

CITY OF LAGRANGE, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

Prepared by:

DEPARTMENT OF FINANCE

**CITY OF LAGRANGE, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended June 30, 2011**

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December 7, 2011

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, 2011 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 ninth 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 30,000 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 39 industries in three 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 developing and is home to one major KIA supplier.

The economic environment in 2011 continued to be very challenging. The local unemployment rate remains unacceptably high and both building permits and sales taxes remain sluggish. During 2011, the City issued only 61 permits for single family and multi-family housing developments. Unfortunately, a majority of the projects that were contemplated for Troup County over the past several years have not come to fruition.

Kia Motors Manufacturing Plant located in Troup County has been very successful. The employment and hiring statistics at the car plant as well as associated manufacturers has exceeded initial expectations. During 2011, the KIA Manufacturing Plant launched an overall campus wide expansion. A third model was added to the assembly line. In addition, the plant implemented a third shift of workers, thereby operating on a 24 hour a day schedule. In particular note, the plant expanded its paint shop an additional 120,000 square feet. As a supplier of gas to the plant, this expansion will increase their gas capacity an additional 1/3.

Although the economy remains sluggish we have made adjustments to the City's operating plan and we 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 increased by \$64,469 with a 1.3% increase over 2010. 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.

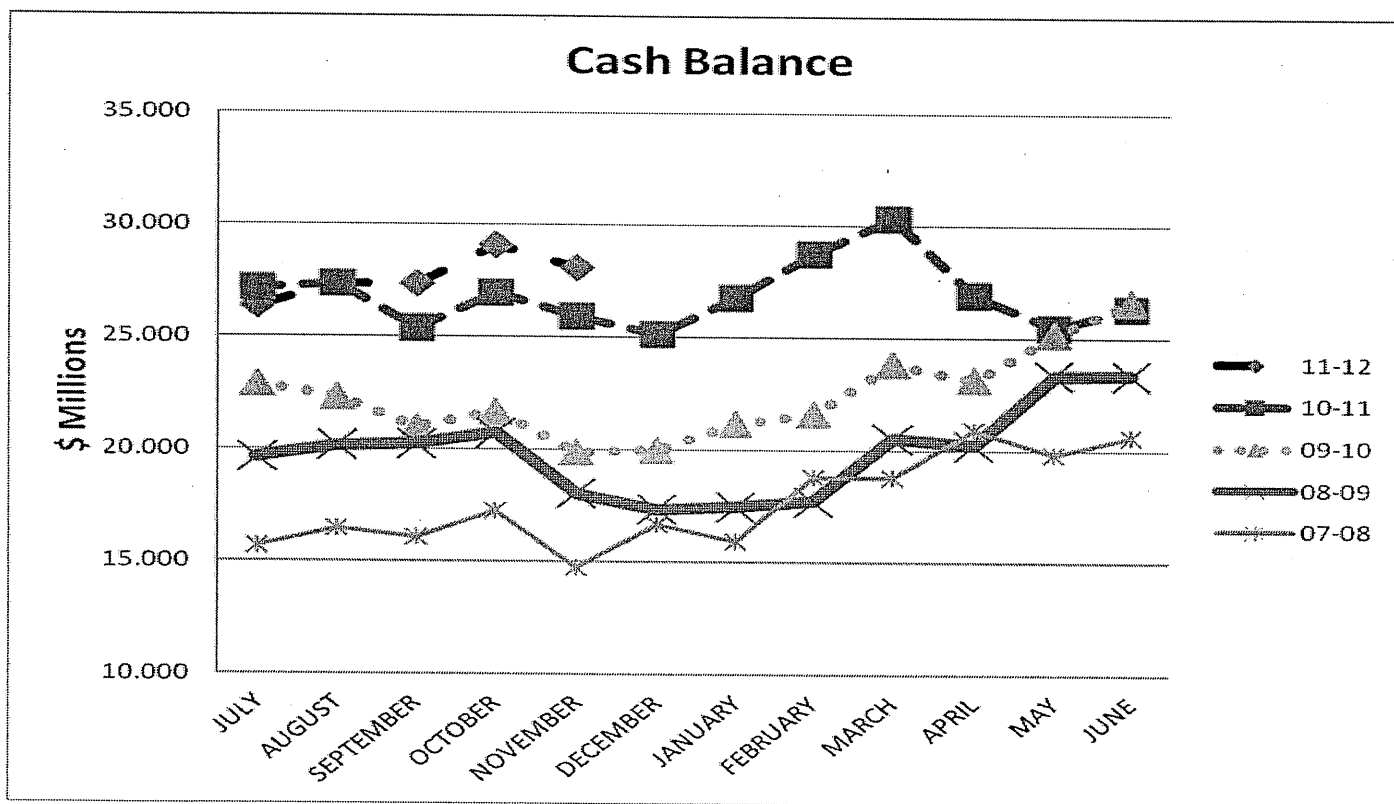
## **FINANCIAL INFORMATION**

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. The City will make the final payment of most of our water and sewer debt in December of 2011. While we have capital needs in the water and sewer systems going forward, 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 were paid off early to free up additional cash flow. Also, we are receiving 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 2011 Fiscal Year, the Cash Balance declined from March to May. In a low interest bearing economy, the City elected to pay off early Water and Sewer and Sanitation Bonds along with several GEFA loans in the amount of \$6,196,916.52. The City will make its final Water Bond payment in December of 2011, and we anticipate that our cash reserve at the end of the 2012 Fiscal Year will be around \$30 million dollars.



## **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, 2011 and the amount and percentage of increases and decreases in relation to the prior year's revenue. Total Revenues and Total Expenses showed very small increases from 2010 to 2011. A 3.3% increase in revenue for General Government Funding and a 3.5% increase in expense. The governmental fund held relatively stable from 2010 to 2011.

