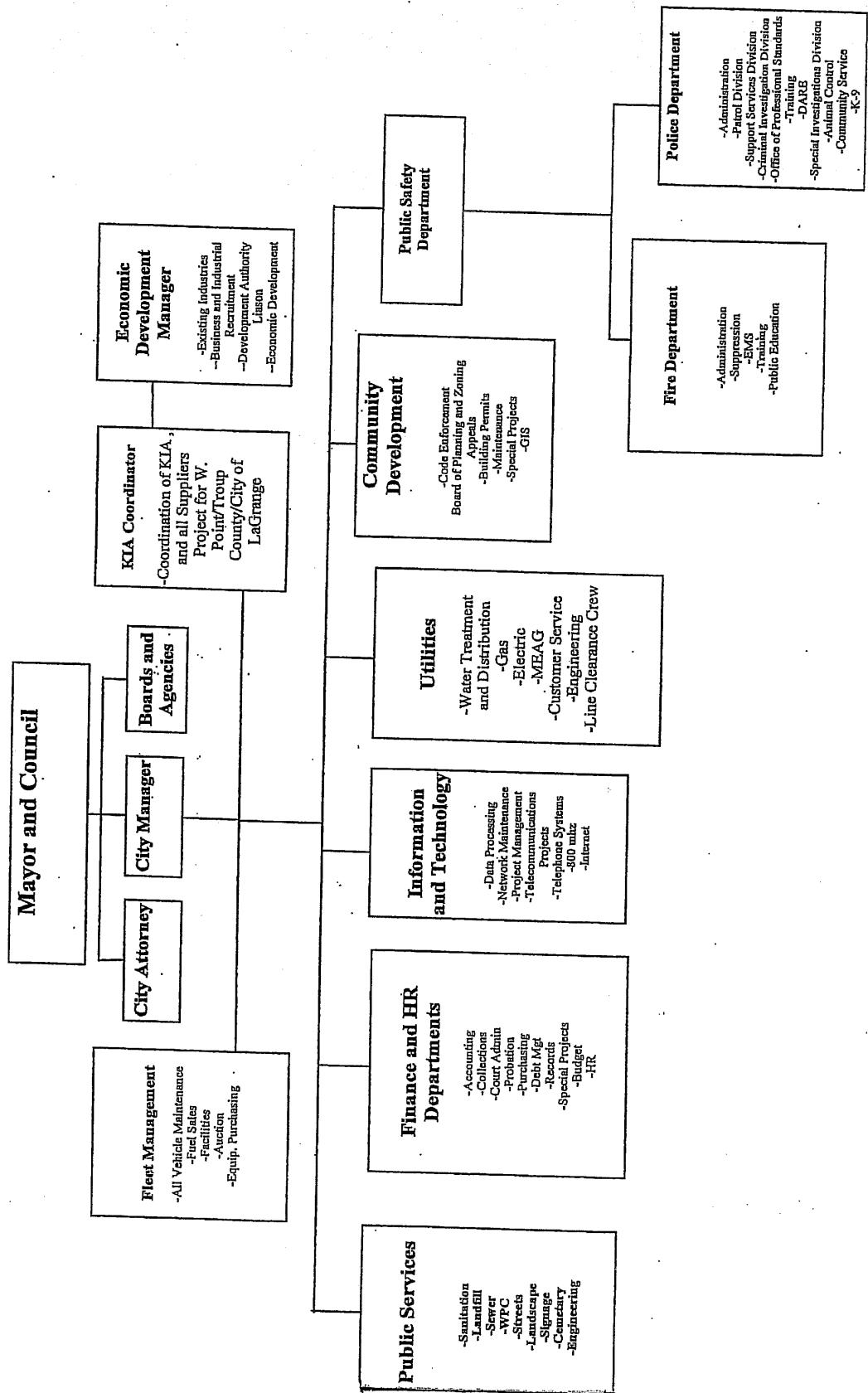
June 30, 2010

ELECTED OFFICIALS

W. Jeff Lukken	Mayor
Willie T. Edmondson	Council Member
Jim Thornton	Council Member
Nick Woodson	Council Member
Norma Tucker	Council Member
LeGree McCamey	Council Member
Bobby A. Traylor	Council Member

OTHER OFFICIALS

Thomas H. Hall	City Manager
Meg Kelsey	Deputy City Manager, Finance & Administration
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 Slaughenaupt	Director of Information And Technology



NOTICE

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





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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of and for the year ended June 30, 2010, 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.

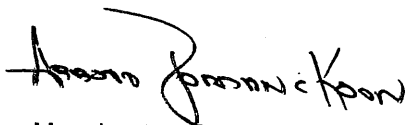
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of June 30, 2010, 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 17, 2010 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress information on pages 3 through 8 and 44 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaGrange, Georgia's financial statements as a whole. The combining, comparative, and individual fund financial statements and schedules, and other supplemental information, the introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining, comparative, and individual fund financial statements and schedules and other supplemental information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of LaGrange, Georgia's basic financial statements for the year ended June 30, 2009, which are not presented with the accompanying financial statements. In our report dated January 27, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. In our opinion, the 2009 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009, taken as a whole. The introductory section 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.



Manchester, Georgia
December 17, 2010

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, 2010. 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 –viii of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2010 by \$157,232,813. Of this amount, \$17,840,680 may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$11,448,145
- As of the close of 2010, the City's governmental funds reported combined ending fund balances of \$8,991,160, a decrease of \$1,790,160 from the prior year.
- At the end of 2010, the fund balance for the general fund was \$2,473,866 or 12 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 fund. 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, Water Sewerage Fund 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 \$157,232,813 at the close of 2010.

A substantial portion of the City's total assets (71 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, 2010 and June 30, 2009, are as follows:

	Governmental Activities 2010	Governmental Activities 2009	Business- type Activities 2010	Business- type Activities 2009	Totals 2010	Totals 2009
Current and other assets	\$13,303,746	\$15,376,428	\$57,580,906	\$56,341,359	\$70,884,652	\$71,717,787
Capital assets	<u>39,368,908</u>	<u>37,864,607</u>	<u>134,978,483</u>	<u>132,328,856</u>	<u>174,347,391</u>	<u>170,193,463</u>
Total assets	<u>52,672,654</u>	<u>53,241,035</u>	<u>192,559,389</u>	<u>188,670,215</u>	<u>245,232,043</u>	<u>241,911,250</u>
Long-term liabilities	10,590,530	11,010,776	34,961,758	39,336,174	45,552,288	50,346,950
Other liabilities	<u>4,163,455</u>	<u>4,585,383</u>	<u>38,283,487</u>	<u>41,194,249</u>	<u>42,446,942</u>	<u>45,779,632</u>
Total liabilities	<u>14,753,985</u>	<u>15,596,159</u>	<u>73,245,245</u>	<u>80,530,423</u>	<u>87,999,230</u>	<u>96,126,582</u>
Net assets						
Invested in capital assets,						
net of related debt	33,802,402	31,406,673	103,765,331	88,744,568	137,567,733	120,151,241
Restricted	1,824,400	1,856,196	0	0	1,824,400	1,856,196
Unrestricted	<u>2,291,867</u>	<u>4,382,007</u>	<u>15,548,813</u>	<u>19,395,224</u>	<u>17,840,680</u>	<u>23,777,231</u>
Total net assets	<u>\$37,918,669</u>	<u>\$37,644,876</u>	<u>\$119,314,144</u>	<u>\$108,139,792</u>	<u>157,232,813</u>	<u>\$145,784,668</u>

A portion of the City's net assets (1.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$17,840,680) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of 2010, 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 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 \$273,793 despite decreases in key revenue sources such as local option sales taxes and building permits. Economic times have forced the city to cut back on expenses to run the operations of the city in a sound financial state. Below is a breakdown of revenues and expenses by governmental and business type activities for 2010 and 2009.

	Governmental Activities 2010	Governmental Activities 2009	Business- type Activities 2010	Business- type Activities 2009	Totals 2010	Totals 2009
Revenues						
Program revenues						
Charges for services	\$3,544,628	\$4,039,298	\$87,947,866	\$85,663,801	\$91,492,494	\$89,703,099
Grants & Contributions	3,686,805	159,634	1,171,307	2,750,000	4,858,112	2,909,634
General revenues						
Other taxes	8,991,837	12,719,669	0	0	8,991,837	12,719,669
Other	106,833	147,708	121,858	271,041	228,691	418,749
Total revenues	16,330,103	17,066,309	89,241,031	88,684,842	105,571,134	105,751,151
Expenses						
General government	2,950,400	2,505,195	0	0	2,950,400	2,505,195
Public safety	14,074,285	13,152,404	0	0	14,074,285	13,152,404
Public service	2,746,773	2,708,868	0	0	2,746,773	2,708,868
Culture and recreation	1,092,616	1,097,198	0	0	1,092,616	1,097,198
Community development	2,480,853	2,750,207	0	0	2,480,853	2,750,207
Interest on long-term debt	621,623	615,465	0	0	621,623	615,465
Utilities	0	0	63,311,615	63,672,691	63,311,615	63,672,691
Solid waste	0	0	6,844,824	6,937,117	6,844,824	6,937,117
Total expenses	23,966,550	22,829,337	70,156,439	70,609,808	94,122,989	93,439,145
Increase in net assets						
before transfers	(7,636,447)	(5,763,028)	19,084,592	18,075,034	11,448,145	12,312,006
Transfers	7,910,240	9,081,129	(7,910,240)	(9,081,129)	\$0	\$0
Increase (decrease) in net assets	273,793	3,318,101	11,174,352	8,993,905	11,448,145	12,312,006
Net assets - beginning of year	37,644,876	34,326,775	108,139,792	99,145,887	145,784,668	133,472,662
Net assets - end of year	\$37,918,669	\$37,644,876	\$119,314,144	\$108,139,792	\$157,232,813	\$145,784,668

Business-type activities

Business-type activities increased the City's net assets by \$11,174,352. Operating revenues increased by \$556,189 with the assistance of a federal grant. Please note that charges for services were up due to increases in the water/sewer rates and also electric rates. Expenses remained stable and capital purchases were delayed where possible. 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 2010, unreserved fund balance of the general fund was \$1,621,469, while total fund balances reached \$2,473,866. 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 8 percent of the total general fund expenditures, while total fund balance represents 12 percent of that same amount. Transfers in from other funds to supplement the general fund were \$397,221 from non-major governmental funds, \$38,817 from internal service funds and \$8,031,332 from proprietary funds, for a total of \$8,467,370, representing 40 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 remained healthy at the end of June, 2010. A slight decrease of \$794,677 in fund balance occurred over the course of Fiscal Year 2010. This was due in part to loss of sales tax revenue and franchise fees and a modest increase in expenditures.

Other non-major governmental funds have a total fund balance of \$6,533,074. The City showed a net decrease of \$464,013 in the fund balance during the current year for non-major government funds. Decreases in investment income, charges for services, and licenses and permits and increases in expenditures are the result of this decrease.

In the FY 2010 Audit, the Capital Projects fund was presented separately as a major fund. The Capital Projects Fund, had a fund balance of -\$15,780 at June 30, 2010. Transfers In to this fund were significantly less in Fiscal Year 2010. This resulted in a negative balance in this account.

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 2010 amounted to \$15,054,984, Water and Sewer Fund \$6,075,270 and those for the Solid Waste Fund amounted to (\$5,581,441). The total change in net assets for each fund was \$6,439,625, \$4,458,652 and \$276,075, 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, 2010, amounts to \$134,978,483 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park facilities, storm sewers, bridges, streets, gas lines, electric lines, and water and sewer lines.

	Governmental Activities 2010	Governmental Activities 2009	Business- type Activities 2010	Business- type Activities 2009	Totals 2010	Totals 2009
Land	12,789,719	\$12,589,719	\$2,010,561	\$2,010,561	14,800,280	\$14,600,280
Buildings	12,798,082	12,798,082	26,822,426	26,638,043	39,620,508	39,436,125
Machinery and equipment	7,289,133	7,098,701	14,479,342	13,876,177	21,768,475	20,974,878
Vehicles	2,928,269	2,807,244	1,668,796	1,660,806	4,597,065	4,468,050
Transmission and distribution	0	0	155,838,863	154,042,603	155,838,863	154,042,603
Other	22,557,237	19,830,718	0	0	22,557,237	19,830,718
Construction in progress	<u>405,418</u>	0	<u>7,747,446</u>	<u>2,518,079</u>	<u>8,152,864</u>	<u>2,518,079</u>
Total	58,767,858	55,124,464	208,567,434	200,746,269	267,335,292	255,870,733
Less accumulated depreciation	<u>-19,398,950</u>	<u>-17,259,857</u>	<u>-73,588,951</u>	<u>-68,417,413</u>	<u>-92,987,901</u>	<u>-85,677,270</u>
Total net of accumulated depreciation	<u>39,368,908</u>	<u>37,864,607</u>	<u>\$134,978,483</u>	<u>\$132,328,856</u>	<u>\$174,347,391</u>	<u>\$170,193,463</u>

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

Long-term debt

At the end of 2010, the City had total bonded debt outstanding of \$21,875,000. 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 \$1,070,481,742, 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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown LaGrange Development Authority
<u>Assets</u>				
Cash and cash equivalents	\$ 9,194,540	\$ 6,112,223	\$ 15,306,763	\$ 172,354
Investments	4,978	13,137,775	13,142,753	164,387
Receivables (net of allowance):				
Taxes	992,708		992,708	
Accounts		9,491,440	9,491,440	
Loans	1,195,442	1,359,301	2,554,743	158,728
Other	664,007	396,730	1,060,737	
Internal balances	376,924	(376,924)		
Accrued interest				464
Inventory	223,439	1,729,174	1,952,613	
Prepaid assets	22,750	94,038	116,788	5,690
Restricted cash	136,458	201,309	337,767	247,194
Restricted investments	492,500	25,013,992	25,506,492	162,445
Capital assets:				
Land and construction in progress	13,195,137	9,758,007	22,953,144	2,013,250
Other capital assets, net of accumulated depreciation	26,173,771	125,220,476	151,394,247	7,188,934
Other assets		421,848	421,848	200
Total assets	<u>52,672,654</u>	<u>192,559,389</u>	<u>245,232,043</u>	<u>10,113,646</u>
<u>Liabilities</u>				
Accounts and claims payable	1,683,700	4,250,192	5,933,892	
Accrued liabilities	232,022	137,416	369,438	12,089
Accrued interest	185,256		185,256	
Customer deposits		1,670,278	1,670,278	
Unearned revenue	25,309	25,013,992	25,039,301	24,440
Current liabilities payable from restricted assets		5,483,034	5,483,034	
Noncurrent liabilities:				
Due within one year	1,517,536	1,436,281	2,953,817	
Due in more than one year	10,590,530	34,961,758	45,552,288	
Net OPEB obligation	<u>519,632</u>	<u>292,294</u>	<u>811,926</u>	
Total liabilities	<u>14,753,985</u>	<u>73,245,245</u>	<u>87,999,230</u>	<u>36,529</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	33,802,402	103,765,331	137,567,733	9,202,184
Restricted for:				
Redevelopment programs	1,195,442		1,195,442	409,639
Perpetual care	628,958		628,958	
Unrestricted	<u>2,291,867</u>	<u>15,548,813</u>	<u>17,840,680</u>	<u>465,294</u>
Total net assets	<u>\$ 37,918,669</u>	<u>\$ 119,314,144</u>	<u>\$ 157,232,813</u>	<u>\$ 10,077,117</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,202,176	\$ 100,601			\$(2,101,575)	\$(2,101,575)	
Public safety	14,074,285	2,119,124			(11,709,131)	(11,709,131)	
Public service	2,746,773	170,271	\$ 246,030		(2,576,502)	(2,576,502)	
Culture and recreation	1,092,616	26,250			(1,066,366)	(1,066,366)	
Community development	2,480,853	1,064,311		\$ 3,016,069	1,599,527	1,599,527	
Redevelopment and housing	436,144	64,071	13,634		52,633	52,633	
Telecommunications	312,080				(312,080)	(312,080)	
Interest on long-term debt	621,623				(621,623)	(621,623)	
Total governmental activities	23,966,550	3,544,628	259,664	3,427,141	\$ 0	(16,735,117)	
Business-type activities:							
Water and sewer	11,357,660	15,235,935		1,171,307	5,049,582	5,049,582	
Gas system	14,631,785	16,205,246			1,573,461	1,573,461	
Electric system	35,065,463	46,379,093			11,313,630	11,313,630	
Sanitation	6,844,824	7,030,912			186,088	186,088	
Telecommunications	2,256,707	3,096,680			839,973	839,973	
Total business-type activities	70,156,439	87,947,866	0	1,171,307	18,962,734	18,962,734	
Total primary government	\$ 94,122,989	\$ 91,492,494	259,664	\$ 4,598,448	18,962,734	2,227,617	
Component units:							
Downtown LaGrange Development Authority	\$ 518,096	\$ 184,653	10,000	0			\$(323,443)
Total component units	\$ 518,096	\$ 184,653	10,000	0			(323,443)
General revenues:							
Taxes:							
Franchise tax					1,010,406	1,010,406	
Insurance premium tax					1,441,410	1,441,410	
Alcoholic beverage tax					696,307	696,307	
Sales tax					4,777,940	4,777,940	
Other					1,065,774	1,065,774	
Investment earnings					121,858	228,691	15,721
Transfers					(7,910,240)		
Total general revenues and transfers					(7,788,382)	9,220,528	15,721
Change in net assets					11,174,352	11,448,145	(307,722)
Net assets at beginning of year					108,139,792	145,784,668	10,384,839
Net assets at end of year					\$ 119,314,144	\$ 157,232,813	\$ 10,077,117

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

<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	\$ 2,214,302	\$ 250,282	\$ 4,906,962	\$ 7,371,546
Investments	4,923			4,923
Receivables (net of allowance):				
Taxes	992,708			992,708
Notes			1,195,442	1,195,442
Intergovernmental		46,907	489,154	536,061
Other	9,645	3,382	2,078	15,105
Inventory	223,439			223,439
Restricted cash and cash equivalents	136,458			136,458
Restricted investments	492,500			492,500
 Total assets	 <u>\$ 4,073,975</u>	 <u>\$ 300,571</u>	 <u>\$ 6,593,636</u>	 <u>\$ 10,968,182</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 492,083	\$ 7,042	\$ 57,397	\$ 556,522
Accrued liabilities	231,357		665	232,022
Due to other funds	876,669	284,000	2,500	1,163,169
Unearned revenue		25,309		25,309
Total liabilities	<u>1,600,109</u>	<u>316,351</u>	<u>60,562</u>	<u>1,977,022</u>
 Fund Balances:				
Reserved for:				
Inventory	223,439			223,439
Perpetual care	628,958			628,958
Long-term receivables			1,195,442	1,195,442
Capital projects			2,260,988	2,260,988
Unreserved	1,621,469	(15,780)		1,605,689
Unreserved reported in nonmajor:				
Special revenue			1,872,692	1,872,692
Debt service			1,203,952	1,203,952
Total fund balances	<u>2,473,866</u>	<u>(15,780)</u>	<u>6,533,074</u>	<u>8,991,160</u>
 Total liabilities and fund balances	 <u>\$ 4,073,975</u>	 <u>\$ 300,571</u>	 <u>\$ 6,593,636</u>	 <u>\$ 10,968,182</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, 2010

Total fund balance - all governmental funds	\$ 8,991,160
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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.	39,368,908
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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, 2010 are:

Accrued interest payable	\$(185,256)	
Compensated absences	(416,560)	
Notes payable	(2,635,000)	
Capital leases	(2,931,506)	
Intergovernmental agreements	(6,125,000)	
Net OPEB obligation	(519,632)	(12,812,954)

Internal service funds are used by management to charge costs of certain activities, such as insurance, to certain funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	2,371,555
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Net assets of governmental activities	\$ 37,918,669
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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, 2010

	General	Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales	\$ 4,777,940			\$ 4,777,940
Franchise	1,010,406			1,010,406
Insurance premium	1,441,410			1,441,410
Alcoholic beverage	696,307			696,307
Other	669,263			669,263
Licenses and permits	170,271		\$ 396,511	1,065,774
Intergovernmental	330,101		3,427,141	3,757,242
Charges for services	402,548			402,548
Fines, forfeitures, and penalties	1,696,576			1,696,576
Investment income	41,467	\$ 1,158	64,208	106,833
Miscellaneous	126,851	1,064,311	13,634	1,204,796
Total revenues	<u>11,363,140</u>	<u>1,065,469</u>	<u>3,901,494</u>	<u>16,330,103</u>
Expenditures:				
Current:				
General government	1,604,065			1,604,065
Public safety	13,393,140			13,393,140
Public service	2,207,494			2,207,494
Culture and recreation	885,939			885,939
Community development	1,409,282		159,394	1,568,676
Redevelopment and housing			436,144	436,144
Telecommunications and technology	296,011			296,011
Debt service:				
Principal retirements			1,304,204	1,304,204
Interest			633,156	633,156
Capital outlay:				
General government	5,700	33,090		38,790
Public safety	239,641	78,834	170,985	489,460
Public service	105,708		2,671,397	2,777,105
Redevelopment and housing			405,418	405,418
Community development		200,000		200,000
Total expenditures	<u>20,146,980</u>	<u>311,924</u>	<u>5,780,698</u>	<u>26,239,602</u>
Excess of revenues over (under) expenditures	(8,783,840)	753,545	(1,879,204)	(9,909,499)
Other financing sources (uses):				
Capital lease	195,276			195,276
Proceeds from sale of asset	13,823			13,823
Transfers in	8,467,370	291,010	1,903,422	10,661,802
Transfers out	(687,306)	(1,576,025)	(488,231)	(2,751,562)
Total other financing sources (uses)	<u>7,989,163</u>	<u>(1,285,015)</u>	<u>1,415,191</u>	<u>8,119,339</u>
Net change in fund balances	(794,677)	(531,470)	(464,013)	(1,790,160)
Fund balance, beginning of year	<u>3,268,543</u>	<u>515,690</u>	<u>6,997,087</u>	<u>10,781,320</u>
Fund balance, end of year	<u>\$ 2,473,866</u>	<u>\$ (15,780)</u>	<u>\$ 6,533,074</u>	<u>\$ 8,991,160</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, 2010

Net change in fund balances - All governmental funds \$(1,790,160)

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	3,697,197
Depreciation	(2,187,349)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net assets.	(5,547)
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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	(31,101)
Accrued interest payable	11,533
Net OPEB obligation	(259,816)

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	1,304,204
Proceeds from capital leases	(195,276)

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.

(269,892)

Change in net assets of governmental activities	\$ <u>273,793</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, 2010

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Sales	\$ 5,050,000	\$ 4,777,940	\$(272,060)
Franchise	1,234,000	1,010,406	(223,594)
Insurance premium	1,550,000	1,441,410	(108,590)
Alcoholic beverage	695,000	696,307	1,307
Other	708,000	669,263	(38,737)
Licenses and permits	257,500	170,271	(87,229)
Intergovernmental	85,000	330,101	245,101
Fines, forfeitures and penalties	1,749,500	1,696,576	(52,924)
Charges for services	397,400	402,548	5,148
Investment income	30,000	41,467	11,467
Miscellaneous	132,900	126,851	(6,049)
Total revenues	<u>11,889,300</u>	<u>11,363,140</u>	<u>(526,160)</u>
Expenditures:			
Current:			
General government:			
Administrative	926,800	945,100	(18,300)
Finance	579,800	547,329	32,471
Garage	(106,200)	(136,770)	30,570
General government	38,000	51,091	(13,091)
City hall	195,200	197,315	(2,115)
Total general government	<u>1,633,600</u>	<u>1,604,065</u>	<u>29,535</u>
Public safety:			
Court administration	293,200	301,194	(7,994)
Probation	187,600	189,131	(1,531)
Police	7,609,900	8,003,881	(393,981)
Community service	79,200	105,899	(26,699)
Traffic control	625,300	731,044	(105,744)
Fire services	3,933,100	3,857,976	75,124
Animal control	202,100	204,015	(1,915)
Total public safety	<u>12,930,400</u>	<u>13,393,140</u>	<u>(462,740)</u>
Public service:			
Engineering and supervision	246,400	243,662	2,738
Streets	1,250,300	1,212,327	37,973
Street cleaning	88,700	103,934	(15,234)
Trash and refuse	572,000	647,571	(75,571)
Total public service	<u>2,157,400</u>	<u>2,207,494</u>	<u>(50,094)</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, 2010
(Continued)

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:			
Landscaping and cemetery maintenance	913,000	885,939	27,061
Community development:			
Community development	695,100	627,855	67,245
DAL marketing	130,200	122,982	7,218
Kia project manager	72,700	104,718	(32,018)
Other community support	332,810	553,727	(220,917)
Total community development	1,230,810	1,409,282	(178,472)
Telecommunications:			
Administration	147,900	149,789	(1,889)
LGTV	138,200	146,222	(8,022)
Total telecommunications	286,100	296,011	(9,911)
Capital outlay:			
General government	13,000	5,700	7,300
Public safety	54,500	239,641	(185,141)
Public service	140,000	105,708	34,292
Telecommunications	15,000		15,000
Total capital outlay	222,500	351,049	(128,549)
Total expenditures	19,373,810	20,146,980	(773,170)
Excess (deficiency) of revenues over (under) expenditures	(7,484,510)	(8,783,840)	(1,299,330)
Other financing sources (uses):			
Transfers in	8,250,000	8,467,370	217,370
Transfers out	(680,223)	(687,306)	(7,083)
Sale of capital assets	15,000	13,823	(1,177)
Capital leases		195,276	195,276
Total other financing sources (uses)	7,584,777	7,989,163	404,386
Net change in fund balance	100,267	(794,677)	(894,944)
Fund balance, beginning of year	3,268,543	3,268,543	0
Fund balance, end of year	\$ 3,368,810	\$ 2,473,866	\$(894,944)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	Business-Type Activities Major Enterprise Funds			Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Governmental Activities
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 2,130,094	\$ 3,590,067	\$ 392,062	\$ 6,112,223
Investments	13,137,775			13,137,775
Receivables:				
Accounts	7,523,534	1,873,683	94,223	9,491,440
Loans	1,359,301			1,359,301
Other		396,730		396,730
Due from other funds	550,500	664,000	34,679	1,249,179
Prepays	94,038			94,038
Inventory	960,629	768,545		1,729,174
Restricted assets:				
Restricted investments	25,013,992			25,013,992
Restricted deposits		201,309		201,309
Total current assets	<u>50,769,863</u>	<u>7,494,334</u>	<u>520,964</u>	<u>58,785,161</u>
Noncurrent assets:				
Capital assets, not being depreciated	4,766,570	3,553,704	1,437,733	9,758,007
Capital assets, being depreciated	37,519,690	68,538,473	19,162,313	125,220,476
Other assets	246,136	84,825	90,887	421,848
Advances to other funds				1,465,103
Total noncurrent assets	<u>42,532,396</u>	<u>72,177,002</u>	<u>20,690,933</u>	<u>135,400,331</u>
Total assets	<u>93,302,259</u>	<u>79,671,336</u>	<u>21,211,897</u>	<u>194,185,492</u>
				<u>4,124,106</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	3,248,073	922,408	79,711	4,250,192
Customer deposits	1,343,305	325,443	1,530	1,670,278
Accrued liabilities	60,704	50,037	26,675	137,416
Due to other funds			161,000	161,000
Accrued compensated absences	53,651	36,932	24,847	115,430
Unearned revenue	25,013,992			25,013,992
Claims reserve				1,125,000
Notes payable, current		120,620	151,364	271,984
Capital leases, current	377,932	85,671	405,264	868,867
Intergovernmental agreement payable - Current	180,000			180,000
Liabilities payable from restricted assets:				
Accrued interest	118,921		9,113	128,034
Revenue bonds, current	620,000	4,020,000	715,000	5,355,000
Total current liabilities	<u>31,016,578</u>	<u>5,561,111</u>	<u>1,574,504</u>	<u>38,152,193</u>
Noncurrent liabilities:				
Compensated absences	80,476	55,399	37,271	173,146
Revenue bonds, long-term	10,769,152	4,437,113	1,546,930	16,753,195
Notes payable, long-term		3,435,650	3,542,883	6,978,533
Capital leases, long-term	484,948	146,983	353,642	985,573
Intergovernmental agreement payable - Long-term	4,275,000			4,275,000
Landfill postclosure liability			5,796,311	5,796,311
Advances from other funds	1,465,103			1,465,103
Net OPEB obligation	121,790	113,670	56,834	292,294
Total noncurrent liabilities	<u>17,196,469</u>	<u>8,188,815</u>	<u>11,333,871</u>	<u>36,719,155</u>
Total liabilities	<u>48,213,047</u>	<u>13,749,926</u>	<u>12,908,375</u>	<u>74,871,348</u>
				<u>1,752,551</u>
<u>Net assets</u>				
Invested in capital assets, net of debt	30,034,228	59,846,140	13,884,963	103,765,331
Unrestricted	15,054,984	6,075,270	(5,581,441)	15,548,813
Total net assets	<u>\$ 45,089,212</u>	<u>\$ 65,921,410</u>	<u>\$ 8,303,522</u>	<u>\$119,314,144</u>
				<u>\$ 2,371,555</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, 2010

	Utility Fund	Water & Sewerage Fund	Business-Type Activities Major Enterprise Funds Sanitation Fund	Total	Internal Service Funds Governmental Activities
Operating revenues:					
Water and sewerage system		\$ 15,155,948		\$ 15,155,948	
Gas system	\$ 16,160,041			16,160,041	
Electric system	46,228,311			46,228,311	
Sanitation			\$ 6,772,991	6,772,991	
Premiums					\$ 5,304,897
Telecommunications	3,096,680			3,096,680	
Other sales	195,987	79,987	255,709	531,683	
Total operating revenues	<u>65,681,019</u>	<u>15,235,935</u>	<u>7,028,700</u>	<u>87,945,654</u>	<u>5,304,897</u>
Operating expenses:					
Water and sewerage system		8,294,471		8,294,471	
Gas system	12,977,646			12,977,646	
Electric system	34,602,526			34,602,526	
Sanitation			5,745,594	5,745,594	
Telecommunications	1,989,311			1,989,311	
Administrative services					219,188
Depreciation and amortization	1,626,467	2,628,772	933,095	5,188,334	
Risk management					5,444,127
Total operating expenses	<u>51,195,950</u>	<u>10,923,243</u>	<u>6,678,689</u>	<u>68,797,882</u>	<u>5,663,315</u>
Operating income (loss)	<u>14,485,069</u>	<u>4,312,692</u>	<u>350,011</u>	<u>19,147,772</u>	<u>(358,418)</u>
Nonoperating revenues (expenses):					
Investment income	115,152	4,350	2,356	121,858	88,526
Gain (loss) on sale of assets			2,212	2,212	
Interest expense	(758,005)	(434,417)	(166,135)	(1,358,557)	
Total nonoperating revenues (expenses)	<u>(642,853)</u>	<u>(430,067)</u>	<u>(161,567)</u>	<u>(1,234,487)</u>	<u>88,526</u>
Net income (loss) before contributions and transfers	13,842,216	3,882,625	188,444	17,913,285	(269,892)
Capital contribution		1,171,307		1,171,307	
Transfers in	1,581,342	655,095	250,744	2,487,181	38,817
Transfers out	(8,983,933)	(1,250,375)	(163,113)	(10,397,421)	(38,817)
Change in net assets	6,439,625	4,458,652	276,075	11,174,352	(269,892)
Net assets, beginning of year	<u>38,649,587</u>	<u>61,462,758</u>	<u>8,027,447</u>	<u>108,139,792</u>	<u>2,641,447</u>
Net assets, end of year	<u>\$ 45,089,212</u>	<u>\$ 65,921,410</u>	<u>\$ 8,303,522</u>	<u>\$ 119,314,144</u>	<u>\$ 2,371,555</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Utility Fund	Business-Type Activities Major Enterprise Funds Water & Sewerage Fund	Sanitation Fund	Total	Internal Service Funds Governmental Activities
Cash flows from operating activities:					
Cash received from customers and users	\$61,185,473	\$14,975,541	\$7,024,033	\$83,185,047	\$5,162,971
Cash paid to employees	(3,471,840)	(3,497,954)	(1,775,570)	(8,745,364)	
Cash paid to suppliers	(47,302,000)	(4,890,257)	(4,098,330)	(56,290,587)	(5,148,772)
Net cash provided (used) by operating activities	10,411,633	6,587,330	1,150,133	18,149,096	14,199
Cash flow from noncapital financing activities:					
Advances to other funds					63,306
Transfers in	1,581,342	655,095	250,744	2,487,181	38,817
Transfers out	(8,983,933)	(1,250,375)	(163,113)	(10,397,421)	(38,817)
Net cash provided (used) by noncapital financing activities	(7,402,591)	(595,280)	87,631	(7,910,240)	63,306
Cash flows from capital and related financing activities:					
Principal payments on revenue bonds	(575,000)	(3,850,000)	(675,000)	(5,100,000)	
Proceeds from sale of assets	4,394			4,394	
Acquisition of capital assets	(3,896,520)	(3,654,671)	(288,847)	(7,840,038)	
Capital lease proceeds	181,746		210,393	392,139	
Capital lease payments	(408,237)	(110,071)	(359,046)	(877,354)	
Note payable proceeds		2,446,711		2,446,711	
Payments on notes payable		(110,535)	(145,785)	(256,320)	
Payments on intergovernmental agreement	(170,000)			(170,000)	
Interest paid	(738,039)	(535,266)	(156,427)	(1,429,732)	
Net cash provided (used) by capital financing activities	(5,601,656)	(5,813,832)	(1,414,712)	(12,830,200)	0
Cash flows from investing activities:					
Sale (purchase) of investments	(2,935,958)			(2,935,958)	
Interest income	115,152	4,350	2,356	121,858	88,526
Net cash provided (used) by investing activities	(2,820,806)	4,350	2,356	(2,814,100)	88,526
Net increase (decrease) in cash	(5,413,420)	182,568	(174,592)	(5,405,444)	166,031
Cash, beginning of year	7,543,514	3,608,808	566,654	11,718,976	1,656,963
Cash, end of year	\$2,130,094	\$3,791,376	\$392,062	\$6,313,532	\$1,822,994

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2010
(Continued)

	Utility Fund	Business-Type Activities Major Enterprise Funds Water & Sewer Fund	Sanitation Fund	Total	Internal Service Funds Governmental Activities
Report on the balance sheet as:					
Cash and cash equivalents	\$ 2,130,094	\$ 3,590,067	\$ 392,062	\$ 6,112,223	\$ 1,822,994
Restricted cash		<u>201,309</u>		<u>201,309</u>	
Total	<u>\$ 2,130,094</u>	<u>\$ 3,791,376</u>	<u>\$ 392,062</u>	<u>\$ 6,313,532</u>	<u>\$ 1,822,994</u>
Cash flows from operating activities:					
Operating income (loss)	\$14,485,069	\$ 4,312,692	\$ 350,011	\$19,147,772	\$ (358,418)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,626,467	2,628,772	933,095	5,188,334	
Changes in operating assets and liabilities:					
Accounts receivable	(1,470,697)	(254,358)	(4,667)	(1,729,722)	58,437
Inventory	150,582	(76,301)		74,281	
Other assets	5,544		1,468	7,012	
Accounts payable	(883,894)	567,185	(10,157)	(326,866)	(50,167)
Accrued vacation	14,393	10,208	160	24,761	
Due from other funds	(500,500)	(664,000)	(34,679)	(1,199,179)	(200,363)
Due to other funds	(63,306)		(339,000)	(402,306)	625,373
Unearned revenue	(3,165,763)			(3,165,763)	
Other accrued expenses	11,929	12,333	7,239	31,501	
Customer deposits	140,914	(6,036)		134,878	
Closure/postclosure			218,246	218,246	
Net OPEB obligation	60,895	56,835	28,417	146,147	
Bank overdraft					(60,663)
Net cash provided (used) by operating activities	<u>\$10,411,633</u>	<u>\$ 6,587,330</u>	<u>\$ 1,150,133</u>	<u>\$18,149,096</u>	<u>\$ 14,199</u>
Non-cash investing, capital and financing activities:					
Capital contributions	<u>\$ 0</u>	<u>\$ 1,171,307</u>	<u>\$ 0</u>	<u>\$ 1,171,307</u>	<u>\$ 0</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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 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, 2010

(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 capital assets or construction of major capital projects not being financed by proprietary 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.

▶ **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 electricity, telecommunication and natural gas services.

▶ **Water and Sewerage Fund** - The Water and Sewerage Fund accounts for the operations of the City's water and sewerage activities.

▶ **Sanitation Fund** - The Sanitation Fund accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

Additionally, the government reports the following fund types:

Internal Service Fund - The Group Insurance Fund and the Property & Casualty Insurance Fund account for the City's partial self-insurance of employee medical claims, worker's compensation claims and general liability claims provided to other departments of the government on a cost reimbursement basis.

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

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.

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, 2010.

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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

- 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."