Revenues	Amount	% of Total	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Taxes, Licenses and Permits	9,446,194	56%	284,086	3%
Intergovernmental	4,886,129	29%	1,128,887	30%
Charges for services	284,338	1.7%	-118,210	-29%
Fines	1,716,846	10.1%	20,270	1%
Investment Income	52,899	.3%	-53,934	-50%
Grants and Subsidies	187,920	1.1%	187,920	100%
Miscellaneous	310,939	1.8%	-893,857	-74%
TOTAL	16,885,265	100%	555,162	3.3%



Expenditures	Amount	% of Total	Increase (Decrease) from 2010	Percent of Increase (Decrease)
General Government	2,232,878	8%	332,802	17.5%
Public Safety	13,498,540	50%	105,400	.8%
Public Services	2,306,871	8.5%	99,377	4.5%
Culture and Recreation	818,368	3%	-67,571	(7.6%)
Community Development	1,525,229	5.6%	-479,591	(24%)
Capital Outlay	1,857,851	6.8%	-2,052,922	(52%)
Debt Service	4,917,057	18.1%	2,979,697	154%
TOTAL	27,156,794	100%	917,192	3.5%

## **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 financial statements 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, 2010. This was the twenty fourth year that 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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

City of LaGrange, Georgia

LIST OF PRINCIPAL OFFICIALS

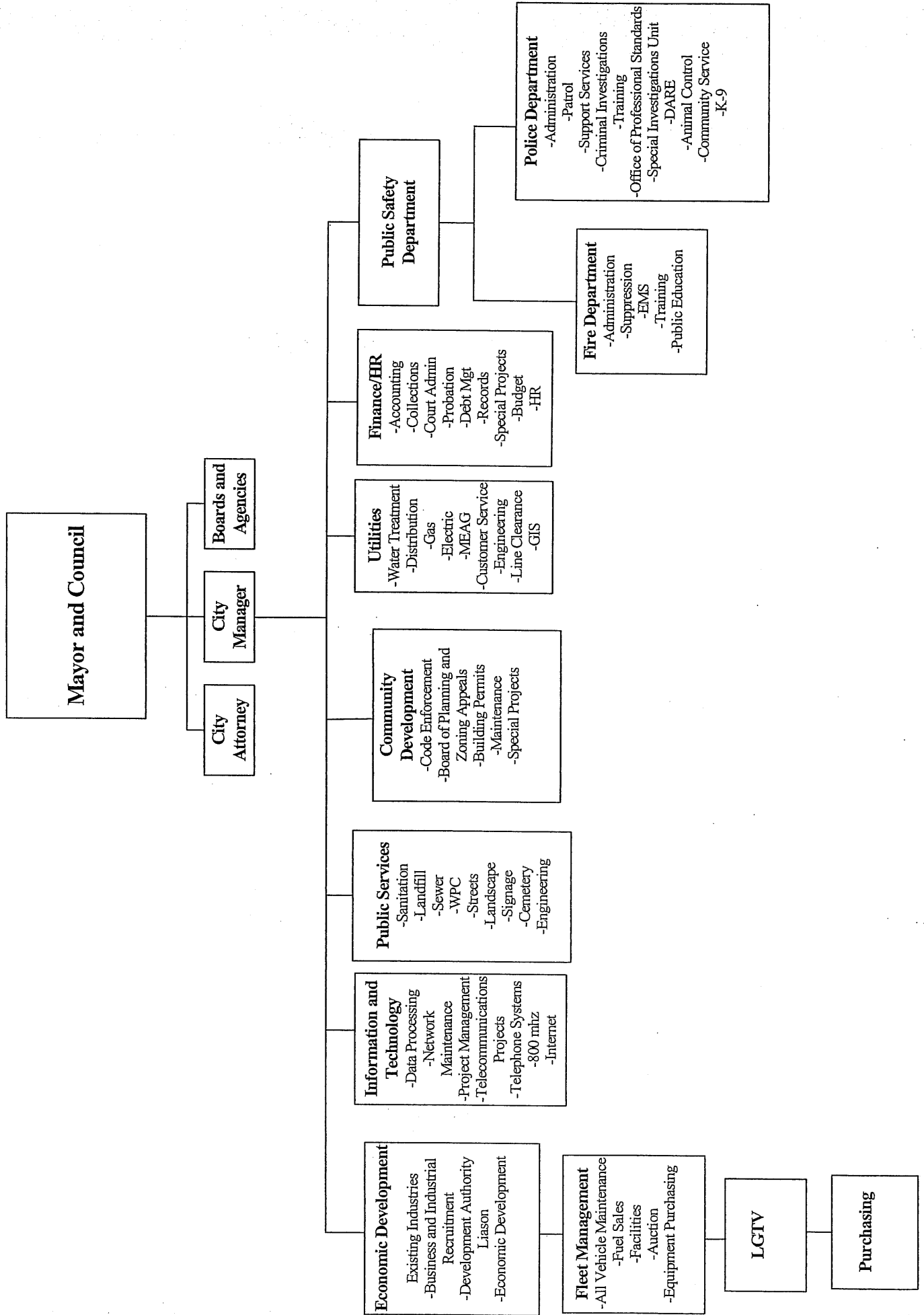
June 30, 2011

ELECTED OFFICIALS

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

OTHER OFFICIALS

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



## 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, 2011, 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.

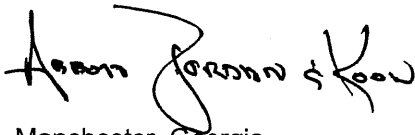
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of LaGrange, Georgia, as of June 30, 2011, 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 7, 2011 on our consideration of the City's internal control over financial reporting and on 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 performed 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, 2010, which are not presented with the accompanying financial statements. In our report dated December 17, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That 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 individual fund financial statements related to the 2010 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 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 2010 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived. 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.

A handwritten signature in black ink, appearing to read "Aaron Johnson Skow". The signature is stylized with a large, sweeping initial "A" and "J".

Manchester, Georgia  
December 7, 2011



## 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, 2011. 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 –vi of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2011 by \$171,977,372. Of this amount, \$13,334,196 may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$14,744,559.
- As of the close of 2011, the City's governmental funds reported combined ending fund balances of \$9,427,866, an increase of \$436,706 from the prior year.
- At the end of 2011, the fund balance for the general fund was \$2,699,029 or 13 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 and capital projects funds which are the City's major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

### *Proprietary funds*

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility operation, Water and 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, Water and Sewage, 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 \$171,977,372 at the close of 2011.