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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

- M. Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.
- 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.
- P. Subsequent Events - Subsequent events have been evaluated through December 17, 2010, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$15,644,530, which includes \$7,850 petty cash and the bank balance was \$15,148,237. Of the bank balance, \$3,241,605 was covered by federal deposit insurance paid, \$11,906,632 was covered by collateral held in the pledging bank's trust department or by its agent in the City's name. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2010, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Municipal Competitive Trust	January 2010 - September 2011	\$ 38,151,711
Federal Home Loan Bank		111
Coca Cola Stock		492,500
Total investments		38,644,322
Georgia fund 1 (State Investment Pool)	41 day WAM	4,923
Total pooled cash and investments		<u>\$ 38,649,245</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, 2010, 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 98.7% total investments.

The City's investment of \$4,923 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

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

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.

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, 2010, the Authority had drawn \$1,359,301 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>
2011	\$ 258,852	\$ 0
2012	234,161	1,359,301
2013	242,396	0
2014	234,161	0
2015	234,161	0
Thereafter	<u>13,000</u>	<u>0</u>
	1,216,731	1,359,301
Less, allowance for doubtful accounts	(21,289)	0
	<u>\$ 1,195,442</u>	<u>\$ 1,359,301</u>

Accounts receivable in the Utility Fund and the Water and Sewerage Fund is reported net of an allowance for doubtful accounts of \$4,131,101 and \$2,611,375, respectively.

Component Unit

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

\$ 158,728

Due within one year

\$ 61,126

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2010, was as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<u>Primary Government</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,589,719	\$ 200,000		\$ 12,789,719
Construction in progress		405,418		405,418
Total capital assets not being depreciated	<u>12,589,719</u>	<u>605,418</u>	<u>\$ 0</u>	<u>13,195,137</u>
Capital assets being depreciated:				
Buildings	12,798,082			12,798,082
Machinery and equipment	7,098,701	190,432		7,289,133
Vehicles	2,807,244	174,828	(53,803)	2,928,269
Infrastructure	<u>19,830,718</u>	<u>2,726,519</u>		<u>22,557,237</u>
Total capital assets being depreciated	<u>42,534,745</u>	<u>3,091,779</u>	<u>(53,803)</u>	<u>45,572,721</u>
Less, accumulated depreciation for:				
Buildings	(3,044,635)	(519,426)		(3,564,061)
Machinery and equipment	(4,015,160)	(430,125)		(4,445,285)
Vehicles	(1,764,658)	(397,480)	48,256	(2,113,882)
Infrastructure	<u>(8,435,404)</u>	<u>(840,318)</u>		<u>(9,275,722)</u>
Total accumulated depreciation	<u>(17,259,857)</u>	<u>(2,187,349)</u>	<u>48,256</u>	<u>(19,398,950)</u>
Total capital assets being depreciated, net	<u>25,274,888</u>	<u>904,430</u>	<u>(5,547)</u>	<u>26,173,771</u>
Governmental activities capital assets, net	<u>\$ 37,864,607</u>	<u>\$ 1,509,848</u>	<u>\$ (5,547)</u>	<u>\$ 39,368,908</u>

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

Government activities:	
General government	\$ 510,613
Public safety	307,678
Public service	514,733
Culture and recreation	187,390
Community development	664,936
Telecommunications	<u>1,999</u>
Total depreciation expense for governmental activities	<u>\$ 2,187,349</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

A summary of business-type activities for property, plant and equipment at June 30, 2010 is presented below:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,010,561			\$ 2,010,561
Construction in progress	<u>2,518,079</u>	<u>\$ 5,229,367</u>		<u>7,747,446</u>
Total capital assets, not being depreciated	<u>4,528,640</u>	<u>5,229,367</u>	<u>\$ 0</u>	<u>9,758,007</u>
Capital assets being depreciated:				
Buildings	26,638,043	184,383		26,822,426
Machinery and equipment	13,876,177	608,590	(5,425)	14,479,342
Vehicles	1,660,806	21,441	(13,451)	1,668,796
Infrastructure	<u>154,042,603</u>	<u>1,796,260</u>		<u>155,838,863</u>
Total capital assets being depreciated	<u>196,217,629</u>	<u>2,610,674</u>	<u>(18,876)</u>	<u>198,809,427</u>
Less, accumulated depreciation for:				
Buildings	(11,752,697)	(498,887)		(12,251,584)
Machinery and equipment	(8,183,172)	(760,107)	3,345	(8,939,934)
Vehicles	(1,111,679)	(161,862)	13,451	(1,260,090)
Infrastructure	<u>(47,369,865)</u>	<u>(3,767,478)</u>		<u>(51,137,343)</u>
Total accumulated depreciation	<u>(68,417,413)</u>	<u>(5,188,334)</u>	<u>16,796</u>	<u>(73,588,951)</u>
Total capital assets being depreciated, net	<u>127,800,216</u>	<u>(2,577,660)</u>	<u>(2,080)</u>	<u>125,220,476</u>
Business-type activities capital assets, net	<u>\$132,328,856</u>	<u>\$ 2,651,707</u>	<u>\$ (2,080)</u>	<u>\$134,978,483</u>

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

Business-type activities:	
Water and sewerage	\$ 2,628,772
Electric system	462,937
Gas system	896,134
Telecommunications	267,396
Sanitation	<u>933,095</u>
Total depreciation expense for business-type activities	<u>\$ 5,188,334</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Activity for the Downtown LaGrange Development Authority for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Discretely Presented Component Unit</u>				
Capital assets not being depreciated:				
Land	\$ 891,500			\$ 891,500
Land - Property held for lease	1,121,750			1,121,750
Total capital assets not being depreciated	<u>2,013,250</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,013,250</u>
Capital assets being depreciated:				
Buildings and improvements - Property held for lease	8,195,740			8,195,740
Equipment	10,949	1,150		12,099
Total capital assets being depreciated	<u>8,206,689</u>	<u>1,150</u>		<u>8,207,839</u>
Less, accumulated depreciation	(796,346)	(222,559)		(1,018,905)
Total capital assets being depreciated, net	<u>7,410,343</u>	<u>(221,409)</u>		<u>7,188,934</u>
Total capital assets, net	<u>\$ 9,423,593</u>	<u>\$ (221,409)</u>	<u>\$ 0</u>	<u>\$ 9,202,184</u>

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

Community development	<u>\$ 222,559</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 Debt Service Fund. Capital leases for business-type activities are being repaid through the Utility, Water and Sewerage, 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:	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 5,372,249	\$ 11,527,830
Less, accumulated depreciation	(3,334,144)	(7,269,864)
Total	<u>\$ 2,038,105</u>	<u>\$ 4,257,966</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

	Governmental Activities	Business-type Activities
Year ending June 30:		
2011	\$ 888,412	\$ 868,867
2012	695,468	449,747
2013	568,601	284,044
2014	510,125	228,983
2015	437,615	78,667
2016-2020	151,782	
Total lease payments	3,252,003	1,910,308
Less, amount representing interest	(320,497)	(55,868)
	<u>\$ 2,931,506</u>	<u>\$ 1,854,440</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>\$ 2,635,000</u>

Loans payable currently outstanding are as follows:

	Governmental Activities Principal	Interest
Year ending June 30:		
2011	\$ 230,000	\$ 127,798
2012	250,000	116,643
2013	280,000	104,518
2014	310,000	90,938
2015	340,000	75,903
2016-2018	1,225,000	122,463
	<u>\$ 2,635,000</u>	<u>\$ 638,263</u>

Business-Type Activities

The City's Water and Sewerage Fund borrowed funds for system improvements under notes payable. As of June 30, 2010, the City had drawn \$5,725,866 of these notes. The amount issued during the year ended June 30, 2010 was \$2,928,266. 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 \$4,101,728. As of June 30, 2010, the entire balance had been drawn.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Notes payable currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
System improvements - Water and Sewerage Fund	4.24%	\$ 1,190,787
Gas recirculation project at landfill - Sanitation Fund	2.33%	740,237
Construction of water line -Water and Sewerage Fund	4.10%	608,523
Construction of landfill cell - Sanitation Fund	4.40%	2,954,010
Improvements at water pollution control plant - Water and Sewerage Fund	3.00%	1,756,960
		<u>\$ 7,250,517</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:		
2011	\$ 271,984	\$ 222,676
2012	342,411	259,433
2013	356,048	245,796
2014	369,529	232,315
2015	383,784	218,060
2016-2020	2,153,493	855,828
2021-2025	1,831,621	463,760
2026-2030	1,436,055	129,935
2031	105,592	1,592
	<u>\$ 7,250,517</u>	<u>\$ 2,629,395</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 \$57,765,000 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	4.50% - 4.85%	\$ 2,270,000
Series 1999 Water and Sewerage Revenue Bonds	3.50% - 4.30%	1,160,000
Series 2002 Water and Sewerage Revenue Bonds	4.70% - 5.25%	7,045,000
Series 2003 Gas Authority Revenue Bonds	2.13% - 4.38%	6,150,000
Series 2009 Gas Authority Revenue Bonds	4.09%	5,250,000
		<u>\$ 21,875,000</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:		
2011	\$ 5,355,000	\$ 814,586
2012	5,580,000	575,671
2013	1,470,000	413,488
2014	695,000	369,691
2015	720,000	344,060
2016-2020	4,095,000	1,277,881
2021-2024	3,960,000	377,650
	<u>\$ 21,875,000</u>	<u>\$ 4,173,027</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

(Continued)

C. Compensated Absences - The City accrues compensated absences for their employees. Both governmental and business-type activities have accrued absences at June 30, 2010. 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. Intergovernmental Agreements Payable

The City of LaGrange has entered into three separate intergovernmental contracts:

- ▶ The LaGrange Development Authority (LDA), the Troup County Development Authority, the City of LaGrange, and Troup County entered into an intergovernmental contract under which the LDA is to acquire, construct and equip a new industrial park (Callaway South Industrial Park) on approximately 1,100 acres located within LaGrange. The LDA issued two series of revenue bonds, Series 2007A in the aggregate amount of \$1,565,000 and Series 2007B in the aggregate amount of \$5,285,000. The revenue bonds are secured by the intergovernmental contract under which the City of LaGrange and Troup County have agreed to each pay one-half of the debt service on the bonds when due, commencing in February, 2008. LDA is obligated for up to 50 years to reimburse the City of LaGrange and Troup County for payments made under the intergovernmental contract from net proceeds received from the sale or lease of parcels.
- ▶ The City entered into a contract dated April 1, 2005, with the Downtown LaGrange Development Authority obligating the City to service the principal and interest on the Authority's Series 2005 Revenue Bonds. The bond proceeds were used to construct a movie theater in the downtown area of LaGrange.
- ▶ The City also entered into a contract dated December 1, 2005 with the LaGrange Development Authority obligating the City to service the debt of the Authority's Series 2005A and 2005B Revenue Bonds. The proceeds of the bonds were used to acquire, construct and equip a new office park (Ridley Office Park). The Authority is obligated to reimburse the City for payments made under the contract from net proceeds received from the sale of parcels.

The amounts outstanding under the debt related to the intergovernmental agreements at year end are as follows:

Business-Type Activities

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2011	\$ 180,000	\$ 214,505
2012	195,000	204,605
2013	205,000	193,880
2014	215,000	182,605
2015	225,000	170,780
2016-2020	1,345,000	657,716
2021-2025	1,700,000	317,520
2026-2028	390,000	17,199
	<u>\$ 4,455,000</u>	<u>\$ 1,958,810</u>

Governmental Activities

Year ending June 30:		
2011	\$ 232,500	\$ 355,456
2012	245,000	341,588
2013	262,500	326,969
2014	275,000	311,308
2015	292,500	294,895
2016-2020	1,735,000	1,191,748
2021-2025	2,300,000	610,490
2026-2028	782,500	74,138
	<u>\$ 6,125,000</u>	<u>\$ 3,506,592</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

E. Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Intergovernmental agreements	\$ 6,342,500		\$ 217,500	\$ 6,125,000	\$ 232,500
Capital leases	3,622,934	\$ 195,276	886,704	2,931,506	888,412
Notes payable	2,835,000		200,000	2,635,000	230,000
Compensated absences	385,459	630,074	598,973	416,560	166,624
Governmental activities long-term liabilities	<u>\$ 13,185,893</u>	<u>\$ 825,350</u>	<u>\$ 1,903,177</u>	<u>\$ 12,108,066</u>	<u>\$ 1,517,536</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 26,975,000		\$ 5,100,000	\$ 21,875,000	\$ 5,355,000
Add, unamortized premium	329,231		96,036	233,195	
Total bonds	27,304,231	\$ 0	5,196,036	22,108,195	5,355,000
Intergovernmental agreements	4,625,000		170,000	4,455,000	180,000
Capital leases	2,339,656	392,138	877,354	1,854,440	868,867
Notes payable	5,749,878	2,928,266	1,427,627	7,250,517	271,984
Compensated absences	263,815	343,902	319,141	288,576	115,430
Business-type activities long-term liabilities	<u>\$ 40,282,580</u>	<u>\$ 3,664,306</u>	<u>\$ 7,990,158</u>	<u>\$ 35,956,728</u>	<u>\$ 6,791,281</u>

The government-wide statement of net assets noncurrent liabilities due in more than one year for business-type activities of \$34,961,758 includes \$5,796,311 of landfill postclosure liability which is not reported in the business-type activities in the schedule above.

Also, the government-wide statement of net assets includes \$5,355,000 of the long-term liabilities due within one year for business-type activities in liabilities "payable from restricted assets." The remaining amount of \$1,436,281 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, 2010 is as follows:

Due to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General Fund	Utility Fund	\$ 550,000
	Water Sewerage Fund	250,000
	Sanitation Fund	34,679
	Internal Service Fund	41,990
Capital Projects Fund	Water Sewerage Fund	284,000
Nonmajor Governmental Funds	Utility Fund	500
	Internal Service Fund	2,000
Sanitation Fund	Internal Service Fund	161,000
Internal Service Fund	Water Sewerage Fund	130,000
	Internal Service Fund	495,373
		<u>\$ 1,949,542</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments to supplement operations outstanding at year end and other miscellaneous receivables/payables between funds. All due to/from balances are expected to be repaid within one year.

Advances to/from other funds at June 30, 2010 consisted of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Utility Fund	Internal Service Fund	\$ <u>1,465,103</u>

The advance represents a long-term interfund loan between the Property and Casualty Fund and the Utility Fund. The original advance was for 1.7 million dollars made during the fiscal year ended June 30, 2007, for the purpose of expanding the gas system infrastructure. The advance is being repaid in annual installments through June 2023.

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	\$ 36,719,155
Advances from other funds	(1,465,103)
Net OPEB obligation	(<u>292,294</u>)

Non-current liabilities - Due in more than one year per government-wide Statement of Net Assets \$ 34,961,758

Transfers are primarily used to move funds between the proprietary funds and the governmental funds for expenses paid through the accounts payable system. The City does not levy property taxes to its citizens and therefore relies upon the enterprise funds to supplement the general fund operating expenditures. Other transfers represent flows of cash or goods from one fund to another without a requirement for repayment. These transfers were as follows:

	<u>Transfers Out</u>							<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Utility Fund</u>	<u>Water Sewerage Fund</u>	<u>Sanitation Fund</u>	<u>Internal Service</u>	
Transfers in:								
General Fund			\$ 397,221	\$ 7,991,844	\$ 26,375	\$ 13,113	\$ 38,817	\$ 8,467,370
Capital Projects Fund			91,010		200,000			291,010
Nonmajor governmental	\$ 506,147	\$ 1,311,025		86,250				1,903,422
Utility Fund	142,342	265,000			1,024,000	150,000		1,581,342
Water Sewerage Fund				655,095				655,095
Sanitation Fund				250,744				250,744
Internal service	<u>38,817</u>							<u>38,817</u>
	<u>\$ 687,306</u>	<u>\$ 1,576,025</u>	<u>\$ 488,231</u>	<u>\$ 8,983,933</u>	<u>\$ 1,250,375</u>	<u>\$ 163,113</u>	<u>\$ 38,817</u>	<u>\$13,187,800</u>

8. 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.

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

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, 2010.

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 \$3,856,391 for the year ended June 30, 2010. 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, 2010. 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, 2008	\$ 525,000	\$ 600,000
Claims and changes in estimate	4,314,146	852,638
Claims payments	(4,314,146)	(852,638)
Liability balance, June 30, 2009	525,000	600,000
Claims and changes in estimate	4,086,261	364,189
Claims payments	(4,086,261)	(364,189)
Liability balance, June 30, 2010	<u>\$ 525,000</u>	<u>\$ 600,000</u>

The liability is an estimate of claims at June 30, 2010 to be paid within the next fiscal year, therefore this is current liability.

- 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.

9. 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.

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(Continued)

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.

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 \$1,521,239 for the year ended June 30, 2010. The participant data and the asset values used in the actuarial valuation are as of January 1, 2010.

The required schedule of funding process immediately following these notes presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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	Closed level dollar for remaining unfunded liability.
Remaining Amortization Period	Remaining amortization period varies for the bases , with a net effective amortization period of ten years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.
Actuarial Assumptions:	
Investment rate of return	7.75%
Projected salary increase	3.50% plus age and service based merit increases
Cost of living adjustments	0.00%
Post retirement benefit increase	Not applicable

The valuation does not use a core inflation rate directly, although inflation trends are reviewed to ensure consistency in other assumptions.

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

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NOTES TO BASIC FINANCIAL STATEMENTS
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(Continued)

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 closed 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). The total level dollar amortization must be within a corridor of the 10 year and the 30 year amortization of the unfunded/(surplus) actuarial accrued liability.

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.

Listed below is a summary of the key valuation results:

Contributions for plan year beginning January 1, 2010:

Recommended	\$ 1,521,239
Recommended as a percent of payroll	9.61%
State minimum requirement	\$ 1,114,762

Funding elements for plan year beginning January 1, 2010:

Normal cost, including administrative expenses	\$ 800,166
Market value of assets	\$ 18,247,155
Actuarial value of assets	\$ 23,809,818
Actuarial accrued liability	\$ 28,496,815
Unfunded (surplus) actuarial accrued liability	\$ 4,686,997
Actuarial value of assets as a percentage of actuarial accrued liability (funded ratio)	83.55%
Annual covered payroll	\$ 15,567,105
Ratio of unfunded (surplus) to annual covered payroll	30.30%

GASB 25/27 for plan year beginning January 1, 2010:

Annual required contributions	\$ 1,521,239
Funded ratio	83.55%

Demographic data for plan year beginning January 1, 2010:

Number of retired participants and beneficiaries	170
Number of vested former participants	90
Number of active employees, including 7 elected officials:	
Fully vested	184
Not vested	186

Total membership in the plan	630
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Total payroll	\$ 15,567,108
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Average payroll	\$ 42,884
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CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(Continued)

Historical trend information is shown in the table below:

TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/10	\$ 1,521,239	100%	\$ 0
06/30/09	\$ 1,972,169	100%	\$ 0
06/30/08	\$ 1,199,760	100%	\$ 0

10. 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, 2010, the City contributed \$96,380 and employees contributed \$309,556. Plan provisions and contribution requirements are established and amended by a resolution of the City Council.

11. CHANGE IN PRESENTATION

Beginning with the current fiscal year, the City elected to present the operations of the water and sewerage activities as a separate enterprise fund. Prior to this fiscal year these activities were included in the Utility Fund. The change in presentation had no effect on the total beginning net assets of the business type activities; however, the net assets at the beginning of the year for the Water and Sewerage Fund have been separated from the Utility Fund. The 2009 column of the comparative financial statements presented in the supplementary section for the Utility Fund and the Water and Sewerage Fund have been separated to reflect the change in the fund structure.

12. 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, 2010, the outstanding debt of the Authority was approximately \$5.5 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$278 million at June 30, 2010.

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.

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

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, 2010, \$38,151,711 has been placed into the Trust for the benefit of the City, of which \$13,137,719 is available without restriction and \$25,013,992 is subject to restrictions. Due to the restricted nature of the \$25,013,992, the amount is reported as unearned revenue at June 30, 2010.

13. 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, 2010, the City paid \$27,977 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.

14. HOTEL / MOTEL LODGING TAX

During the year ended June 30, 2010, the City levied a 5% lodging tax and received \$396,511 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 \$159,394 of lodging tax received from the City during the year ended June 30, 2010 was used for the promotion of tourism.

15. 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.

16. 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 \$5,796,311 reported as the landfill closure and post-closure care liability at June 30, 2010 includes \$1,830,322, 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.

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The remaining amount reported as landfill closure and post-closure cost of \$3,965,989 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, 2010, approximately 40% of this landfill's capacity had been utilized and accordingly, a liability of \$3,965,989 has been recognized. The City will recognize the remaining estimated closure and post-closure care of \$5,879,796 as the remaining capacity is used.

Liability balance, June 30, 2009	\$ 5,578,065
Additions (Reductions)	218,246
Liability balance, June 30, 2010	<u>\$ 5,796,311</u>

17. 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	\$ 448,985	\$ 841,562	\$(392,577)
Debt Service Fund	General Government:			
	Debt service	\$ 1,809,673	\$ 1,937,360	\$(127,687)

18. DEFICIT FUND BALANCE

The Capital Projects Fund, a major fund of the primary government, had a deficit fund balance of \$15,780 at June 30, 2010. The Grant Fund, a nonmajor Special Revenue Fund of the primary government, had a deficit fund balance of \$120 at June 30, 2010. The City plans to liquidate the deficit fund balances through operating transfers of the General Fund.

19. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The City maintains a single-employer defined benefit OPEB plan (the City of LaGrange OPEB Plan) to provide medical, prescription drugs and dental benefits to eligible retirees and their spouses.

A. Summary of Significant Accounting Policies

Basis of Accounting

Effective with fiscal year ending June 30, 2010, the City has implemented the requirement of GASB Statement 45 for the basic financial statements; no net OPEB liability existed at the transition date. Financial statements for the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due. Benefits and claims are recognized when due and payable in accordance with the terms of the Plan.

CITY OF LAGRANGE, GEORGIA
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(Continued)

B. Plan Description

Plan Description - The City of LaGrange OPEB Plan is a single-employer defined benefit plan that provides medical, prescription drugs and dental benefits to eligible retirees and their spouses. Retirees may chose which benefits administered by Covenant Administrators is desired. Retirees and spouses are eligible to participate in the Plan until age 65 or Medicare eligibility, whichever comes first. Participation in the Plan is voluntary. Benefit levels, contribution rates and eligibility provisions of the Plan are determined by the City of LaGrange City Council in accordance with council resolution adopted as in Personnel Policy 6.15 Retirement System.

For the plan year, eligibility for benefits coverage was available upon being retired and at least 55 years old, and vested in the City Retirement System. Retirees must be receiving a pension from GMA.

The City Council has the authority for establishing and amending benefits for the Plan. The Plan does not issue a stand-alone financial report. Benefit provisions and all other related Plan requirements are established annually by the City Council.

The City administers the Plan, and its responsibility includes claims and general administration. The City's General Fund bears most of the administrative cost of the Plan. The Plan is actuarially evaluated every other year.

Membership of the Plan consisted of the following as of January 1, 2009, the last valuation date:

Retirees, beneficiaries, and dependents currently receiving benefits	12
Active plan participants	<u>361</u>
Total	<u><u>373</u></u>

Funding Policy - The City Council has the authority for establishing and amending the funding policy. Funding for the Plan is derived from two sources:

Member contributions
Employer contributions

Member contributions are set by the City Council. Annual contributions of plan members for the current fiscal year were as follows:

Healthcare:	
15 - 20 years of service and over age 60	50% of premiums
20 - 25 years of service and over age 60	40% of premiums
More than 25 years of service and over age 60	25% of premiums

If under 15 years of service and under age 60, then the employee would pay the entire COBRA rate.

Dental:	
Single	\$ 22
Family	\$ 60

Contributions paid by retirees in the current fiscal year totaled \$50,572.

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(Continued)

The City contributes annually an amount equal to the pay-as-you-go cost of retiree benefits. The City hasn't contributed any amounts for advance funding of future liabilities. The Annual OPEB cost is actuarially determined. For year ending June 30, 2010 the City contributed \$221,576 or 1.5% of the covered payroll for employees of \$15,042,574 under the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost and net OPEB obligation for the plan year ended June 30, 2010 is shown below:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Plan year ended:			
June 30, 2009	\$ 405,963	0%	\$ 405,963
June 30, 2010	\$ 405,963	0%	\$ 811,926

The net OPEB obligation for the fiscal year ended June 30, 2010 was developed as follows, based on an actuarial valuation date of January 1, 2009:

Annual required contribution	\$ 405,963
Interest on unfunded ARC	0
Adjustment of ARC	<u>0</u>
Annual OPEB cost	405,963
Actual contribution	<u>0</u>
Increase in OPEB obligation	405,963
Net OPEB obligation at beginning of year	<u>405,963</u>
Net OPEB obligation at year end	<u><u>\$ 811,926</u></u>

D. Funded Status and Funding Progress

Schedule of Funding Progress

Actuarial valuation date	January 1, 2009
Actuarial value of assets	\$ 0
Actuarial accrued liability	\$ 3,538,714
Total unfunded actuarial liability	\$ 3,538,714
Funded ratio	0%
Annual covered payroll	\$ 15,042,574
Ratio of the unfunded actuarial liability to annual covered payroll	23.52%

Data prior to the current year is not available. As the Plan gains experience, this table and the schedules found in the Required Supplementary Information section will show multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2010

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E. Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. As such, actuarial calculations reflect a long-term perspective. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant actuarial assumptions and other information used to compute the actuarial accrued liability and the annual required contribution of the plan are as follows:

Actuarial Cost Method:	Projected unit credit
Amortization Method:	Closed level dollar for 25 years
Remaining Amortization Period:	25 years as of July 1, 2008
Asset Valuation Method:	Market value
Actuarial assumptions:	
Investment rate of return	8.00% pre-funded or 4.00% pay-as-you-go
Salary growth	5.50%
Medical and drug cost trend rate	8.50% graded to 5.00% over 7 years
Dental cost trend rate	6.00% graded to 5.00% over 2 years

Full participation by the eligible population is assumed. The valuation does not use a core inflation rate directly, although inflation trends are reviewed to ensure consistency in the selection of the discount rate and the medical trend rate. Calculations are based on the types of benefits provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The City has not entered into any long-term contracts for contributions to the Plan with any party, and accordingly, there were not amounts of contractually required contributions outstanding at the report date.

F. Statement of Change in Plan Net Assets

A table of change in net assets will be necessary in future years to account for contribution, benefit, premium, expense and investment income activity. No information on this activity was available for the year leading up to the first valuation of this plan.

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

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2010

	<u>Actuarial Valuation Date</u>		
	<u>January 1, 2010</u>	<u>January 1, 2009</u>	<u>January 1, 2008</u>
Actuarial value of plan assets	\$ 23,809,818	\$ 18,558,163	\$ 21,971,785
Actuarial accrued liability	28,496,815	27,032,634	24,797,006
Total unfunded actuarial liability (or funding excess)	4,686,997	8,474,471	2,825,221
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	83.55%	68.65%	88.61%
Annual covered payroll	15,567,015	15,467,942	15,107,991
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	30.11%	54.79%	18.70%

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
Year Ended June 30, 2010

	Actuarial Valuation Date <u>January 1, 2009</u>
Actuarial value of plan assets	\$ 0
Actuarial accrued liability	\$ 3,538,714
Total unfunded actuarial liability (or funding excess)	\$ 3,538,714
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	0%
Annual covered payroll	\$ 15,042,574
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	23.52%

Note: Data prior to the current year is not available. As the Plan gains experience, this table will show multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 Funds - 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, 2010

	Capital Projects	Special Revenue			Debt Service Fund	Total Nonmajor Governmental Funds
	SPLOST Fund	Community Development Fund	Grant Fund	Hotel/Motel Tax Fund		
<u>Assets</u>						
Cash and cash equivalents	\$ 1,829,188	\$ 1,871,442	\$ 380		\$ 1,205,952	\$ 4,906,962
Receivables:						
Notes		1,195,442				1,195,442
Intergovernmental	489,154					489,154
Other		2,078				2,078
Total assets	<u>\$ 2,318,342</u>	<u>\$ 3,068,962</u>	<u>\$ 380</u>	<u>\$ 0</u>	<u>\$ 1,205,952</u>	<u>\$ 6,593,636</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	\$ 57,354	\$ 43				\$ 57,397
Accrued payroll		665				665
Due to other funds			\$ 500		\$ 2,000	2,500
Total liabilities	<u>57,354</u>	<u>708</u>	<u>500</u>	<u>\$ 0</u>	<u>2,000</u>	<u>60,562</u>
Fund balance:						
Reserved for long-term receivables		1,195,442				1,195,442
Reserved for capital projects	2,260,988					2,260,988
Unreserved		<u>1,872,812</u>	<u>(120)</u>		<u>1,203,952</u>	<u>3,076,644</u>
Total fund balance	<u>2,260,988</u>	<u>3,068,254</u>	<u>(120)</u>	<u>0</u>	<u>1,203,952</u>	<u>6,533,074</u>
Total liabilities and fund balance	<u>\$ 2,318,342</u>	<u>\$ 3,068,962</u>	<u>\$ 380</u>	<u>\$ 0</u>	<u>\$ 1,205,952</u>	<u>\$ 6,593,636</u>

CITY OF LAGRANGE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2010

	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				\$ 396,511		\$ 396,511
Intergovernmental	\$ 3,016,069	\$ 411,072				3,427,141
Investment income (loss)	5,270	37,428			\$ 21,510	64,208
Miscellaneous		13,634				13,634
Total revenues	<u>3,021,339</u>	<u>462,134</u>	<u>\$ 0</u>	<u>396,511</u>	<u>21,510</u>	<u>3,901,494</u>
Expenditures:						
Current:						
Redevelopment and housing		436,144				436,144
Community development				159,394		159,394
Debt service:						
Principal retirement					1,304,204	1,304,204
Interest					633,156	633,156
Capital outlay:						
Public safety	170,985					170,985
Public service	2,671,397					2,671,397
Redevelopment and housing		405,418				405,418
Total expenditures	<u>2,842,382</u>	<u>841,562</u>	<u>0</u>	<u>159,394</u>	<u>1,937,360</u>	<u>5,780,698</u>
Excess of revenues over (under) expenditures	<u>178,957</u>	<u>(379,428)</u>	<u>0</u>	<u>237,117</u>	<u>(1,915,850)</u>	<u>(1,879,204)</u>
Other financing sources (uses):						
Transfers in				159,394	1,744,028	1,903,422
Transfers out		(710)		(396,511)	(91,010)	(488,231)
Total other financing sources	<u>0</u>	<u>(710)</u>	<u>0</u>	<u>(237,117)</u>	<u>1,653,018</u>	<u>1,415,191</u>
Net change in fund balance	178,957	(380,138)	0	0	(262,832)	(464,013)
Fund balance, beginning of year	<u>2,082,031</u>	<u>3,448,392</u>	<u>(120)</u>	<u>0</u>	<u>1,466,784</u>	<u>6,997,087</u>
Fund balance, end of year	<u>\$ 2,260,988</u>	<u>\$ 3,068,254</u>	<u>\$ (120)</u>	<u>\$ 0</u>	<u>\$ 1,203,952</u>	<u>\$ 6,533,074</u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,829,188	\$ 1,635,934
Receivables:		
Intergovernmental	<u>489,154</u>	<u>482,447</u>
Total assets	<u>\$ 2,318,342</u>	<u>\$ 2,118,381</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	<u>\$ 57,354</u>	<u>\$ 36,350</u>
Total liabilities	<u>57,354</u>	<u>36,350</u>
Fund balance:		
Reserved for capital project	<u>2,260,988</u>	<u>2,082,031</u>
Total fund balance	<u>2,260,988</u>	<u>2,082,031</u>
Total liabilities and fund balance	<u>\$ 2,318,342</u>	<u>\$ 2,118,381</u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Special purpose sales tax	\$ 3,016,069	\$ 3,377,101
Intergovernmental		66,934
Investment income (loss)	<u>5,270</u>	<u>1,766</u>
Total revenues	<u>3,021,339</u>	<u>3,445,801</u>
Expenditures:		
Capital outlay:		
Public safety	170,985	818,349
Public service	<u>2,671,397</u>	<u>1,696,819</u>
Total expenditures	<u>2,842,382</u>	<u>2,515,168</u>
Excess of revenues over (under) expenditures	<u>178,957</u>	<u>930,633</u>
Net change in fund balance	178,957	930,633
Fund balance, beginning of year	<u>2,082,031</u>	<u>1,151,398</u>
Fund balance, end of year	<u>\$ 2,260,988</u>	<u>\$ 2,082,031</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,871,442	\$ 2,171,961
Receivables:		
Notes	1,195,442	1,275,513
Other	<u>2,078</u>	<u>2,023</u>
Total assets	<u>\$ 3,068,962</u>	<u>\$ 3,449,497</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 43	\$ 1,105
Accrued payroll	<u>665</u>	<u></u>
Total liabilities	<u>708</u>	<u>1,105</u>
Fund balance:		
Reserved for long-term receivables	1,195,442	1,275,458
Unreserved	<u>1,872,812</u>	<u>2,172,934</u>
Total fund balance	<u>3,068,254</u>	<u>3,448,392</u>
Total liabilities and fund balance	<u>\$ 3,068,962</u>	<u>\$ 3,449,497</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Intergovernmental	\$ 411,072	\$ 84,700
Investment income (loss)	37,428	55,642
Miscellaneous	<u>13,634</u>	<u>15,655</u>
Total revenues	<u>462,134</u>	<u>155,997</u>
Expenditures:		
Current:		
Redevelopment and housing	436,144	599,055
Administrative and management		5,447
Capital outlay:		
Redevelopment and housing	<u>405,418</u>	<u> </u>
Total expenditures	<u>841,562</u>	<u>604,502</u>
Excess of revenues over (under) expenditures	(<u>379,428</u>)	(<u>448,505</u>)
Other financing sources (uses):		
Transfer out	(<u>710</u>)	(<u>62</u>)
Total other financing sources	(<u>710</u>)	(<u>62</u>)
Net change in fund balance	(380,138)	(448,567)
Fund balance, beginning of year	<u>3,448,392</u>	<u>3,896,959</u>
Fund balance, end of year	<u>\$ 3,068,254</u>	<u>\$ 3,448,392</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 244,161	\$ 411,072	\$ 166,911
Interest	40,000	37,428	(2,572)
Miscellaneous	<u>6,400</u>	<u>13,634</u>	<u>7,234</u>
Total revenues	<u>290,561</u>	<u>462,134</u>	<u>171,573</u>
Expenditures:			
Current:			
Redevelopment and housing	448,985	436,144	12,841
Capital outlay:			
Redevelopment and housing	<u> </u>	<u>405,418</u>	<u>(405,418)</u>
Total expenditures	<u>448,985</u>	<u>841,562</u>	<u>(392,577)</u>
Excess of revenue over (under) expenditures	<u>(158,424)</u>	<u>(379,428)</u>	<u>(221,004)</u>
Other financing sources (uses):			
Transfer out	<u> </u>	<u>(710)</u>	<u>(710)</u>
Total other financing sources (uses)	<u>0</u>	<u>(710)</u>	<u>(710)</u>
Net change in fund balance	<u>(158,424)</u>	<u>(380,138)</u>	<u>(221,714)</u>
Fund balance, beginning of year	<u>3,448,392</u>	<u>3,448,392</u>	<u>0</u>
Fund balance, end of year	<u>\$ 3,289,968</u>	<u>\$ 3,068,254</u>	<u>\$ (221,714)</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 380	\$ 49,880
Total assets	<u>\$ 380</u>	<u>\$ 49,880</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Due to other funds	\$ 500	\$ 50,000
Total liabilities	<u>500</u>	<u>50,000</u>
Fund balance:		
Unreserved	(120)	(120)
Total fund balance	<u>(120)</u>	<u>(120)</u>
Total liabilities and fund balance	<u>\$ 380</u>	<u>\$ 49,880</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Intergovernmental	<u> </u>	\$ <u>8,000</u>
Total revenues	\$ <u>0</u>	<u>8,000</u>
Expenditures:		
Current:		
Administrative and management		1,015
Redevelopment and housing	<u> </u>	<u> </u>
Total expenditures	<u>0</u>	<u>1,015</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>6,985</u>
Net change in fund balance		6,985
Fund balance, beginning of year	(<u>120</u>)	(<u>7,105</u>)
Fund balance, end of year	<u><u>\$ (120)</u></u>	<u><u>\$ (120)</u></u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental			
Total revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Current:			
Administrative and management			
Redevelopment and housing			
Total expenditures	0	0	0
Excess of revenues over (under) expenditures	0	0	0
Net change in fund balance	0	0	
Fund balance, beginning of year	(120)	(120)	0
Fund balance, end of year	<u>\$(120)</u>	<u>\$ 120</u>	<u>\$ 0</u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL TAX FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Hotel/Motel tax	\$ 396,511	\$ 422,387
Total revenues	<u>396,511</u>	<u>422,387</u>
Expenditures:		
Current:		
Community development	<u>159,394</u>	<u>174,660</u>
Total expenditures	<u>159,394</u>	<u>174,660</u>
Excess of revenues over expenditures	<u>237,117</u>	<u>247,727</u>
Other financing sources (uses):		
Transfers in	159,394	174,660
Transfers out	(396,511)	(422,387)
Total other financing sources (uses)	<u>(237,117)</u>	<u>(247,727)</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 TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel/Motel tax	\$ 450,000	\$ 396,511	\$(53,489)
Total revenues	<u>450,000</u>	<u>396,511</u>	<u>(53,489)</u>
Expenditures:			
Current:			
Community development	<u>180,000</u>	<u>159,394</u>	<u>20,606</u>
Total expenditures	<u>180,000</u>	<u>159,394</u>	<u>20,606</u>
Excess of revenues over (under) expenditures	<u>270,000</u>	<u>237,117</u>	<u>(32,883)</u>
Other financing sources (uses):			
Transfers in	180,000	159,394	(20,606)
Transfers out	(450,000)	(396,511)	53,489
Total other financing sources (uses)	<u>(270,000)</u>	<u>(237,117)</u>	<u>32,883</u>
Net change in fund balance	0	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash	\$ 1,205,952	\$ 1,466,784
Total assets	<u>\$ 1,205,952</u>	<u>\$ 1,466,784</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Due to other funds	\$ 2,000	
Total liabilities	<u>2,000</u>	\$ 0
Fund balance:		
Unreserved	<u>1,203,952</u>	<u>1,466,784</u>
Total fund balance	<u>1,203,952</u>	<u>1,466,784</u>
Total liabilities and fund balance	<u>\$ 1,205,952</u>	<u>\$ 1,466,784</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Interest	\$ 21,510	\$ 35,344
Total revenues	<u>21,510</u>	<u>35,344</u>
Expenditures:		
Principal retirement	1,304,204	1,290,625
Interest	<u>633,156</u>	<u>626,348</u>
Total expenditures	<u>1,937,360</u>	<u>1,916,973</u>
Excess of revenues over (under) expenditures	(1,915,850)	(1,881,629)
Other financing sources:		
Transfers in	1,744,028	1,883,190
Transfers out	(91,010)	(81,187)
Total other financing sources	<u>1,653,018</u>	<u>1,802,003</u>
Net change in fund balance	(262,832)	(79,626)
Fund balance, beginning of year	<u>1,466,784</u>	<u>1,546,410</u>
Fund balance, end of year	<u>\$ 1,203,952</u>	<u>\$ 1,466,784</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 1,000	\$ 21,510	\$ 20,510
Total revenues	<u>1,000</u>	<u>21,510</u>	<u>20,510</u>
Expenditures:			
Debt service:			
Principal retirement	1,171,909	1,304,204	(132,295)
Interest and fiscal charges	<u>637,764</u>	<u>633,156</u>	<u>4,608</u>
Total expenditures	<u>1,809,673</u>	<u>1,937,360</u>	<u>(127,687)</u>
Excess of revenues over (under) expenditures	(<u>1,808,673</u>)	(<u>1,915,850</u>)	(<u>107,177</u>)
Other financing sources (uses):			
Transfers in	1,809,673	1,744,028	(65,645)
Transfers out	<u>()</u>	<u>(91,010)</u>	<u>(91,010)</u>
Total other financing sources (uses)	<u>1,809,673</u>	<u>1,653,018</u>	<u>(156,655)</u>
Net change in fund balance	1,000	(262,832)	(263,832)
Fund balance, beginning of year	<u>1,466,784</u>	<u>1,466,784</u>	<u>0</u>
Fund balance, end of year	<u>\$ 1,467,784</u>	<u>\$ 1,203,952</u>	<u>\$(263,832)</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,214,302	\$ 1,927,168
Investments	4,923	48,652
Receivables:		
Taxes	992,708	994,684
Other	9,645	8,373
Inventory	223,439	212,344
Restricted cash and cash equivalents	136,458	175,986
Restricted investments	<u>492,500</u>	<u>470,310</u>
Total assets	<u>\$ 4,073,975</u>	<u>\$ 3,837,517</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 492,083	\$ 278,448
Due to other funds	876,669	
Other accrued liabilities	<u>231,357</u>	<u>290,526</u>
Total liabilities	<u>1,600,109</u>	<u>568,974</u>
Fund balance:		
Reserved for inventory	223,439	212,344
Reserved for perpetual care	628,958	580,738
Unreserved	<u>1,621,469</u>	<u>2,475,461</u>
Total fund balance	<u>2,473,866</u>	<u>3,268,543</u>
Total liabilities and fund balance	<u>\$ 4,073,975</u>	<u>\$ 3,837,517</u>