A substantial portion of the City's net assets (88 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, 2011 and June 30, 2010, are as follows:

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010	Totals 2011	Totals 2010
Current and other assets	\$13,697,089	\$13,303,746	\$54,594,037	\$57,580,906	\$68,291,126	\$70,884,652
Capital assets	<u>42,015,754</u>	<u>39,368,908</u>	<u>134,939,112</u>	<u>134,978,483</u>	<u>176,954,866</u>	<u>174,347,391</u>
Total assets	<u>55,712,843</u>	<u>52,672,654</u>	<u>189,533,149</u>	<u>192,559,389</u>	<u>245,245,992</u>	<u>245,232,043</u>
Long-term liabilities	9,744,681	10,590,530	26,112,362	34,961,758	44,706,439	45,552,288
Other liabilities	<u>4,096,752</u>	<u>4,163,455</u>	<u>33,314,825</u>	<u>38,283,487</u>	<u>37,411,577</u>	<u>42,446,942</u>
Total liabilities	<u>13,841,433</u>	<u>14,753,985</u>	<u>59,427,187</u>	<u>73,245,245</u>	<u>73,268,620</u>	<u>87,999,230</u>
Net assets						
Invested in capital assets, net of related debt	37,274,638	33,802,402	113,856,456	103,765,331	151,131,094	137,567,733
Restricted	7,512,082	1,824,400	0	0	7,512,082	1,824,400
Unrestricted	<u>-2,915,310</u>	<u>2,291,867</u>	<u>16,249,506</u>	<u>15,548,813</u>	<u>13,334,196</u>	<u>17,840,680</u>
Total net assets	<u>\$41,871,410</u>	<u>\$37,918,669</u>	<u>\$130,105,962</u>	<u>\$119,314,144</u>	<u>\$171,977,372</u>	<u>\$157,232,813</u>

A portion of the City's net assets (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$13,334,196) may be used to meet the City's ongoing obligations to citizens and creditors. Unrestricted net assets are down from prior year due to early payout of a water and sewer bond, sanitation bond, and two loans issued through the Georgia Environmental Finance Authority. Overall, the City retired \$6,296,916 in debt in early payouts in 2011.

At the end of 2011, the City is able to report positive balances in net assets or fund balances, 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 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 \$3,952,741. The majority of the increase in assets for governmental activities comes from larger contributions from enterprise funds. A sluggish economy has driven down building permit fees and sales tax revenues. Reacting to difficult economic times, expenses have also been reduced. Below is a breakdown of revenues and expenses by governmental and business type activities for 2011 and 2010.

	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>	<b>Business- type Activities 2011</b>	<b>Business- type Activities 2010</b>	<b>Totals 2011</b>	<b>Totals 2010</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$3,513,971	\$3,544,628	\$94,113,512	\$87,947,866	\$97,627,483	\$91,492,494
Grants & Contributions	4,030,745	3,686,805	248,729	1,171,307	4,279,474	4,858,112
General revenues						
Other taxes	9,293,915	8,991,837	0	0	9,293,915	8,991,837
Other	48,205	106,833	116,453	121,858	164,658	228,691
Total revenues	<u>16,886,836</u>	<u>16,330,103</u>	<u>94,478,694</u>	<u>89,241,031</u>	<u>111,365,530</u>	<u>105,571,134</u>
<b>Expenses</b>						
General government	2,840,370	2,950,400	0	0	2,840,370	2,950,400
Public safety	13,941,126	14,074,285	0	0	13,941,126	14,074,285
Public service	2,829,962	2,746,773	0	0	2,829,692	2,746,773
Culture and recreation	990,442	1,092,616	0	0	990,442	1,092,616
Community development	2,317,269	2,480,853	0	0	2,317,269	2,480,853
Interest on long-term debt	502,255	621,623	0	0	502,255	621,623
Utilities	0	0	65,692,196	63,311,615	65,692,196	63,311,615
Solid waste	0	0	7,507,351	6,844,824	7,507,351	6,844,824
Total expenses	<u>23,421,424</u>	<u>23,966,550</u>	<u>73,199,547</u>	<u>70,156,439</u>	<u>96,620,971</u>	<u>94,122,989</u>
Increase in net assets						
before transfers	(6,534,588)	(7,636,447)	21,279,147	19,084,592	14,744,559	11,448,145
Transfers	10,487,329	7,910,240	(10,487,329)	(7,910,240)	0	0
Increase (decrease) in net assets	3,952,741	273,793	10,791,818	11,174,352	14,744,559	11,448,145
Net assets - beginning of year	37,918,669	37,644,876	119,314,144	108,139,792	157,232,813	145,784,668
Net assets - end of year	<u>\$41,871,410</u>	<u>\$37,918,669</u>	<u>\$130,105,962</u>	<u>\$119,314,144</u>	<u>\$171,977,372</u>	<u>\$157,232,813</u>

### Business-type activities

Business-type activities increased the City's net assets by \$10,791,818. Operating revenues increased by \$6,165,646 due to a large increase in the electric rate schedule. Expenses remained stable with a 4% increase and a few capital items were purchased that had been delayed due to rough economic conditions. The City's net income remains strong and 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 2011, unassigned fund balance of the general fund was \$1,674,201, while total fund balances reached \$2,699,029. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.3 percent of the total general fund expenditures, while total fund balance represents 13.3 percent of that same amount. Transfers in from other funds to supplement the general fund were \$517,277 from non-major governmental funds; \$38,272 from internal service funds, and \$8,663,200 from proprietary funds, for a total of \$9,218,749, representing 46 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, 2011. An increase of \$225,163 in fund balance occurred over the course of Fiscal Year 2011. Small increases in revenue and small decreases in expenses and an increase to transfers in from enterprise funds, contributes to a positive increase in fund balance for 2011.

Other non-major governmental funds have a total fund balance of \$6,735,347. The City showed a net increase of \$202,273 in the fund balance during the current year for non-major governmental funds. Decreases in expenses of rough \$600,000 and increases in investment income, licenses and permits are the result of this increase.

In the FY 2011 Audit, the Capital Projects fund was presented separately as a major fund. The Capital Projects Fund, had a deficit fund balance of \$-6,510 at June 30, 2011. Transfers In to this fund were significantly more in Fiscal Year 2011. The City made a substantial investment in property located in the downtown area with these funds.

### **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 2011 amounted to \$21,094,845, Water and Sewer Fund \$5,146,410 and those for the Solid Waste Fund amounted to (\$9,991,749). The total change in net assets for each fund was \$6,304,727, \$4,061,461 and \$425,630, 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, 2011, amounts to \$151,131,094 (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 2011	Governmental Activities 2010	Business- type Activities 2011	Business- type Activities 2010	Totals 2011	Totals 2010
Land	\$14,361,207	\$12,789,719	\$2,010,561	\$2,010,561	\$16,371,768	\$14,800,280
Buildings	13,018,946	12,798,082	26,822,426	26,822,426	39,841,372	39,620,508
Machinery and equipment	7,457,658	7,289,133	16,447,518	14,479,342	23,905,176	21,768,475
Vehicles	3,168,697	2,928,269	1,695,201	1,668,796	4,863,898	4,597,065
Transmission and distribution	0	0	167,093,642	155,838,863	167,093,642	155,838,863
Other	25,101,271	22,557,237	0	0	25,101,271	22,557,237
Construction in progress	<u>457,605</u>	<u>405,418</u>	<u>0</u>	<u>7,747,446</u>	<u>457,605</u>	<u>8,152,864</u>
Total	63,565,384	58,767,858	214,069,348	208,567,434	277,634,732	267,335,292
Less accumulated depreciation	<u>-21,549,630</u>	<u>-19,398,950</u>	<u>-79,130,236</u>	<u>-73,588,951</u>	<u>100,679,866</u>	<u>-92,987,901</u>
Total net of accumulated depreciation	<u>\$42,015,754</u>	<u>\$39,368,908</u>	<u>\$134,939,112</u>	<u>\$134,978,483</u>	<u>\$176,954,866</u>	<u>\$174,347,391</u>

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

### Long-term debt

At the end of 2011, the City had total bonded debt outstanding of \$14,375,000. 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 \$1,039,396,386, 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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown LaGrange Development Authority
<u>Assets</u>				
Cash and cash equivalents	\$ 9,587,868	\$ 10,622,656	\$ 20,210,524	\$ 188,354
Investments	7,995	8,624,561	8,632,556	
Receivables (net of allowance):				
Taxes	1,065,916		1,065,916	
Accounts		10,126,761	10,126,761	74,482
Loans	1,088,942	1,359,301	2,448,243	131,653
Other	695,584		695,584	
Internal balances	203,206	( 203,206)		
Accrued interest				693
Inventory	248,238	1,871,936	2,120,174	
Prepaid assets	22,750	85,338	108,088	6,300
Restricted cash	118,990	201,639	320,629	411,160
Restricted investments	657,600	21,509,988	22,167,588	
Capital assets:				
Land and construction in progress	14,818,812	2,010,561	16,829,373	7,646,213
Other capital assets, net of accumulated depreciation	27,196,942	132,928,551	160,125,493	6,998,945
Other assets		395,063	395,063	200
Total assets	<u>55,712,843</u>	<u>189,533,149</u>	<u>245,245,992</u>	<u>15,458,000</u>
<u>Liabilities</u>				
Accounts and claims payable	1,748,600	3,798,713	5,547,313	
Accrued liabilities	221,661	62,405	284,066	86,263
Accrued interest	102,303		102,303	
Customer deposits		1,868,617	1,868,617	
Unearned revenue	25,309	21,509,988	21,535,297	7,500
Current liabilities payable from restricted assets		4,499,787	4,499,787	
Noncurrent liabilities:				
Due within one year	1,328,613	1,218,196	2,546,809	
Due in more than one year	9,744,681	26,112,362	35,857,043	
Net OPEB obligation	670,266	357,119	1,027,385	
Total liabilities	<u>13,841,433</u>	<u>59,427,187</u>	<u>73,268,620</u>	<u>93,763</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	37,274,638	113,856,456	151,131,094	14,645,158
Restricted for:				
Perpetual care	776,590		776,590	
Long-term receivables	1,088,942		1,088,942	
Community development	1,647,402		1,647,402	
Capital projects	3,070,853		3,070,853	
Debt service	928,295		928,295	
124 Main Street				400,000
Unrestricted	( 2,915,310)	16,249,506	13,334,196	319,079
Total net assets	<u>\$ 41,871,410</u>	<u>\$ 130,105,962</u>	<u>\$ 171,977,372</u>	<u>\$ 15,364,237</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

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	\$ 2,023,144	\$ 152,279			\$( 1,870,865)	\$( 1,870,865)	
Public safety	13,941,126	2,001,184	\$ 351,936		( 11,588,006)	( 11,588,006)	
Public service	2,829,962	279,526			( 2,550,436)	( 2,550,436)	
Culture and recreation	990,442				( 990,442)	( 990,442)	
Community development	2,317,269	1,080,982		\$ 3,571,714	2,335,427	2,335,427	
Redevelopment and housing	480,592		107,095		( 373,497)	( 373,497)	
Telecommunications	336,634				( 336,634)	( 336,634)	
Interest on long-term debt	502,255				( 502,255)	( 502,255)	
Total governmental activities	<u>23,421,424</u>	<u>3,513,971</u>	<u>459,031</u>	<u>3,571,714</u>	<u>\$ 0</u>	<u>( 15,876,708)</u>	
Business-type activities:							
Water and sewer	12,069,015	16,516,255		248,729	4,695,969	4,695,969	
Gas system	13,832,177	17,013,290			3,181,113	3,181,113	
Electric system	37,470,631	50,266,129			12,795,498	12,795,498	
Sanitation	7,507,351	7,645,580			138,229	138,229	
Telecommunications	2,320,373	2,672,258			351,885	351,885	
Total business-type activities	<u>73,199,547</u>	<u>94,113,512</u>	<u>0</u>	<u>248,729</u>	<u>21,162,694</u>	<u>21,162,694</u>	
Total primary government	<u>\$ 96,620,971</u>	<u>\$ 97,627,483</u>	<u>\$ 459,031</u>	<u>\$ 3,820,443</u>	<u>( 15,876,708)</u>	<u>5,285,986</u>	
Component units:							
Downtown LaGrange Development Authority	\$ 644,345	\$ 276,591	\$ 8,000	\$ 5,636,475			\$ 5,276,721
Total component units	<u>\$ 644,345</u>	<u>\$ 276,591</u>	<u>\$ 8,000</u>	<u>\$ 5,636,475</u>			<u>5,276,721</u>
General revenues:							
Taxes:							
Franchise tax					1,099,653	1,099,653	
Insurance premium tax					1,399,519	1,399,519	
Alcoholic beverage tax					725,737	725,737	
Sales tax					4,871,868	4,871,868	
Other					1,197,138	1,197,138	
Investment earnings					48,205	116,453	10,399
Transfers					10,487,329	( 10,487,329)	
Total general revenues and transfers					<u>19,829,449</u>	<u>( 10,370,876)</u>	<u>10,399</u>
Change in net assets					3,952,741	10,791,818	10,399
Net assets at beginning of year					<u>37,918,669</u>	<u>119,314,144</u>	5,287,120
Net assets at end of year					<u>\$ 41,871,410</u>	<u>\$ 130,105,962</u>	<u>\$ 15,364,237</u>

See the accompanying notes to the financial statements.