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Taxes:		
Sales	\$ 4,777,940	\$ 4,807,415
Franchise	1,010,406	1,240,566
Insurance premium	1,441,410	1,455,062
Alcoholic beverage	696,307	703,676
Other	669,263	713,462
Licenses and permits	170,271	252,565
Intergovernmental	330,101	97,150
Charges for services	402,548	386,410
Fines and forfeitures	1,696,576	1,817,862
Investment income (loss)	41,467	49,231
Miscellaneous	126,851	240,722
Total revenues	<u>11,363,140</u>	<u>11,764,121</u>
Expenditures:		
Current:		
General government	1,604,065	1,488,532
Public safety	13,393,140	12,432,950
Public service	2,207,494	2,156,083
Culture and recreation	885,939	884,840
Community development	1,409,282	1,374,970
Telecommunications	296,011	276,701
Capital outlay:		
General government	5,700	29,770
Public safety	239,641	173,835
Public service	105,708	134,567
Culture and recreation		55,250
Total expenditures	<u>20,146,980</u>	<u>19,007,498</u>
Excess of expenditures over (under) revenues	<u>(8,783,840)</u>	<u>(7,243,377)</u>
Other financing sources (uses):		
Sale of assets	13,823	12,259
Capital lease	195,276	257,752
Transfers in	8,467,370	8,185,009
Transfers out	<u>(687,306)</u>	<u>(753,714)</u>
Total other financing sources	<u>7,989,163</u>	<u>7,701,306</u>
Net change in fund balance	<u>(794,677)</u>	457,929
Fund balance, beginning of year	<u>3,268,543</u>	<u>2,810,614</u>
Fund balance, end of year	<u>\$ 2,473,866</u>	<u>\$ 3,268,543</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash	\$ 250,282	\$ 561,718
Receivables:		
Notes	<u>50,289</u>	<u>63,196</u>
Total assets	<u>\$ 300,571</u>	<u>\$ 624,914</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 7,042	\$ 2,728
Accrued liabilities		81,187
Unearned revenue	25,309	25,309
Due to other funds	<u>284,000</u>	<u></u>
Total liabilities	<u>316,351</u>	<u>109,224</u>
Fund balance:		
Unreserved	(<u>15,780</u>)	<u>515,690</u>
Total fund balance	(<u>15,780</u>)	<u>515,690</u>
Total liabilities and fund balance	<u>\$ 300,571</u>	<u>\$ 624,914</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Intergovernmental		\$ 170,000
Lease income	\$ 1,031,280	1,017,615
Interest	1,158	5,725
Miscellaneous	<u>33,031</u>	<u>41,319</u>
Total revenues	<u>1,065,469</u>	<u>1,234,659</u>
Expenditures:		
Capital outlay:		
General government	33,090	118,752
Public service	78,834	450,401
Community development	<u>200,000</u>	
Total expenditures	<u>311,924</u>	<u>569,153</u>
Excess of revenues over expenditures	<u>753,545</u>	<u>665,506</u>
Other financing sources (uses):		
Sales of assets		17,885
Transfers in	291,010	1,660,854
Transfers out	<u>(1,576,025)</u>	<u>(1,565,234)</u>
Total other financing sources	<u>(1,285,015)</u>	<u>113,505</u>
Net change in fund balance	<u>(531,470)</u>	<u>779,011</u>
Fund balance, beginning of year	<u>515,690</u>	<u>(263,321)</u>
Fund balance, end of year	<u><u>\$ (15,780)</u></u>	<u><u>\$ 515,690</u></u>

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

SUPPLEMENTAL INFORMATION ENTERPRISE FUNDS

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

Water and Sewerage Fund - This fund accounts for the operation of the City's water and sewerage activities.

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, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 2,130,094	\$ 3,977,991
Investments	13,137,775	7,036,054
Receivables:		
Accounts	7,523,534	6,052,837
Loans	1,359,301	1,359,301
Due from other funds	550,500	50,000
Prepays	94,038	99,582
Inventory	960,629	1,111,211
Restricted assets:		
Restricted investments	25,013,992	28,179,755
Restricted deposits		3,565,523
Total current assets	<u>50,769,863</u>	<u>51,432,254</u>
Noncurrent assets:		
Capital assets, not being depreciated	4,766,570	2,405,907
Capital assets, being depreciated	37,519,690	37,612,380
Other assets	246,136	263,788
Total noncurrent assets	<u>42,532,396</u>	<u>40,282,075</u>
Total assets	<u>93,302,259</u>	<u>91,714,329</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	3,248,073	4,131,967
Customer deposits	1,343,305	1,202,391
Accrued liabilities	60,704	48,775
Accrued compensated absences	53,651	59,868
Unearned revenue	25,013,992	28,179,755
Capital leases - Current	377,932	385,063
Intergovernmental agreement payable - Current	180,000	170,000
Liabilities payable from restricted assets:		
Accrued interest payable	118,921	115,068
Revenue bonds - Current	620,000	575,000
Total current liabilities	<u>31,016,578</u>	<u>34,867,887</u>
Non-current liabilities:		
Compensated absences	80,476	59,866
Revenue bonds - Long-term	10,769,152	11,388,376
Capital leases - Long-term	484,948	704,309
Intergovernmental agreement payable - Long-term	4,275,000	4,455,000
Advances from other funds	1,465,103	1,528,409
Net OPEB obligation	121,790	60,895
Total noncurrent liabilities	<u>17,196,469</u>	<u>18,196,855</u>
Total liabilities	<u>48,213,047</u>	<u>53,064,742</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	30,034,228	26,965,539
Unrestricted	15,054,984	11,684,048
Total net assets	<u>\$ 45,089,212</u>	<u>\$ 38,649,587</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Gas system	\$ 16,160,041	\$ 18,439,421
Electric system	46,228,311	41,001,350
Telecommunications	3,096,680	2,369,796
Other sales	195,987	150,318
Total operating revenues	<u>65,681,019</u>	<u>61,960,885</u>
Operating expenses:		
Gas system	12,977,646	15,535,816
Electric system	34,602,526	32,716,141
Telecommunications	1,989,311	1,865,156
Depreciation and amortization	1,626,467	1,591,764
Total operating expenses	<u>51,195,950</u>	<u>51,708,877</u>
Operating income	<u>14,485,069</u>	<u>10,252,008</u>
Non-operating revenues (expenses):		
Gain (loss) on sale of assets		(4,622)
Investment income	115,152	243,446
Interest expense	(758,005)	(632,893)
Total nonoperating revenues (expenses)	<u>(642,853)</u>	<u>(394,069)</u>
Net income before transfers	13,842,216	9,857,939
Transfers in	1,581,342	2,167,137
Transfers out	<u>(8,983,933)</u>	<u>(13,095,556)</u>
Change in net assets	6,439,625	(1,070,480)
Net assets, beginning of year	<u>38,649,587</u>	<u>39,720,067</u>
Net assets, end of year	<u>\$ 45,089,212</u>	<u>\$ 38,649,587</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 61,185,473	\$ 66,584,886
Cash paid to employees	(3,471,840)	(2,632,491)
Cash paid to suppliers	(47,302,000)	(48,382,715)
Net cash provided (used) by operating activities	<u>10,411,633</u>	<u>15,569,680</u>
Cash flow from noncapital financing activities:		
Transfers in	1,581,342	1,769,474
Transfers out	(8,983,933)	(13,095,556)
Net cash provided (used) by noncapital financing activities	<u>(7,402,591)</u>	<u>(11,326,082)</u>
Cash flows from capital and related financial activities:		
Bond proceeds		5,410,000
Payments on intergovernmental agreement	(170,000)	(165,000)
Principal payments on revenue bonds	(575,000)	(315,000)
Proceeds from sale of assets	4,394	902
Acquisition of capital assets	(3,896,520)	(3,813,932)
Capital lease proceeds	181,746	286,321
Capital lease payments	(408,237)	(484,295)
Interest paid	(738,039)	(551,854)
Net cash provided (used) by capital and related financing activities	<u>(5,601,656)</u>	<u>367,142</u>
Cash flows from investing activities:		
Sale (Purchase) of investments	(2,935,958)	(1,435,560)
Investment income	115,152	243,446
Net cash provided (used) by investing activities	<u>(2,820,806)</u>	<u>(1,192,114)</u>
Net increase (decrease) in cash	(5,413,420)	3,418,626
Cash, beginning of year	<u>7,543,514</u>	<u>4,124,888</u>
Cash, end of year	<u>\$ 2,130,094</u>	<u>\$ 7,543,514</u>
Report on the balance sheet as:		
Cash and cash equivalents	\$ 2,130,094	\$ 3,977,991
Restricted cash		<u>3,565,523</u>
Total	<u>\$ 2,130,094</u>	<u>\$ 7,543,514</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009
(Continued)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Operating income	\$ 14,485,069	\$ 10,252,008
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,626,467	1,591,764
Changes in operating assets and liabilities:		
Accounts receivable	(1,470,697)	1,687,580
Inventory	150,582	(179,409)
Prepays	5,544	(65,403)
Accounts payable	(883,894)	501,813
Accrued vacation	14,393	9,697
Due from other funds	(500,500)	2,625,925
Due to other funds	(63,306)	(60,147)
Unearned revenue	(3,165,763)	(590,935)
Customer deposits	140,914	(280,438)
Other accrued expenses	11,929	16,330
Net OPEB obligation	<u>60,895</u>	<u>60,895</u>
Net cash provided by operating activities	<u>\$ 10,411,633</u>	<u>\$ 15,569,680</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF OPERATING INCOME
Year Ended June 30, 2010

	<u>Electric System</u>	<u>Gas System</u>	<u>Telecom- munications</u>	<u>Total</u>
Operating revenues	<u>\$ 46,384,441</u>	<u>\$ 16,199,898</u>	<u>\$ 3,096,680</u>	<u>\$ 65,681,019</u>
Operating expenses:				
Electricity and natural gas purchase	31,572,670	11,061,773		42,634,443
Depreciation	367,151	991,920	267,396	1,626,467
Other operating	<u>3,029,856</u>	<u>1,915,873</u>	<u>1,989,311</u>	<u>6,935,040</u>
	<u>34,969,677</u>	<u>13,969,566</u>	<u>2,256,707</u>	<u>51,195,950</u>
Operating income	<u>\$ 11,414,764</u>	<u>\$ 2,230,332</u>	<u>\$ 839,973</u>	<u>\$ 14,485,069</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF CHANGES IN UTILITY PLANT IN SERVICE
Year Ended June 30, 2010