CITY OF LAGRANGE, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

<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	\$ 1,794,134	\$ 263,884	\$ 5,216,606	\$ 7,274,624
Investments	7,995			7,995
Receivables (net of allowance):				
Taxes	1,065,916			1,065,916
Notes			1,088,942	1,088,942
Intergovernmental			512,865	512,865
Other	13,954	105,667	999	120,620
Due from other funds			210	210
Inventory	248,238			248,238
Restricted cash and cash equivalents	118,990			118,990
Restricted investments	<u>657,600</u>			<u>657,600</u>
 Total assets	 <u>\$ 3,906,827</u>	 <u>\$ 369,551</u>	 <u>\$ 6,819,622</u>	 <u>\$ 11,096,000</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 527,508	\$ 6,752	\$ 83,425	\$ 617,685
Accrued liabilities	221,521		140	221,661
Due to other funds	458,769	344,000	710	803,479
Unearned revenue		25,309		25,309
Total liabilities	<u>1,207,798</u>	<u>376,061</u>	<u>84,275</u>	<u>1,668,134</u>
Fund Balances:				
Non-spendable:				
Inventory	248,238			248,238
Restricted for:				
Perpetual care	776,590			776,590
Long-term receivables			1,088,942	1,088,942
Community development			1,647,402	1,647,402
Capital projects			3,070,853	3,070,853
Debt service			928,295	928,295
Unassigned	1,674,201	( 6,510)		1,667,691
Unassigned reported in nonmajor:				
Special revenue			( 145)	( 145)
Total fund balances	<u>2,699,029</u>	<u>( 6,510)</u>	<u>6,735,347</u>	<u>9,427,866</u>
 Total liabilities and fund balances	 <u>\$ 3,906,827</u>	 <u>\$ 369,551</u>	 <u>\$ 6,819,622</u>	 <u>\$ 11,096,000</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, 2011

Total fund balance - all governmental funds \$ 9,427,866

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. 42,015,754

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, 2011 are:

Accrued interest payable	\$( 102,303)		
Compensated absences	( 439,678)		
Notes payable	( 2,405,000)		
Capital leases	( 2,336,116)		
Intergovernmental agreements	( 5,892,500)		
Net OPEB obligation	<u>( 670,266)</u>	(	11,845,863)

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. 2,273,653

Net assets of governmental activities \$ 41,871,410

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, 2011

	General	Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales	\$ 4,871,868			\$ 4,871,868
Franchise	1,099,653			1,099,653
Insurance premium	1,399,519			1,399,519
Alcoholic beverage	725,737			725,737
Other	679,861		\$ 517,277	1,197,138
Licenses and permits	152,279			152,279
Intergovernmental	351,936	\$ 1,045,493	3,488,700	4,886,129
Charges for services	284,338			284,338
Fines, forfeitures, and penalties	1,716,846			1,716,846
Investment income	20,397	3,045	29,457	52,899
Grants and subsidies		187,920		187,920
Miscellaneous	259,155	32,984	18,800	310,939
Total revenues	<u>11,561,589</u>	<u>1,269,442</u>	<u>4,054,234</u>	<u>16,885,265</u>
Expenditures:				
Current:				
General government	1,425,924			1,425,924
Public safety	13,498,540			13,498,540
Public service	2,306,871			2,306,871
Culture and recreation	818,368			818,368
Community development	1,272,993		252,236	1,525,229
Redevelopment and housing			480,592	480,592
Telecommunications and technology	326,362			326,362
Debt service:				
Principal retirements			1,272,643	1,272,643
Interest			585,208	585,208
Capital outlay:				
General government	19,488	28,944		48,432
Public safety	281,495		135,331	416,826
Public service	152,490	24,311	2,341,886	2,518,687
Redevelopment and housing			96,712	96,712
Community development		1,795,221		1,795,221
Telecommunications	15,995			15,995
Culture and recreation	25,184			25,184
Total expenditures	<u>20,143,710</u>	<u>1,848,476</u>	<u>5,164,608</u>	<u>27,156,794</u>
Excess of revenues over (under) expenditures	( 8,582,121)	( 579,034)	( 1,110,374)	( 10,271,529)
Other financing sources (uses):				
Capital lease	214,753			214,753
Proceeds from sale of asset	6,153			6,153
Transfers in	9,218,749	2,100,000	1,829,924	13,148,673
Transfers out	( 632,371)	( 1,511,696)	( 517,277)	( 2,661,344)
Total other financing sources (uses)	<u>8,807,284</u>	<u>588,304</u>	<u>1,312,647</u>	<u>10,708,235</u>
Net change in fund balances	225,163	9,270	202,273	436,706
Fund balance, beginning of year	<u>2,473,866</u>	( 15,780)	<u>6,533,074</u>	<u>8,991,160</u>
Fund balance, end of year	<u>\$ 2,699,029</u>	<u>\$ ( 6,510)</u>	<u>\$ 6,735,347</u>	<u>\$ 9,427,866</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, 2011

Net change in fund balances - All governmental funds \$ 436,706

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	4,840,259
Depreciation	( 2,188,831)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net assets.	( 4,582)
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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	( 23,118)
Accrued interest payable	82,953
Net OPEB obligation	( 150,634)

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	1,272,643
Proceeds from capital leases	( 214,753)

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.	( 97,902)
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Change in net assets of governmental activities	<u>\$ 3,952,741</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, 2011

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Sales	\$ 5,000,000	\$ 4,871,868	\$( 128,132)
Franchise	1,045,000	1,099,653	54,653
Insurance premium	1,525,000	1,399,519	( 125,481)
Alcoholic beverage	710,000	725,737	15,737
Other	687,800	679,861	( 7,939)
Licenses and permits	203,000	152,279	( 50,721)
Intergovernmental	85,000	351,936	266,936
Fines, forfeitures and penalties	1,745,000	1,716,846	( 28,154)
Charges for services	403,000	284,338	( 118,662)
Investment income	25,000	20,397	( 4,603)
Miscellaneous	117,700	259,155	141,455
Total revenues	<u>11,546,500</u>	<u>11,561,589</u>	<u>15,089</u>
Expenditures:			
Current:			
General government:			
Administrative	967,771	963,853	3,918
Finance	567,206	566,246	960
Garage	( 86,527)	( 304,391)	217,864
General government	38,000	51,973	( 13,973)
City hall	137,970	148,243	( 10,273)
Total general government	<u>1,624,420</u>	<u>1,425,924</u>	<u>198,496</u>
Public safety:			
Court administration	316,561	342,369	( 25,808)
Probation	200,792	262,272	( 61,480)
Police	7,658,235	7,893,356	( 235,121)
Community service	83,700	104,630	( 20,930)
Traffic control	230,535	765,356	( 534,821)
Fire services	3,968,475	3,923,089	45,386
Animal control	195,835	207,468	( 11,633)
Total public safety	<u>12,654,133</u>	<u>13,498,540</u>	<u>( 844,407)</u>
Public service:			
Engineering and supervision	253,607	260,106	( 6,499)
Streets	1,168,177	1,337,587	( 169,410)
Street cleaning	93,124	88,993	4,131
Trash and refuse	581,795	620,185	( 38,390)
Total public service	<u>2,096,703</u>	<u>2,306,871</u>	<u>( 210,168)</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, 2011  
(Continued)

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:			
Landscaping and cemetery maintenance	<u>897,093</u>	<u>818,368</u>	<u>78,725</u>
Community development:			
Community development	626,381	583,155	43,226
DAL marketing	125,855	125,949	( 94)
Other community support	<u>544,110</u>	<u>563,889</u>	<u>( 19,779)</u>
Total community development	<u>1,296,346</u>	<u>1,272,993</u>	<u>23,353</u>
Telecommunications:			
Administration	183,044	186,679	( 3,635)
LGTV	<u>140,635</u>	<u>139,683</u>	<u>952</u>
Total telecommunications	<u>323,679</u>	<u>326,362</u>	<u>( 2,683)</u>
Capital outlay:			
General government	24,000	19,488	4,512
Public safety	625,400	281,495	343,905
Public service	160,000	152,490	7,510
Telecommunications	15,000	15,995	( 995)
Culture and recreation	<u>27,000</u>	<u>25,184</u>	<u>1,816</u>
Total capital outlay	<u>851,400</u>	<u>494,652</u>	<u>356,748</u>
Total expenditures	<u>19,743,774</u>	<u>20,143,710</u>	<u>( 399,936)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>( 8,197,274)</u>	<u>( 8,582,121)</u>	<u>( 384,847)</u>
Other financing sources (uses):			
Transfers in	9,277,200	9,218,749	( 58,451)
Transfers out	( 586,441)	( 632,371)	( 45,930)
Sale of capital assets	15,000	6,153	( 8,847)
Capital leases	<u>214,753</u>	<u>214,753</u>	<u>0</u>
Total other financing sources (uses)	<u>8,705,759</u>	<u>8,807,284</u>	<u>101,525</u>
Net change in fund balance	508,485	225,163	( 283,322)
Fund balance, beginning of year	<u>2,473,866</u>	<u>2,473,866</u>	<u>0</u>
Fund balance, end of year	<u>\$ 2,982,351</u>	<u>\$ 2,699,029</u>	<u>\$ ( 283,322)</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2011

	Business-Type Activities Major Enterprise Funds				Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Total	Governmental Activities
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 7,878,556	\$ 2,133,209	\$ 610,891	\$ 10,622,656	\$ 2,313,244
Investments	8,624,561			8,624,561	
Receivables:					
Accounts	8,118,316	1,906,044	102,401	10,126,761	
Loans	1,359,301			1,359,301	
Other					62,099
Due from other funds	4,707,765	1,076,000	58,769	5,842,534	625,372
Prepays	85,338			85,338	22,750
Inventory	991,232	880,704		1,871,936	
Restricted assets:					
Restricted investments	21,509,988			21,509,988	
Restricted deposits		201,639		201,639	
Total current assets	<u>53,275,057</u>	<u>6,197,596</u>	<u>772,061</u>	<u>60,244,714</u>	<u>3,023,465</u>
Noncurrent assets:					
Capital assets, not being depreciated	74,303	498,525	1,437,733	2,010,561	
Capital assets, being depreciated	41,837,228	71,715,312	19,376,011	132,928,551	
Other assets	228,483	80,476	86,104	395,063	
Advances to other funds					1,398,475
Total noncurrent assets	<u>42,140,014</u>	<u>72,294,313</u>	<u>20,899,848</u>	<u>135,334,175</u>	<u>1,398,475</u>
Total assets	<u>95,415,071</u>	<u>78,491,909</u>	<u>21,671,909</u>	<u>195,578,889</u>	<u>4,421,940</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	3,314,455	330,628	153,630	3,798,713	5,915
Customer deposits	1,476,866	390,221	1,530	1,868,617	
Accrued liabilities	34,495	20,673	7,237	62,405	
Due to other funds		166,478	4,480,787	4,647,265	1,017,372
Accrued compensated absences	53,128	33,287	27,887	114,302	
Unearned revenue	21,509,988			21,509,988	
Claims reserve					1,125,000
Notes payable, current		131,124	47,315	178,439	
Capital leases, current	274,811	80,078	375,566	730,455	
Intergovernmental agreement payable - Current	195,000			195,000	
Liabilities payable from restricted assets:					
Accrued interest	113,519			113,519	
Revenue bonds, current	640,000	3,746,268		4,386,268	
Total current liabilities	<u>27,612,262</u>	<u>4,898,757</u>	<u>5,093,952</u>	<u>37,604,971</u>	<u>2,148,287</u>
Noncurrent liabilities:					
Compensated absences	79,689	49,931	41,832	171,452	
Revenue bonds, long-term	10,129,926			10,129,926	
Notes payable, long-term		3,341,503	646,658	3,988,161	
Capital leases, long-term	567,700	78,403	1,023,304	1,669,407	
Intergovernmental agreement payable - Long-term	4,080,000			4,080,000	
Landfill postclosure liability			6,073,416	6,073,416	
Advances from other funds	1,398,475			1,398,475	
Net OPEB obligation	153,080	140,444	63,595	357,119	
Total noncurrent liabilities	<u>16,408,870</u>	<u>3,610,281</u>	<u>7,848,805</u>	<u>27,867,956</u>	<u>0</u>
Total liabilities	<u>44,021,132</u>	<u>8,509,038</u>	<u>12,942,757</u>	<u>65,472,927</u>	<u>2,148,287</u>
<u>Net assets</u>					
Invested in capital assets, net of debt	30,299,094	64,836,461	18,720,901	113,856,456	
Unrestricted	21,094,845	5,146,410	( 9,991,749)	16,249,506	2,273,653
Total net assets	<u>\$ 51,393,939</u>	<u>\$ 69,982,871</u>	<u>\$ 8,729,152</u>	<u>\$ 130,105,962</u>	<u>\$ 2,273,653</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, 2011