	Historical Cost			Allowance for Depreciation				Net Asset Value
	Balance June 30, 2009 (As Restated)	Additions	Deletions	Balance June 30, 2010 (As Restated)	Expense	Deletions	Balance June 30, 2010	
Gas system	\$ 32,054,424	\$ 3,029,699	\$(18,876)	\$ 35,065,247	\$(896,134)	\$ 16,796	\$(8,529,645)	\$ 26,535,602
Electric system	17,415,883	338,061	0	17,753,944	(462,937)	0	(7,729,653)	10,024,291
Tele-communications	7,659,366	528,760	0	8,188,126	(267,396)	0	(2,461,759)	5,726,367
	<u>\$ 57,129,673</u>	<u>\$ 3,896,520</u>	<u>\$(18,876)</u>	<u>\$ 61,007,317</u>	<u>\$(1,626,467)</u>	<u>\$ 16,796</u>	<u>\$(18,721,057)</u>	<u>\$ 42,286,260</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE SCHEDULES OF REVENUES
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Gas system:		
Gas sales	\$ 16,130,865	\$ 18,452,783
Miscellaneous	<u>69,033</u>	<u>32,890</u>
	<u>16,199,898</u>	<u>18,485,673</u>
Electric system:		
Electricity sales	45,288,707	40,277,255
Street and security lights	939,604	724,095
Miscellaneous	<u>156,130</u>	<u>104,066</u>
	<u>46,384,441</u>	<u>41,105,416</u>
Telecommunications:		
Internet services	1,356,909	1,223,796
Other telecommunications services	<u>1,739,771</u>	<u>1,146,000</u>
	<u>3,096,680</u>	<u>2,369,796</u>
Total operating revenues	<u>\$ 65,681,019</u>	<u>\$ 61,960,885</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 3,590,067	\$ 3,408,040
Receivables:		
Accounts	1,873,683	1,619,325
Other	396,730	
Due from other funds	664,000	
Inventory	768,545	692,244
Restricted assets:		
Restricted deposits	201,309	200,768
Total current assets	<u>7,494,334</u>	<u>5,920,377</u>
Noncurrent assets:		
Capital assets, not being depreciated	3,553,704	685,000
Capital assets, being depreciated	68,538,473	70,381,275
Other assets	84,825	
Total noncurrent assets	<u>72,177,002</u>	<u>71,066,275</u>
Total assets	<u>79,671,336</u>	<u>76,986,652</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	922,408	355,223
Customer deposits	325,443	331,479
Accrued liabilities	50,037	37,704
Accrued compensated absences	36,932	41,061
Notes payable - Current	120,620	110,535
Capital leases - Current	85,671	110,071
Liabilities payable from restricted assets:		
Revenue bonds - Current	4,020,000	3,850,000
Total current liabilities	<u>5,561,111</u>	<u>4,836,073</u>
Non-current liabilities:		
Compensated absences	55,399	41,062
Revenue bonds - Long-term	4,437,113	8,557,960
Notes payable - Long-term	3,435,650	1,799,311
Capital leases - Long-term	146,983	232,653
Net OPEB obligation	113,670	56,835
Total noncurrent liabilities	<u>8,188,815</u>	<u>10,687,821</u>
Total liabilities	<u>13,749,926</u>	<u>15,523,894</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	59,846,140	56,405,745
Unrestricted	<u>6,075,270</u>	<u>5,057,013</u>
Total net assets	<u>\$ 65,921,410</u>	<u>\$ 61,462,758</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Water and sewerage system	\$ 15,155,948	\$ 16,019,362
Other sales	<u>79,987</u>	<u>406,111</u>
Total operating revenues	<u>15,235,935</u>	<u>16,425,473</u>
Operating expenses:		
Water and sewerage system	\$ 8,294,471	\$ 8,318,946
Depreciation and amortization	<u>2,628,772</u>	<u>2,447,133</u>
Total operating expenses	<u>10,923,243</u>	<u>10,766,079</u>
Operating income	<u>4,312,692</u>	<u>5,659,394</u>
Non-operating revenues (expenses):		
Investment income	4,350	16,689
Interest expense	(434,417)	(593,598)
Total nonoperating revenues (expenses)	<u>(430,067)</u>	<u>(576,909)</u>
Net income before contributions and transfers	3,882,625	5,082,485
Capital contributions	1,171,307	2,750,000
Transfers in	655,095	1,716,580
Transfers out	<u>(1,250,375)</u>	<u>(1,714,120)</u>
Change in net assets	4,458,652	7,834,945
Net assets, beginning of year	<u>61,462,758</u>	<u>53,627,813</u>
Net assets, end of year	<u>\$ 65,921,410</u>	<u>\$ 61,462,758</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 14,975,541	\$ 16,737,428
Cash paid to employees	(3,497,954)	(2,333,485)
Cash paid to suppliers	(4,890,257)	(6,080,545)
Net cash provided (used) by operating activities	<u>6,587,330</u>	<u>8,323,398</u>
Cash flow from noncapital financing activities:		
Transfers in	655,095	1,716,580
Transfers out	(1,250,375)	(1,316,457)
Net cash provided (used) by noncapital financing activities	<u>(595,280)</u>	<u>400,123</u>
Cash flows from capital and related financial activities:		
Principal payments on revenue bonds	(3,850,000)	(3,705,000)
Acquisition of capital assets	(3,654,671)	(2,432,534)
Capital lease payments	(110,071)	(54,939)
Note payable proceeds	2,446,711	
Payments on notes payable	(110,535)	(355,055)
Interest paid	(535,266)	(694,442)
Net cash provided (used) by capital and related financing activities	<u>(5,813,832)</u>	<u>(7,241,970)</u>
Cash flows from investing activities:		
Investment income	<u>4,350</u>	<u>16,689</u>
Net cash provided (used) by investing activities	<u>4,350</u>	<u>16,689</u>
Net increase (decrease) in cash	182,568	1,498,240
Cash, beginning of year	<u>3,608,808</u>	<u>2,110,568</u>
Cash, end of year	<u>\$ 3,791,376</u>	<u>\$ 3,608,808</u>
Report on the balance sheet as:		
Cash and cash equivalents	\$ 3,590,067	\$ 3,408,040
Restricted cash	<u>201,309</u>	<u>200,768</u>
Total	<u>\$ 3,791,376</u>	<u>\$ 3,608,808</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009
(Continued)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Operating income	\$ 4,312,692	\$ 5,659,394
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,628,772	2,447,133
Changes in operating assets and liabilities:		
Accounts receivable	(254,358)	(19,524)
Inventory	(76,301)	38,156
Prepays		3,860
Accounts payable	567,185	(138,616)
Accrued vacation	10,208	8,842
Due from other funds	(664,000)	
Due to other funds		(75,000)
Customer deposits	(6,036)	331,479
Other accrued expenses	12,333	10,839
Net OPEB obligation	<u>56,835</u>	<u>56,835</u>
Net cash provided by operating activities	<u>\$ 6,587,330</u>	<u>\$ 8,323,398</u>
Non-cash investing, capital and financing activities:		
Capital contributions	<u>\$ 1,171,307</u>	<u>\$ 2,750,000</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 392,062	\$ 566,654
Receivables:		
Accounts receivable	94,223	89,556
Due from other funds	34,679	
Inventory		1,468
Total current assets	<u>520,964</u>	<u>657,678</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,437,733	1,437,733
Capital assets, being depreciated	19,162,313	19,806,561
Other assets	90,887	95,671
Total noncurrent assets	<u>20,690,933</u>	<u>21,339,965</u>
Total assets	<u>21,211,897</u>	<u>21,997,643</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	79,711	89,868
Customer deposits	1,530	1,530
Accrued liabilities	26,675	19,436
Due to other funds	161,000	500,000
Accrued compensated absences	24,847	30,979
Notes payable, current	151,364	145,785
Capital leases, current	405,264	371,109
Liabilities payable from restricted assets:		
Accrued interest payable	9,113	10,435
Revenue bonds, current	715,000	675,000
Total current liabilities	<u>1,574,504</u>	<u>1,844,142</u>
Noncurrent liabilities:		
Compensated absences	37,271	30,979
Revenue bonds, long-term	1,546,930	2,257,895
Notes payable, long-term	3,542,883	3,694,247
Capital leases, long-term	353,642	536,451
Landfill postclosure liability	5,796,311	5,578,065
Net OPEB obligation	56,834	28,417
Total noncurrent liabilities	<u>11,333,871</u>	<u>12,126,054</u>
Total liabilities	<u>12,908,375</u>	<u>13,970,196</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	13,884,963	13,563,806
Unrestricted	(5,581,441)	(5,536,359)
Total net assets	<u>\$ 8,303,522</u>	<u>\$ 8,027,447</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Sanitation	\$ 6,772,991	\$ 7,017,767
Other sales	<u>255,709</u>	<u>259,676</u>
Total operating revenues	<u>7,028,700</u>	<u>7,277,443</u>
Operating expenses:		
Sanitation	5,745,594	5,861,273
Depreciation and amortization	<u>933,095</u>	<u>891,335</u>
Total operating expenses	<u>6,678,689</u>	<u>6,752,608</u>
Operating income	<u>350,011</u>	<u>524,835</u>
Nonoperating revenues (expenses):		
Investment income	2,356	10,906
Gain (loss) on sale of assets	2,212	7,314
Interest expense	<u>(166,135)</u>	<u>(191,823)</u>
Total nonoperating revenues (expenses)	<u>(161,567)</u>	<u>(173,603)</u>
Income before transfers	188,444	351,232
Transfers in	250,744	2,334,352
Transfers out	<u>(163,113)</u>	<u>(489,522)</u>
Change in net assets	276,075	2,196,062
Net assets, beginning of year	<u>8,027,447</u>	<u>5,831,385</u>
Net assets, end of year	<u>\$ 8,303,522</u>	<u>\$ 8,027,447</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 7,024,033	\$ 7,281,365
Cash paid to employees	(1,775,570)	(1,628,878)
Cash paid to suppliers	(4,098,330)	(6,900,627)
Net cash provided (used) by operating activities	<u>1,150,133</u>	<u>(1,248,140)</u>
Cash flows from noncapital financing activities:		
Transfers in	250,744	2,334,352
Transfers out	(163,113)	(489,522)
Net cash provided (used) by noncapital financing activities	<u>87,631</u>	<u>1,844,830</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of assets		26,966
Capital lease proceeds	210,393	
Capital lease payments	(359,046)	(341,728)
Principal payments on revenue bonds	(675,000)	(640,000)
Note payable proceeds		669,027
Payments on notes payable	(145,785)	(85,174)
Acquisition of capital assets	(288,847)	(598,564)
Interest paid	(156,427)	(191,617)
Net cash provided (used) by capital and related financing activities	<u>(1,414,712)</u>	<u>(1,161,090)</u>
Cash flows from investing activities:		
Investment income	<u>2,356</u>	<u>10,906</u>
Net cash provided (used) by investing activities	<u>2,356</u>	<u>10,906</u>
Net (decrease) increase in cash	(174,592)	(553,494)
Cash, beginning of year	<u>566,654</u>	<u>1,120,148</u>
Cash, end of year	<u>\$ 392,062</u>	<u>\$ 566,654</u>
Cash flows from operating activities:		
Operating income	\$ 350,011	\$ 524,835
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	933,095	891,335
Changes in operating assets and liabilities:		
Accounts receivable	(4,667)	3,922
Prepays		3,720
Inventory	1,468	
Accounts payable	(10,157)	(1,177,076)
Accrued vacation	160	3,716
Due from other funds	(34,679)	200,000
Other accrued expenses	7,239	3,601
Due to other funds	(339,000)	(2,105,700)
Closure/postclosure care	218,246	375,090
Net OPEB obligation	<u>28,417</u>	<u>28,417</u>
Net cash provided by operating activities	<u>\$ 1,150,133</u>	<u>\$(1,248,140)</u>

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

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, 2010

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 1,623	\$ 1,821,371	\$ 1,822,994
Investments		55	55
Receivables-other	10,851	101,990	112,841
Due from other funds	41,990	658,373	700,363
Prepaid expense	22,750		22,750
Advances to other funds		1,465,103	1,465,103
	<u>77,214</u>	<u>4,046,892</u>	<u>4,124,106</u>
Total assets			
	<u>77,214</u>	<u>4,046,892</u>	<u>4,124,106</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	774	1,404	2,178
Claims reserve	525,000	600,000	1,125,000
Due to other funds	625,373		625,373
	<u>1,151,147</u>	<u>601,404</u>	<u>1,752,551</u>
Total liabilities			
	<u>1,151,147</u>	<u>601,404</u>	<u>1,752,551</u>
Net assets:			
Unrestricted	(1,073,933)	3,445,488	2,371,555
	<u>\$(1,073,933)</u>	<u>\$ 3,445,488</u>	<u>\$ 2,371,555</u>
Total net assets			
	<u>\$(1,073,933)</u>	<u>\$ 3,445,488</u>	<u>\$ 2,371,555</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Year Ended June 30, 2010

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 4,326,866	\$ 978,031	\$ 5,304,897
Operating expenses:			
Administrative services	178,192	40,996	219,188
Risk management	<u>4,678,223</u>	<u>765,904</u>	<u>5,444,127</u>
Total operating expenses	<u>4,856,415</u>	<u>806,900</u>	<u>5,663,315</u>
Operating income (loss)	(529,549)	171,131	(358,418)
Nonoperating revenues:			
Investment income	<u>553</u>	<u>87,973</u>	<u>88,526</u>
Total nonoperating revenues	<u>553</u>	<u>87,973</u>	<u>88,526</u>
Income (loss) before transfers	(528,996)	259,104	(269,892)
Transfers in	38,817		38,817
Transfers out	(38,817)		(38,817)
Change in net assets	(528,996)	259,104	(269,892)
Net assets, beginning of year	(544,937)	3,186,384	2,641,447
Net assets, end of year	<u><u>\$ (1,073,933)</u></u>	<u><u>\$ 3,445,488</u></u>	<u><u>\$ 2,371,555</u></u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2010

	Group Insurance Fund	Property and Casualty Fund	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 4,343,313	\$ 819,658	\$ 5,162,971
Cash paid to suppliers	(4,342,243)	(806,529)	(5,148,772)
Net cash provided (used) by operating activities	<u>1,070</u>	<u>13,129</u>	<u>14,199</u>
Cash flows from non-capital financing activities:			
Repayments of advances to other funds		63,306	63,306
Transfers in	38,817		38,817
Transfers out	(38,817)		(38,817)
Net cash provided (used) by non-capital financing activities	<u>0</u>	<u>63,306</u>	<u>63,306</u>
Cash flows from investing activities:			
Investment income	<u>553</u>	<u>87,973</u>	<u>88,526</u>
Net cash provided (used) by investing activities	<u>553</u>	<u>87,973</u>	<u>88,526</u>
Net increase (decrease) in cash	1,623	164,408	166,031
Cash, beginning of year	<u>0</u>	<u>1,656,963</u>	<u>1,656,963</u>
Cash, end of year	<u>\$ 1,623</u>	<u>\$ 1,821,371</u>	<u>\$ 1,822,994</u>
Report on the balance sheet as:			
Cash and cash equivalents	<u>\$ 1,623</u>	<u>\$ 1,821,371</u>	<u>\$ 1,822,994</u>
Cash flows from operating activities:			
Operating income	\$(529,549)	\$ 171,131	\$(358,418)
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:			
(Increase) decrease in accounts receivable	58,437		58,437
(Increase) decrease in interfund receivable	(41,990)	(158,373)	(200,363)
Increase (decrease) in accounts payable	(50,538)	371	(50,167)
Increase (decrease) in bank overdraft	(60,663)		(60,663)
Increase (decrease) in interfund payable	<u>625,373</u>		<u>625,373</u>
Net cash provided (used) by operating activities	<u>\$ 1,070</u>	<u>\$ 13,129</u>	<u>\$ 14,199</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,623	
Receivables-other	10,851	\$ 69,288
Prepaid expense	22,750	22,750
Due from other funds	41,990	
Total assets	<u>77,214</u>	<u>92,038</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	774	51,312
Bank overdraft		60,663
Claims reserve	525,000	525,000
Due to other funds	625,373	
Total current liabilities	<u>1,151,147</u>	<u>636,975</u>
Net assets:		
Unrestricted	<u><u>\$ (1,073,933)</u></u>	<u><u>\$ (544,937)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 4,326,866	\$ 4,138,880
Operating expenses:		
Administrative services	178,192	270,846
Risk management	<u>4,678,223</u>	<u>4,314,146</u>
Total operating expenses	<u>4,856,415</u>	<u>4,584,992</u>
Operating income (loss)	(529,549)	(446,112)
Nonoperating revenues:		
Investment income	<u>553</u>	<u>3,437</u>
Total nonoperating revenues	<u>553</u>	<u>3,437</u>
Income (loss) before transfers	(528,996)	(442,675)
Transfers in	38,817	39,091
Transfers out	<u>(38,817)</u>	<u>(39,091)</u>
Change in net assets	(528,996)	(442,675)
Net assets, beginning of year	<u>(544,937)</u>	<u>(102,262)</u>
Net assets, end of year	<u><u>\$ (1,073,933)</u></u>	<u><u>\$ (544,937)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 4,343,313	\$ 4,147,586
Cash paid to suppliers	(4,342,243)	(4,499,361)
Net cash provided (used) by operating activities	<u>1,070</u>	<u>(351,775)</u>
Cash flows from non-capital financing activities:		
Transfers in	38,817	39,091
Transfers out	(38,817)	(39,091)
Net cash provided (used) by non-capital financing activities	<u>0</u>	<u>0</u>
Cash flows from investing activities:		
Investment income	<u>553</u>	<u>3,437</u>
Net cash provided (used) by investing activities	<u>553</u>	<u>3,437</u>
Net increase (decrease) in cash	1,623	(348,338)
Cash, beginning of year	<u>0</u>	<u>348,338</u>
Cash, end of year	<u>\$ 1,623</u>	<u>\$ 0</u>
Report on the balance sheet as:		
Cash and cash equivalents	<u>\$ 1,623</u>	<u>\$ 0</u>
Cash flows from operating activities:		
Operating income (loss)	\$(529,549)	\$(446,112)
Adjustments to reconcile operating loss to net cash used for operating activities:		
(Increase) decrease in receivables	58,437	8,742
(Increase) decrease in prepaid expenses		(36)
(Increase) decrease in interfund receivable	(41,990)	
Increase (decrease) in accounts payable	(50,538)	24,968
Increase (decrease) in bank overdraft	(60,663)	60,663
Increase (decrease) in interfund payable	<u>625,373</u>	
Net cash provided (used) by operating activities	<u>\$ 1,070</u>	<u>\$(351,775)</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,821,371	\$ 1,656,963
Investments	55	55
Due from other funds	658,373	500,000
Receivables-other	101,990	101,990
Advances to other funds	<u>1,465,103</u>	<u>1,528,409</u>
Total assets	<u>4,046,892</u>	<u>3,787,417</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	1,404	1,033
Claims reserve	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>601,404</u>	<u>601,033</u>
Net assets:		
Unrestricted	<u>\$ 3,445,488</u>	<u>\$ 3,186,384</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services	\$ 978,031	\$ 1,033,528
Operating expenses:		
Administrative services	40,996	25,937
Risk management	<u>765,904</u>	<u>852,638</u>
Total operating expenses	<u>806,900</u>	<u>878,575</u>
Operating income (loss)	<u>171,131</u>	<u>154,953</u>
Nonoperating revenues:		
Investment income	<u>87,973</u>	<u>98,691</u>
Total nonoperating revenues	<u>87,973</u>	<u>98,691</u>
Change in net assets	259,104	253,644
Net assets, beginning of year	<u>3,186,384</u>	<u>2,932,740</u>
Net assets, end of year	<u><u>\$ 3,445,488</u></u>	<u><u>\$ 3,186,384</u></u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 819,658	\$ 1,033,528
Cash paid to suppliers	(806,529)	(1,088,759)
Net cash provided (used) by operating activities	<u>13,129</u>	<u>(55,231)</u>
Cash flows from non-capital financing activities:		
Repayment of advances to other funds	<u>63,306</u>	<u>60,147</u>
Net cash provided (used) by non-capital financing activities	<u>63,306</u>	<u>60,147</u>
Cash flows from investing activities:		
Investment income	<u>87,973</u>	<u>98,691</u>
Net cash provided (used) by investing activities	<u>87,973</u>	<u>98,691</u>
Net increase (decrease) in cash	164,408	103,607
Cash, beginning of year	<u>1,656,963</u>	<u>1,553,356</u>
Cash, end of year	<u><u>\$ 1,821,371</u></u>	<u><u>\$ 1,656,963</u></u>
Report on the balance sheet as:		
Cash and cash equivalents	<u><u>\$ 1,821,371</u></u>	<u><u>\$ 1,656,963</u></u>
Cash flows from operating activities:		
Operating income	\$ 171,131	\$ 154,953
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) in interfund receivable	(158,373)	(200,000)
Increase (decrease) in accounts payable	<u>371</u>	<u>(10,184)</u>
Net cash provided by operating activities	<u><u>\$ 13,129</u></u>	<u><u>\$(55,231)</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Governmental fund capital assets:		
Land	\$ 12,789,719	\$ 12,589,719
Buildings and improvements	12,798,082	12,798,082
Machinery and equipment	7,289,133	7,098,701
Vehicles	2,928,269	2,807,244
Infrastructure	22,557,237	19,830,718
Construction in progress	<u>405,418</u>	
Total governmental fund capital assets	<u>\$ 58,767,858</u>	<u>\$ 55,124,464</u>
Investment in governmental fund capital assets by source:		
General fund revenues	\$ 10,207,536	\$ 9,910,289
General obligation bonds	3,000,000	3,000,000
Capital projects fund	37,995,117	35,054,388
Special revenues fund	4,062,140	3,656,722
Donations	<u>3,503,065</u>	<u>3,503,065</u>
Total governmental fund capital assets	<u>\$ 58,767,858</u>	<u>\$ 55,124,464</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*
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 June 30, 2010

<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	\$ 14,940,211	\$ 3,299,633	\$ 6,357,728	\$ 2,660,313	\$ 482,009	\$ 2,140,528	
Public safety	6,207,813	21,465	2,266,960	2,124,287	1,672,041	123,060	
Public service	10,508,800	2,059,815		1,247,727	417,469	6,783,789	
Culture and recreation	4,876,013	1,737,735	206,943	277,858	312,148	2,341,329	
Community development	22,235,021	5,671,071	3,966,451	978,948	44,602	11,168,531	\$ 405,418
Total governmental funds capital assets	<u>\$ 58,767,858</u>	<u>\$ 12,789,719</u>	<u>\$ 12,798,082</u>	<u>\$ 7,289,133</u>	<u>\$ 2,928,269</u>	<u>\$ 22,557,237</u>	<u>\$ 405,418</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*
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Year Ended June 30, 2010

<u>Function and Activity</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
General government	\$ 14,934,511	\$ 5,700	\$ 0	\$ 14,940,211
Public safety	6,021,975	239,641	53,803	6,207,813
Public service	10,403,091	105,709	0	10,508,800
Culture and recreation	4,876,013	0	0	4,876,013
Community development	<u>18,888,874</u>	<u>3,346,147</u>	<u>0</u>	<u>22,235,021</u>
Total governmental funds capital assets	<u>\$ 55,124,464</u>	<u>\$ 3,697,197</u>	<u>\$ 53,803</u>	<u>\$ 58,767,858</u>

*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 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, 2010

CHIP 05m-x-141-2-2921

Total grant	\$ 298,950
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2010	0
June 30, 2009	(8,000)
June 30, 2008	(89,738)
Program funds available for future draw down	<u>\$ 201,212</u>
 Total program funds drawn down by recipient for the year ended June 30, 2010	 \$ 0
Add, program income applicable to the year ended June 30, 2010	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2010	<u>\$ 0</u>

CITY OF LAGRANGE, GEORGIA
 PROJECT COST SCHEDULE
 COMMUNITY HOME INVESTMENT PROGRAM GRANT
 Year Ended June 30, 2010

<u>Activity</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>		<u>Questioned Cost</u>
		<u>Year Ended June 30, 2010</u>	<u>Prior Years</u>	
CHIP 05m-x-141-2-2921:				
H-013-00	\$ 284,000	\$ 0	\$ 97,738	None
A-21A-00	<u>14,950</u>	<u> </u>	<u> </u>	None
	<u>\$ 298,950</u>	<u>\$ 0</u>	<u>\$ 97,738</u>	

CITY OF LAGRANGE, GEORGIA
SPECIAL LOCAL OPTION SALES TAX FUNDS
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
Year Ended June 30, 2010

<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	\$ 3,409,034	\$ 2,372,551	\$ 5,781,585
Bridge repair	880,000	0	0	0
Bike and sidewalk facilities	880,000	0	14,649	14,649
Utility relocation and construction	4,880,000	846,818	284,196	1,131,014
Public safety facilities and equipment	2,880,000	2,643,997	170,985	2,814,982

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.	94
<u>Revenue Capacity</u> - These schedules present information to help the reader assess the City's most significant local revenue source, utility revenue.	101
<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.	106
<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.	110
<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.	112

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

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

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

		Fiscal Year Ended June 30							
		2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 29,417,747	\$ 31,406,673	\$ 33,802,402
Restricted for:									
Redevelopment programs		3,452,942	3,880,395	3,810,657	3,212,506	3,147,093	1,564,767	1,275,458	1,195,442
Perpetual care		619,029	592,765	504,840	521,646	616,599	619,478	580,728	628,958
Capital outlay		91,871	27,799						
Unrestricted		8,842,707	8,023,687	5,651,212	6,071,644	4,087,150	2,724,783	4,382,007	2,291,867
Total governmental activities net assets		\$ 31,901,820	\$ 31,685,159	\$ 30,921,732	\$ 32,678,597	\$ 34,989,614	\$ 34,326,775	\$ 37,644,866	\$ 37,918,669
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	\$ 87,979,264	\$ 88,744,568	\$ 103,765,331
Restricted for:									
Redevelopment programs									
Perpetual care									
Unrestricted		19,220,003	23,774,590	15,595,791	14,868,506	11,136,268	11,166,623	19,395,224	15,548,813
Total business-type activities net assets		\$ 80,827,623	\$ 86,210,787	\$ 90,080,851	\$ 92,874,770	\$ 96,866,265	\$ 99,145,887	\$ 108,139,792	\$ 119,314,144
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	\$ 117,397,011	\$ 120,151,241	\$ 137,567,733
Restricted for:									
Redevelopment		3,452,942	3,880,395	3,810,657	3,212,506	3,147,093	1,564,767	1,275,458	1,195,442
Perpetual care		619,029	592,765	504,840	521,646	616,599	619,478	580,738	628,958
Capital outlay		91,871	27,799						
Unrestricted		28,062,710	31,798,277	21,247,003	20,940,150	15,223,418	13,891,406	23,777,231	17,840,680
Total primary government net assets		\$ 112,729,443	\$ 117,895,946	\$ 121,002,583	\$ 125,553,367	\$ 131,855,879	\$ 133,472,662	\$ 145,784,668	\$ 157,232,813

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
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 1,299,278	\$ 1,967,196	\$ 1,867,233	\$ 1,861,149	\$ 1,774,541	\$ 2,071,915	\$ 2,214,134	\$ 2,202,176
Public safety	9,562,780	11,468,875	11,214,890	11,435,498	12,451,424	12,927,862	13,152,404	14,074,285
Public Service	4,321,136	2,316,783	4,276,819	3,250,325	2,811,952	2,822,341	2,708,868	2,746,773
Culture and recreation	641,908	1,024,664	944,364	1,015,887	1,033,239	1,201,017	1,097,198	1,092,616
Community development	1,265,763	1,576,977	1,568,303	1,849,841	2,216,201	5,320,867	2,151,152	2,480,853
Risk Management	4,272,833							
Miscellaneous			510,577	640,300	1,068,017	818,825	890,116	748,224
Interest on long-term debt.	340,575	372,771	423,878	511,415	388,276	874,110	615,465	621,623
Total governmental activities expenses	<u>21,704,273</u>	<u>18,727,266</u>	<u>20,806,064</u>	<u>20,564,415</u>	<u>21,743,650</u>	<u>26,036,937</u>	<u>22,829,337</u>	<u>23,966,550</u>
Business-type activities:								
Water and sewerage	11,846,135	8,642,457	11,250,626	12,472,000	12,689,848	11,535,187	11,711,112	11,357,660
Gas	12,982,663	14,658,958	17,004,842	21,836,159	17,185,437	18,427,268	16,769,452	14,631,785
Electric system	29,035,611	29,680,370	30,592,415	32,588,379	32,919,187	33,811,521	33,071,620	35,065,463
Sanitation	3,887,617	5,081,769	5,673,818	5,850,259	5,888,158	6,192,524	6,937,117	6,844,824
Telecommunications	2,085,184	1,910,459	1,243,870	1,773,071	2,032,142	2,229,256	2,120,507	2,256,707
Total business-type activities expenses	<u>59,837,210</u>	<u>59,974,013</u>	<u>65,765,571</u>	<u>74,519,868</u>	<u>70,714,772</u>	<u>72,195,756</u>	<u>70,609,808</u>	<u>70,156,439</u>
Total primary government expenses	<u>\$ 81,541,483</u>	<u>\$ 78,701,279</u>	<u>\$ 86,571,635</u>	<u>\$ 95,084,283</u>	<u>\$ 92,458,422</u>	<u>\$ 98,232,693</u>	<u>\$ 93,439,145</u>	<u>\$ 94,122,989</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 339,156	\$ 170,880	\$ 276,231	\$ 588,084	\$ 427,172	\$ 404,484	\$ 165,722	\$ 100,601
Public safety	1,288,633	1,094,738	1,569,711	1,733,392	1,770,610	2,193,003	2,224,272	2,119,124
Public service	590,852		239,338	263,671	332,979	301,184	252,565	170,271
Culture and Recreation						72,083	75,000	26,250
Community development	96,134	272,005	1,119,295	914,157	1,155,887	2,438,571	1,244,589	1,064,311
Redevelopment and Housing						56,702	77,150	64,071
Risk management	4,071,574							
Operating grants and contributions	434,680	31,878	137,954	104,999	103,647	120,626	8,000	259,664
Capital grants and contributions		21,955	2,097,397	1,773,021	500,000	530,796	151,634	3,427,141
Total government activities program revenues	<u>6,821,029</u>	<u>1,591,456</u>	<u>5,439,926</u>	<u>5,377,324</u>	<u>4,290,295</u>	<u>6,117,449</u>	<u>4,198,932</u>	<u>7,231,433</u>
Business-type activities:								
Charges for services:								
Water and sewerage	11,480,750	12,383,971	12,304,516	13,060,052	15,283,242	15,235,164	16,438,835	15,235,935
Gas system	14,959,419	17,129,787	18,701,940	23,792,947	19,614,023	21,265,823	18,472,311	16,205,246
Electric system	33,835,447	34,569,540	35,716,067	38,009,059	38,628,435	39,330,658	41,105,416	46,379,093

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010
Sanitation	5,514,095	6,284,443	6,943,583	7,249,559	7,052,969	6,894,842	7,277,443	7,030,912
Telecommunications	1,485,950	1,869,537	1,367,384	2,123,716	2,377,509	4,402,924	2,369,796	3,096,680
Operating grants and contributions						452,189		
Capital grants and contributions			1,402,765				2,750,000	1,171,307
Total business-type activities program revenues	67,275,661	72,237,278	76,436,255	84,235,333	82,956,178	87,581,600	88,413,801	89,119,173
Total primary government program revenues	\$ 74,096,690	\$ 73,828,734	\$ 81,876,181	\$ 89,612,657	\$ 87,246,473	\$ 93,699,049	\$ 92,612,733	\$ 96,350,606
Net (expense)/revenue								
Governmental activities	\$ (14,883,244)	\$ (17,135,810)	\$ (15,366,138)	\$ (15,187,091)	\$ (17,453,355)	\$ (19,919,488)	\$ (18,630,405)	\$ (16,735,117)
Business-type activities	7,438,451	12,263,265	10,670,684	9,715,465	12,241,406	15,385,844	17,803,993	18,962,734
Total primary government net expense	\$ (7,444,793)	\$ (4,872,545)	\$ (4,695,454)	\$ (5,471,626)	\$ (5,211,949)	\$ (4,533,644)	\$ (826,412)	\$ 2,227,617
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	\$ 2,882,297	\$ 2,981,632	\$ 3,294,587	\$ 3,203,491
Sales tax	3,967,466	3,937,371	4,012,504	4,536,174	5,231,281	9,591,123	8,184,516	4,777,940
Franchise taxes	1,324,246	994,855	912,312	987,147	1,047,832	1,097,656	1,240,566	1,010,406
Grants and contributions not restricted	79,039	122,866						
Unrestricted investment earnings	349,563	219,154	266,186	333,920	293,122	233,222	147,708	106,833
Gain on sale of capital assets	11,344	178,178	(680,722)	478,230	881,881	(24,291)		
Miscellaneous	83,224	1,645,214						
Transfers	6,997,602	7,326,724	7,327,795	7,844,710	9,427,959	8,717,307	9,081,129	7,910,240
Total government activities	15,207,931	16,919,149	14,478,277	16,943,956	19,764,372	22,596,649	21,948,506	17,008,910
Business-type activities:								
Unrestricted investment earnings	475,855	303,275	500,828	917,203	1,111,623	646,735	271,041	121,858
Gain on sale of capital assets		39,516	26,347	5,961	66,425	(90,650)		
Miscellaneous	461,680	103,832						
Transfers	(6,997,602)	(7,326,724)	(7,327,795)	(7,844,710)	(9,427,959)	(8,717,307)	(9,081,129)	(7,910,240)
Total business-type activities	(6,060,067)	(6,880,101)	(6,800,620)	(6,921,546)	(8,249,911)	(8,161,222)	(8,810,088)	(7,788,382)
Total primary government	\$ 9,147,864	\$ 10,039,048	\$ 7,677,657	\$ 10,022,410	\$ 11,514,461	\$ 14,435,427	\$ 13,138,418	\$ 9,220,528
Change in Net Assets								
Government activities	324,687	(216,661)	(887,861)	1,756,865	2,311,017	2,677,161	3,318,101	273,793
Business-type Activities	1,378,384	5,383,164	3,870,064	2,793,919	3,991,495	7,224,622	8,993,905	11,174,352
Total primary government	\$ 1,703,071	\$ 5,166,503	\$ 2,982,203	\$ 4,550,784	\$ 6,302,512	\$ 9,901,783	\$ 12,312,006	\$ 11,448,145

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 718,022	\$ 714,284	\$ 806,803	\$ 782,600	\$ 206,050	\$ 194,759	\$ 251,157	\$ 843,120	\$ 793,082	\$ 852,397
Unreserved	129,386	994,972	777,129	707,072	1,565,837	1,990,109	1,988,670	1,967,494	2,475,461	1,621,469
Total general fund	\$ 847,408	\$ 1,709,256	\$ 1,583,932	\$ 1,489,672	\$ 1,771,887	\$ 2,184,868	\$ 2,239,827	\$ 2,810,614	\$ 3,268,543	\$ 2,473,866
All other governmental funds										
Reserved	\$ 4,804,653	\$ 6,983,605	\$ 3,585,166	\$ 3,961,841	\$ 3,862,800	\$ 3,273,222	\$ 3,177,721	\$ 2,752,647	\$ 3,357,489	\$ 3,456,430
Unreserved, reported in:										
Special revenue	243,425	253,371	188,067	(350,136)	(364,578)	197,349	172,874	2,325,087	2,172,814	1,872,692
Debt service	2,350,205	233,285	2,295,635	2,291,738	1,762,872	1,124,890	591,857	1,509,928	1,466,784	1,203,952
Capital projects		1,959,188	2,372,093	2,717,370	1,231,130	1,032,902	(751,407)	(263,321)	515,690	(15,780)
Total all other government funds	\$ 7,398,283	\$ 9,429,449	\$ 8,440,961	\$ 8,620,813	\$ 6,492,224	\$ 5,628,363	\$ 3,191,045	\$ 6,324,341	\$ 7,512,777	\$ 6,517,294

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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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes, licenses and permits	\$ 8,253,038	\$ 8,047,152	\$ 7,852,799	\$ 7,697,143	\$ 7,804,356	\$ 8,550,767	\$ 9,494,389	\$ 13,971,595	\$ 12,972,234	\$ 9,162,108
Intergovernmental	303,031	290,242	500,719	176,699	2,288,485	2,100,494	1,261,121	1,791,439	1,444,399	3,757,242
Charges for services	263,893	341,695	368,883	251,220	267,242	339,184	373,674	389,462	386,410	402,548
Fines and forfeitures	1,270,246	1,265,665	1,031,788	1,016,273	1,272,171	1,402,527	1,398,173	1,783,541	1,817,862	1,696,576
Lease income								410,000		
Investment income	211,405	226,852	269,858	219,154	266,186	333,920	293,122	233,222	147,708	106,833
Miscellaneous	967,965	815,522	856,032	1,645,214	1,372,690	1,271,448	925,648	1,441,823	297,696	1,204,796
Total revenues	11,269,578	10,987,128	10,880,079	11,005,703	13,271,130	13,998,340	13,746,127	20,021,082	17,066,309	16,330,103
Expenditures										
General government	1,305,100	1,274,497	1,364,523	1,410,557	1,575,397	1,624,130	1,626,122	1,580,930	1,494,994	1,604,065
Public safety	8,750,529	8,922,255	9,235,159	10,225,019	10,614,052	11,410,643	12,359,237	12,611,373	12,432,950	13,393,140
Public service	2,962,267	2,449,313	2,745,594	1,902,134	3,763,165	2,798,923	2,318,629	2,308,335	2,156,083	2,207,494
Culture and recreation	981,100	1,117,854	697,984	819,841	755,436	852,432	857,379	1,003,840	884,840	885,939
Community development	1,231,218	1,110,537	919,945	1,285,915	1,376,485	1,757,338	1,969,599	1,424,745	1,549,630	1,568,676
Redevelopment and housing			261,730	247,774	388,976	387,302	807,255	519,307	599,055	436,144
Telecommunications and technology					116,714	258,735	262,935	294,671	276,701	296,011
Administrative and management			64,555	80,196	-	-	-			
Capital outlay	5,936,643	1,611,655	5,356,631	1,701,653	3,250,998	2,909,976	5,761,421	4,619,200	3,477,743	3,910,773
Debt service										
Principal	1,071,711	1,462,254	726,243	875,391	820,092	814,269	881,339	1,285,445	1,290,625	1,304,204
Interest	195,158	262,936	380,862	372,771	423,878	408,951	420,630	736,547	626,348	633,156
Total expenditures	22,433,726	18,211,301	21,753,226	18,921,251	23,085,193	23,222,699	27,264,546	26,384,393	24,788,969	26,239,602
Excess of revenues over (under) expenditures	(11,164,148)	(7,224,173)	(10,873,147)	(7,915,548)	(9,814,063)	(9,224,359)	(13,518,419)	(6,363,311)	(7,722,660)	(9,909,499)

Fiscal Year Ended June 30

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses)										
Proceeds from capital lease	1,041,978	4,076,822	612,233	525,419	150,586	398,688	800,953	1,268,232	257,752	195,276
Sale of fixed assets				178,178	20,183	495,421	907,147	81,855	30,144	13,823
Note payable										
Transfers in	8,121,175	8,634,315	7,517,809	7,808,992	8,633,933	9,234,115	10,869,335	11,346,232	11,903,713	10,661,802
Transfers out	(1,205,188)	(493,950)	(470,707)	(510,489)	(1,335,081)	(1,354,745)	(1,441,376)	(2,628,925)	(2,822,584)	(2,751,562)
Total other financing sources (uses)	7,957,965	12,217,187	7,659,335	8,002,100	7,469,621	8,773,479	11,136,059	10,067,394	9,369,025	8,119,339
Net change in fund balances	\$ (3,206,183)	\$ 4,993,014	\$ (3,213,812)	\$ 86,552	\$ (2,344,442)	\$ (450,880)	\$ (2,382,360)	\$ 3,704,083	\$ 1,646,365	\$ (1,790,160)

Debt service as a percentage of noncapital expenditures

7.68%	10.39%	6.75%	7.25%	6.27%	6.02%	6.05%	9.29%	9.00%	8.68%
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City of LaGrange, Georgia
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year Ended June-30	Property Tax	Local Option Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Total
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
2008	-	9,591,123	1,097,656	-	673,950	441,436	11,804,165
2009	-	8,184,516	1,240,566	-	703,676	422,387	10,551,145
2010	-	4,777,940	1,010,406	-	696,307	396,511	6,881,164