	Business-Type Activities Major Enterprise Funds			Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Governmental Activities
Operating revenues:				
Water and sewerage system		\$ 16,009,365		\$ 16,009,365
Gas system	\$ 16,473,412			16,473,412
Electric system	50,119,195			50,119,195
Sanitation			\$ 7,376,277	7,376,277
Premiums				\$ 5,809,256
Telecommunications	2,672,258			2,672,258
Other sales	686,812	506,890	269,303	1,463,005
Total operating revenues	<u>69,951,677</u>	<u>16,516,255</u>	<u>7,645,580</u>	<u>94,113,512</u>
Operating expenses:				
Water and sewerage system		8,987,982		8,987,982
Gas system	12,203,356			12,203,356
Electric system	37,093,674			37,093,674
Sanitation			6,402,455	6,402,455
Telecommunications	2,034,215			2,034,215
Administrative services				229,793
Depreciation and amortization	1,842,567	2,822,847	984,991	5,650,405
Risk management				5,760,427
Total operating expenses	<u>53,173,812</u>	<u>11,810,829</u>	<u>7,387,446</u>	<u>72,372,087</u>
Operating income (loss)	<u>16,777,865</u>	<u>4,705,426</u>	<u>258,134</u>	<u>21,741,425</u>
Nonoperating revenues (expenses):				
Investment income	111,483	3,125	1,845	116,453
Gain (loss) on sale of assets	269,111			269,111
Interest expense	( 718,480)	( 258,186)	( 119,905)	( 1,096,571)
Total nonoperating revenues (expenses)	<u>( 337,886)</u>	<u>( 255,061)</u>	<u>( 118,060)</u>	<u>( 711,007)</u>
Net income (loss) before contributions and transfers	16,439,979	4,450,365	140,074	21,030,418
Capital contribution		248,729		248,729
Transfers in	1,608,349	651,544	285,556	2,545,449
Transfers out	( 11,743,601)	( 1,289,177)		( 13,032,778)
Change in net assets	6,304,727	4,061,461	425,630	10,791,818
Net assets, beginning of year	<u>45,089,212</u>	<u>65,921,410</u>	<u>8,303,522</u>	<u>119,314,144</u>
Net assets, end of year	<u>\$ 51,393,939</u>	<u>\$ 69,982,871</u>	<u>\$ 8,729,152</u>	<u>\$ 130,105,962</u>

See the accompanying notes to the financial statements.



CITY OF LAGRANGE, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2011

	Business-Type Activities Major Enterprise Funds				Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Total	Governmental Activities
Cash flows from operating activities:					
Cash received from customers and users	\$65,986,452	\$16,945,402	\$7,637,402	\$90,569,256	\$5,934,989
Cash paid to employees	(3,440,890)	(3,514,421)	(1,836,862)	(8,792,173)	
Cash paid to suppliers	(47,908,733)	(6,434,725)	(4,404,825)	(58,748,283)	(5,594,484)
Net cash provided (used) by operating activities	<u>14,636,829</u>	<u>6,996,256</u>	<u>1,395,715</u>	<u>23,028,800</u>	<u>340,505</u>
Cash flow from noncapital financing activities:					
Advances from other funds			4,480,787	4,480,787	
Advances to other funds	(4,157,265)			(4,157,265)	66,628
Transfers in	1,608,349	651,544	285,556	2,545,449	3,872
Transfers out	(11,743,601)	(1,289,177)		(13,032,778)	(3,872)
Net cash provided (used) by noncapital financing activities	<u>(14,292,517)</u>	<u>(637,633)</u>	<u>4,766,343</u>	<u>(10,163,807)</u>	<u>66,628</u>
Cash flows from capital and related financing activities:					
Principal payments on revenue bonds	(620,000)	(4,610,000)	(2,270,000)	(7,500,000)	
Proceeds from sale of assets	266,530	1,157		267,687	
Acquisition of capital assets	(1,157,379)	(2,946,340)	(152,331)	(4,256,050)	
Capital lease payments	(332,328)	(74,173)	(406,393)	(812,894)	
Note payable proceeds		1,379,007	(3,000,274)	(1,621,267)	
Payments on notes payable		(1,213,921)		(1,213,921)	
Payments on intergovernmental agreement	(180,000)			(180,000)	
Interest paid	(701,374)	(354,006)	(116,076)	(1,171,456)	
Net cash provided (used) by capital financing activities	<u>(2,724,551)</u>	<u>(7,818,276)</u>	<u>(5,945,074)</u>	<u>(16,487,901)</u>	<u>0</u>
Cash flows from investing activities:					
Sale (purchase) of investments	8,017,218			8,017,218	55
Interest income	<u>111,483</u>	<u>3,125</u>	<u>1,845</u>	<u>116,453</u>	<u>83,062</u>
Net cash provided (used) by investing activities	<u>8,128,701</u>	<u>3,125</u>	<u>1,845</u>	<u>8,133,671</u>	<u>83,117</u>
Net increase (decrease) in cash	5,748,462	(1,456,528)	218,829	4,510,763	490,250
Cash, beginning of year	<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, end of year	<u>\$7,878,556</u>	<u>\$2,334,848</u>	<u>\$610,891</u>	<u>\$10,824,295</u>	<u>\$2,313,244</u>

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2011  
(Continued)