* Information not available

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
WATER & SEWER FUND:*										
FINANCIAL RATIOS:										
Water & sewer profit margin (%)										
Return on total assets (%)	5.1	0.5	(11.2)	21.9	9.4	4.8	19.0	26.0	27.0	25.0
Return on equity (%)										8.0
Liabilities/Assets (%)										9.0
Current ratio (x)										17.0
Receivables avg. days outstanding										1.3
General fund transfer (% of Income)										54.4
General fund transfer (% of Revenue)										22.0
Cash and investments(\$)										8.0
Net Equity Transfers Out (\$)										3,590
Capital investment versus depreciation (x)										1,250
Capitalization (\$)										1.4
Working Capital (\$)										73,941
										1,732
OPERATING INFORMATION:										
Water MMGAL sales	2,299	2,238	2,252	2,145	2,142	2,198	2,406	2,261	2,087	2,102
Water \$/MGAL sold	2.90	2.99	2.90	3.22	3.32	3.50	3.72	3.78	4.30	4.43
Water and Sewer Operating/MGAL	2.08	2.08	2.35	2.07	2.46	2.78	2.50	2.38	2.74	2.66
Installed Water meters	16,200	17,504	17,856	18,207	18,502	18,700	19,002	19,262	19,324	19,342
Water distribution employees	13	13	13	16	16	16	17	17	17	17
Water production employees	14	14	14	14	14	13	13	13	13	13
meters/distribution employee	1,246	1,346	1,374	1,138	1,156	1,169	1,118	1,133	1,137	1,138
meters/production employee	1,200	1,297	1,323	1,349	1,322	1,438	1,462	1,482	1,486	1,488
MMGAL/distribution employee	177	172	173	134	134	137	142	133	123	124
MMMGAL/production employee	170	166	167	159	153	169	185	174	160	162
UTILITY FUND:										
FINANCIAL RATIOS:										
Gas profit margin (%)	10.4	14.7	14.3	20.7	10.0	8.2	12.0	13.0	9.0	9.0
Electric profit margin (%)	12.8	17.4	15.7	14.1	14.7	14.3	15.0	14.0	19.9	25.0
Telecom profit margin (%)	21.5	44.1	(5.6)	(2.1)	55.3	15.3	13.0	43.0	8.0	27.0
Return on total assets (%)	7.6	8.1	6.8	8.3	7.6	6.9	9.0	10.0	11.3	17.0
Return on equity (%)	11.6	12.6	9.0	14.2	12.3	10.5	14.0	16.0	17.7	34.0
Liabilities/Assets (%)	46.7	45.8	46.6	46.8	45.1	42.8	40.0	42.0	40.7	52.0
Current ratio (x)	2.7	3.4	2.9	3.2	2.5	2.1	2.2	2.4	1.9	3.4
Receivables avg. days outstanding	46.5	46.5	45.5	45.8	43.5	45.4	45.3	48.4	42.4	49.4
General fund transfer (% of Income)	81.9	83.8	101.3	64.1	73.2	68.1	61.0	51.0	62.0	58.0
General fund transfer (% of Revenue)	10.5	13.0	11.2	11.1	10.7	7.9	10.0	9.0	13.0	11.0
Cash & Investments (\$)	9,401	15,853	17,605	18,822	13,838	8,759	9,629	10,728	14,422	15,268

Net Equity Transfers Out (\$)	7,114	8,077	6,985	7,342	7,504	6,141	7,668	7,600	10,927	8,984
Capital investment versus depreciation (x)	0.6	0.4	0.7	2.5	2.2	2.0	1.2	1.2	1.5	2.4
Capitalization (\$)	111,488	110,252	109,230	117,957	116,899	115,637	118,204	122,009	127,250	60,618
Working Capital (\$)	12,150	17,643	17,389	20,177	14,924	10,525	12,073	15,172	12,354	18,289
OPERATING INFORMATION:										
Electric MWH purchases	548,980	548,242	551,238	535,310	525,129	513,354	502,517	497,201	485,857	515,880
Electric \$/MWH purchased	51.04	48.98	48.43	51.27	54.74	60.67	60.73	61.95	65.16	64.17
Electric MWH sales	521,845	518,079	526,194	509,969	506,029	492,641	482,332	477,031	462,132	494,628
Electric \$/MWH sold	61.23	64.93	63.08	64.81	65.40	69.36	74.03	74.88	79.37	79.42
Electric Operating \$/MWH sold	3.605	5.314	4.166	3.377	4.565	4.009	5.349	5.798	6.14	6.13
Installed Electric meters	12,009	12,534	12,591	12,654	12,754	12,873	12,919	13,127	13,288	13,369
Electric distribution employees	12	12	12	12	12	12	12	12	12	12
Electric right-of-way employees									3	3
meters/employee	1,001	1,045	1,049	1,055	1,063	1,073	1,077	1,094	1,107	1,114
MWHs/employee	43,487	43,173	43,850	42,497	42,169	41,053	40,194	39,753	38,511	41,219
Gas Dth purchases	2,260,000	1,980,009	2,068,645	2,110,313	1,986,250	1,902,006	2,055,045	1,983,793	1,871,114	2,237,482
Gas \$/Dth purchased	6.82	4.55	5.49	6.03	7.23	10.27	7.28	8.09	6.61	5.09
Gas Dth sales	2,012,000	1,860,976	1,953,529	2,006,417	1,914,773	1,813,697	1,997,983	1,968,043	1,813,037	2,164,172
Gas \$/Dth sold	9.27	6.77	7.61	8.50	9.66	13.22	9.93	10.98	10.38	7.43
Gas Operating \$/Dth sold	0.83	0.84	0.69	0.73	1.18	0.85	0.95	0.98	1.36	1.23
Installed Gas meters	9,000	9,422	9,548	9,538	9,545	9,580	9,567	9,560	9,552	9,543
Gas employees	12	12	12	12	12	12	12	12	12	12
meters/employee	750	785	796	795	795	798	797	797	796	795
Dth/employee	167,667	155,081	162,794	167,201	159,564	151,141	166,499	164,004	151,086	180,348
Customer Service Reps	6	6	6	6	6	6	6	6	6	6
Meters/CSR	6,202	6,577	6,666	6,733	6,800	6,859	6,915	6,992	7,027	7,042
Utility Service Workers	8	8	9	9	9	9	9	9	9	9
Meters/Service Worker	4,651	4,933	4,444	4,489	4,533	4,573	4,610	4,661	4,685	4,695
Orders per USW	2,086	2,273	2,171	2,460	2,790	3,112	3,089	2,871	2,970	2,808

Prior to fiscal year June 30, 2010 the Water and Sewer Fund was a part of the Utility Fund; therefore, some data is not available for the Water and Sewer Fund for prior years.
In time this schedule will present the required 10 years of data.

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

	2010			2001		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Milliken & Co.	\$ 832,788	1	4.7	\$ 774,006	1
	City of Greenville	232,295	2	1.3	129,165	4
	Troup County Commissioners	212,535	3	1.2	81,807	6
	City of Hogansville	178,106	4	1.0		
	West Ga Medical Park	135,146	5	0.8	135,371	3
	Kimberly Clark	116,676	6	0.7	90,419	5
	Lee Crossing Rent Office	84,172	7	0.5	55,728	8
	City of West Point	74,383	8	0.4		
	LaGrange College	71,420	9	0.4		
	Mountville Mills, Inc	70,114	10	0.4		
	Troup Co. School System				74,262	7
	West Point Home Inc.				178,050	2
	Tall Pines				53,580	9
	City of LaGrange	\$ 2,007,635		11.4	43,622	10
					\$ 1,616,010	

Data Source: City Utility Department

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

	2010			2001		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Milliken & Co.	\$ 3,375,453	1	20.9	\$ 3,539,697	1
	KIA Motor Corporation	2,153,710	2	13.3		18.1
	Kimberly Clark	720,493	3	4.5	871,729	2
	Exxon Mobil	616,308	4	3.8	693,018	4
	Interface Flooring Systems	499,524	5	3.1	415,630	9
	Mountville Mills	464,213	6	2.9	303,967	10
	West Ga Medical Park	412,578	7	2.6	493,393	5
	City of LaGrange	247,011	8	1.5		2.5
	CW Mathews Contracting Co Inc.	233,647	9	1.5		
	Troup Co. School System	204,150	10	1.3	455,197	7
	West Point Home Inc.				779,610	3
	Kleen Tex #2				435,593	8
	Shorewood Packaging				460,200	6
		<u>\$ 8,927,087</u>		<u>55.4</u>	<u>\$ 8,448,034</u>	<u>43.2</u>

Data Source: City Utility Department

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

	2010			2001		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
						Percentage of Total Customer Charges
	Exxon Mobil	\$ 3,289,346	1	7.1	\$ 2,205,576	1
	Duracell USA	2,146,291	2	4.7	1,181,075	3
	City of LaGrange	1,643,516	3	3.6	1,325,188	2
	West Ga Medical Park	1,519,542	4	3.3	1,052,814	4
	Wal-Mart	1,360,415	5	3.0	868,035	7
	Interface Flooring Systems	1,228,118	6	2.7	784,703	10
	Troup Co. School System	913,358	7	2.0	852,944	8
	SAFA	867,477	8	1.9		
	LaGrange College	746,674	9	1.6		
	Mountville Mills	731,711	10	1.6		
	Shorewood Packaging				902,318	5
	Freudenberg NOK				836,286	9
	Treadgear Films Division				892,436	6
		<u>\$ 14,446,448</u>		<u>31.5</u>	<u>\$ 10,901,375</u>	<u>2.6</u>
					<u>31.7</u>	

Data Source: City Utility Department

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**
	Intergovernmental Agreements	Capital Leases	Notes Payable	Revenue Bonds	Intergovernmental Agreements	Capital Leases	Notes Payable				
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	
2008	\$ 6,550,000	4,268,307	3,015,000	26,135,000	\$ 4,790,000	2,934,297	5,425,407	53,118,011	9.74%	1,899	
2009	6,342,500	3,622,934	2,835,000	26,975,000	4,625,000	2,339,656	5,749,878	52,489,968	9.53%	1,848	
2010	6,125,000	2,931,506	2,635,000	21,875,000	4,455,000	1,854,440	7,250,517	47,126,463	8.55%	1,657	

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 110 for personal income and population data.

City of LaGrange, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Overlapping debt:			
Troup County, Georgia	\$ 50,751,096	44%	\$ 22,330,482
Troup County Board of Public Education	26,598,075	44%	11,703,153
Subtotal, overlapping debt			<u>34,033,635</u>
Direct debt:			
City of LaGrange, Georgia governmental activities			11,691,506
LaGrange Development Authority			<u>11,691,506</u>
Subtotal, direct debt			<u>23,383,012</u>
Total direct and overlapping debt			<u>\$ 45,725,141</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 the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of LaGrange, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

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

Fiscal Year Ended June 30

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 75,605,255	\$ 80,912,212	\$ 81,153,942	\$ 83,363,330	\$ 85,166,194	\$ 87,295,349	\$ 89,860,844	\$ 90,770,301	\$ 93,574,966	\$ 107,048,174
Total net debt applicable to limit										
Total net debt margin	\$ 75,605,255	\$ 80,912,212	\$ 81,153,942	\$ 83,363,330	\$ 85,166,194	\$ 87,295,349	\$ 89,860,844	\$ 90,770,301	\$ 93,574,966	\$ 107,048,174

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%
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Legal Debt Margin Calculation for Fiscal Year

	2010
Assessed value	\$ 1,070,481,742
Add Back: Exempt real property	-
Total assessed value	1,070,481,742
Debt limit (10% of total assessed value)	107,048,174
Debt applicable to limit:	
General obligation bonds	
Less: Amount set aside for repayment of general obligation debt	
Total net debt applicable to limit	-
Legal debt margin	\$ 107,048,174

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	
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
2008	15,339,308	8,015,028	7,324,280	3,575,000	746,152	4,321,152	1.69
2009	16,442,162	8,218,102	8,224,060	3,705,000	608,890	4,313,890	1.91
2010	15,240,285	8,294,471	6,945,814	3,850,000	449,507	4,299,507	1.62

* Operating and non 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		City / County		Unemployment Rate ***
					in Years of Formal Schooling	School Enrollment **	Consolidated	School	
2001	26,250	445,515,000	16,972	32.8	N/A	11,748		11,748	6.7%
2002	26,512	458,975,744	17,312	32.8	N/A	10,717		10,717	8.1%
2003	26,777	472,828,266	17,658	32.8	N/A	11,944		11,944	8.9%
2004	27,045	487,107,495	18,011	32.8	N/A	12,049		12,049	8.5%
2005	27,362	502,667,302	18,371	32.8	N/A	12,240		12,240	6.6%
2006	27,635	517,824,630	18,738	32.8	N/A	12,400		12,400	7.3%
2007	27,911	533,359,369	19,113	32.8	N/A	12,359		12,359	6.1%
2008	27,977	545,411,615	19,495	32.8	N/A	12,395		12,395	9.2%
2009	28,401	550,865,731	19,689	32.8	N/A	12,646		12,646	9.5%
2010	28,437	550,865,700	19,371	32.8	N/A	12,572		12,572	13.5%

N/A = Not Available

Data Sources:

* 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 Nine Years Ago

	Employer	Type of Business	2010			2001		
			Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
	Troup County School System	Education	1950	1	17.30%	*		
	KIA Motors	Car Manufacturing	1880	2	16.60%	*		
	West Georgia Health Systems	Medical Services	1336	3	11.80%	*		
	Interface Flooring	Floor coverings	1072	4	9.50%	*		
	Wal-Mart Distribution Center	Warehousing	1060	5	9.40%	*		
	Milliken & Co.	Textiles	970	6	8.60%	*		
	Troup County Board of Commissioners	Government	517	7	4.60%	*		
	Sewon America, Inc.	Car Manufacturing Supplier	475	8	4.20%	*		
	City of LaGrange	Government	430	9	3.80%	*		
	Duracell	Batteries	420	10	3.70%	*		

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

Full-time Equivalent Employees as of June 30

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities										
General Government	26	26	27	28	29	29	19	19	18	16
Public safety	100	105	106	106	107	108	97	97	94	94
Police	59	60	59	59	59	59	60	60	58	58
Fire	3	3	3	3	3	3	3	3	3	3
Animal control	4	3	3	3	3	3	2	3	3	3
Court services	3	4	5	5	4	4	4	4	4	4
Probation services										
Public service	14	14	14	14	13	13	15	15	12	9
Landscaping & cemeteries	18	20	20	20	20	20	20	20	19	19
Highways & streets	3	3	3	3	3	3	2	2	2	2
Traffic control	9	9	9	9	9	9	9	9	8	8
Trash and refuse	2	2	1	1	1	1	1	1	2	2
Engineering										
Community development	0	0	0	7	7	7	0	0	0	0
Life & building safety	1	1	2	2	2	2	2	2	2	1
Housing & inspections	0	0	0	0	1	1	2	2	2	1
Economic development	15	10	12	3	4	3	9	9	9	8
Community and economic development										
Other governmental services	15	15	15	15	15	15	15	15	15	16
Vehicle maintenance										
Local governmental television										
Total governmental activities	272	275	279	278	282	282	262	263	253	246
Business-type activities										
Water & sewerage	61	60	60	63	63	63	62	62	62	64
Electric	12	12	12	12	12	12	12	12	15	18
Gas	12	12	12	12	12	12	12	12	11	12
Telecommunications	2	3	3	5	5	5	4	4	6	6
Sanitation	30	32	28	33	32	32	33	33	33	32
Business-type activities support services	26	27	28	28	27	28	28	28	28	27
Total Business-type activities	143	146	143	153	151	152	151	151	155	159
Grand total	415	421	422	431	433	434	413	414	408	405

Data Source: City Finance Department

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

Function	Fiscal Year Ended June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Physical arrests	3956	3626	3521	4319	4537	4489	5042	5417	5826	5795
Parking violations	1638	789	1155	689	1253	1158	1205	571	564	639
Traffic violations	13142	13818	11851	15404	13053	14687	15116	17486	18945	17920
Fire										
Number of calls answered	2693	2766	2795	2908	2854	2514	2632	3020	3436	3332
Inspections	800	157	125	901	1235	2197	2763	3201	2842	2427
Health and Welfare										
Animal Control (captured animals-City)	*	*	1359	1431	1128	908	600	1329	1464	1616
Highways and streets										
Street resurfacing (miles)	8	10	9	8	4	9	2	1	15	15
Potholes repaired	2572	2398	2461	2429	2554	2360	2500	520	500	350
Water and sewerage										
New water connections	275	1304	352	351	295	198	383	114	93	116
New sewage connections	N/A	577	*	399	184	179	305	299	275	132
Average daily consumption (thousands of gallons)	6299	6132	6170	5877	5869	6022	6590	6195	5719	5760
Average daily sewage treatment (thousands of gallons)	5910	5250	6990	5740	6310	5150	5320	5280	5465	5870
Gas										
Breaks on gas main	131	149	195	68	75	9	10	15	21	10
Solid waste										
Refuse collected (tons/day)	238	297	307	325	359	386	441	480	485	392
Recyclables collected (tons/day)	4	5	5	6		7	7	7.5	7	9

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	44	53	68	75	81	77	83	86	86
Fire stations	3	3	3	3	3	3	3	4	5	5
Fire engines	9	9	9	9	9	9	8	10	10	10
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	207	207	207	207
Parks	12	12	12	12	12	12	14	14	14	14
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	3	3	3	3
Community centers	1	1	1	1	1	1	2	2	2	2
Highways and streets										
Streets (miles)	190	190	192	192	194	198	205	207	207	207
Streetlights (additions)	146	114	93	84	202	176	106	87	138	138
Traffic signals (City owned)	15	15	15	15	15	15	9	9	9	9
Water and sewerage										
Water mains (miles)	185	186	188	188	191	195	200	210	215	430
Fire hydrants	1,544	1,597	1,630	1,671	1,704	1,729	1,800	1,850	1,900	2,000
Maximum daily water capacity	12,000	15,000	10,800	10,000	10,100	12,400	11,500	13,000	22,000	22,000
(thousands of gallons)										
Sanitary sewers (miles)	190	190	192	192	194	198	210	215	215	215
Storm sewers (miles)	42	45	47	47	49	51	55	57	57	57
Maximum daily sewer treatment capacity	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
(thousands of gallons)										
Gas										
Gas lines (miles)	212	217	228	241	248	250	260	310	324	351
Number of distribution stations	15	15	15	15	15	13	12	11	11	13
Sanitation										
Collection trucks	45	27	28	30	32	33	35	34	35	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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S M A R T M O V E SM