	Business-Type Activities Major Enterprise Funds				Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Total	Governmental Activities
Report on the balance sheet as:					
Cash and cash equivalents	\$ 7,878,556	\$ 2,133,209	\$ 610,891	\$ 10,622,656	\$ 1,822,994
Restricted cash		201,639		201,639	
Total	<u>\$ 7,878,556</u>	<u>\$ 2,334,848</u>	<u>\$ 610,891</u>	<u>\$ 10,824,295</u>	<u>\$ 2,313,244</u>
Cash flows from operating activities:					
Operating income (loss)	\$ 16,777,865	\$ 4,705,426	\$ 258,134	\$ 21,741,425	\$ ( 180,964)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,842,567	2,822,847	984,991	5,650,405	
Changes in operating assets and liabilities:					
Accounts receivable	( 594,782)	( 32,361)	( 8,178)	( 635,321)	50,742
Other receivable		396,730		396,730	
Inventory	( 30,603)	( 112,159)		( 142,762)	
Other assets	8,700			8,700	
Accounts payable	66,382	( 591,780)	73,919	( 451,479)	3,737
Accrued vacation	( 1,310)	( 9,113)	7,601	( 2,822)	
Due from other funds		( 412,000)	( 24,090)	( 436,090)	74,991
Due to other funds	( 66,628)	166,478	( 161,000)	( 61,150)	391,999
Unearned revenue	( 3,504,004)			( 3,504,004)	
Other accrued expenses	( 26,209)	( 29,364)	( 19,438)	( 75,011)	
Customer deposits	133,561	64,778		198,339	
Closure/postclosure			277,105	277,105	
Net OPEB obligation	31,290	26,774	6,671	64,735	
Net cash provided (used) by operating activities	<u>\$ 14,636,829</u>	<u>\$ 6,996,256</u>	<u>\$ 1,395,715</u>	<u>\$ 23,028,800</u>	<u>\$ 340,505</u>
Non-cash investing, capital and financing activities:					
Capital contributions	<u>\$ 0</u>	<u>\$ 248,729</u>	<u>\$ 0</u>	<u>\$ 248,729</u>	<u>\$ 0</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2011, the City incurred debt of \$1,358,315 in the form of capital leases in connection with the acquisition of new equipment.

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011

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, 2011  
(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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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, 2011.

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.

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NOTES TO BASIC FINANCIAL STATEMENTS

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(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.

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L. Fund Equity - Beginning with fiscal year ending June 30, 2011, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength to the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance** - Amounts that are not in a spendable form (such as inventory or prepaid items) or are required to be maintained intact;
- ▶ **Restricted fund balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- ▶ **Committed fund balance** - Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- ▶ **Assigned fund balance** - Amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- ▶ **Unassigned fund balance** - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by the passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service, or for other purposes). It is the City's policy to use committed amounts first, assigned amounts next, and then unassigned amounts.

- 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 by management through December 7, 2011, 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 \$20,531,153, which includes \$7,850 petty cash and the bank balance was \$21,586,861. Of the bank balance, \$3,252,098 was covered by federal deposit insurance paid, \$18,334,763 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.

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(Continued)

As of June 30, 2011, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Municipal Competitive Trust	January 2011 - September 2012	\$ 30,134,549
Coca Cola Stock		657,600
Total investments		30,792,149
Georgia fund 1 (State Investment Pool)	59 day WAM	7,995
Total pooled cash and investments		<u>\$ 30,800,144</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, 2011, the City's investment in the state investment pool was rated 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 97.8% total investments.

The City's investment of \$7,995 in the Georgia Fund 1 local government investment pool has not been categorized as to risk level because it is a pool managed by another government. Georgia Fund 1, which was created by the Official Code of Georgia Annotated (OCGA) 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAA rated market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the Securities and Exchange Commission as an investment company. The Office of Treasury and Fiscal Services is the regulatory oversight agency of Georgia Fund 1. The pool's primary objectives are safety of capital, investment income liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

### 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, 2011, 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.



CITY OF LAGRANGE, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

(Continued)

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

	Governmental Activities	Business-Type Activities
2012	\$ 234,161	\$ 1,359,301
2013	242,396	0
2014	234,161	0
2015	234,161	0
2016	6,500	0
Thereafter	158,852	0
	1,110,231	1,359,301
Less, allowance for doubtful accounts	( 21,289)	0
	<u>\$ 1,088,942</u>	<u>\$ 1,359,301</u>

Accounts receivable in the Utility Fund, Water and Sewerage Fund, and the Sanitation Fund is reported net of an allowance for doubtful accounts of \$8,118,316, \$1,906,044, and \$102,401, 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. \$ 97,602

Due within one year \$ 64,254

Note receivable from C'Sons, LLC, 7.0% per annum, to be paid in monthly installments of principal and interest in the amount of \$479.36 from March 1, 2011 through February 1, 2015 with the last payment being a balloon payment of \$16,809.35. \$ 34,051

Due within one year \$ 4,716

**4. CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2011, was as follows:

	June 30, 2010	Additions	Retirements	June 30, 2011
<b><u>Primary Government</u></b>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,789,719	\$ 1,571,488		\$ 14,361,207
Construction in progress	405,418	52,187		457,605
Total capital assets not being depreciated	<u>13,195,137</u>	<u>1,623,675</u>	<u>\$ 0</u>	<u>14,818,812</u>
Capital assets being depreciated:				
Buildings	12,798,082	220,864		13,018,946
Machinery and equipment	7,289,133	195,408	( 26,883)	7,457,658
Vehicles	2,928,269	256,278	( 15,850)	3,168,697
Infrastructure	22,557,237	2,544,034		25,101,271
Total capital assets being depreciated	<u>45,572,721</u>	<u>3,216,584</u>	<u>( 42,733)</u>	<u>48,746,572</u>
Less, accumulated depreciation for:				
Buildings	( 3,564,061)	( 520,924)		( 4,084,985)
Machinery and equipment	( 4,445,285)	( 434,578)	26,882	( 4,852,981)
Vehicles	( 2,113,882)	( 341,771)	11,269	( 2,444,384)
Infrastructure	( 9,275,722)	( 891,558)		( 10,167,280)
Total accumulated depreciation	<u>( 19,398,950)</u>	<u>( 2,188,831)</u>	<u>38,151</u>	<u>( 21,549,630)</u>
Total capital assets being depreciated, net	<u>26,173,771</u>	<u>1,027,753</u>	<u>( 4,582)</u>	<u>27,196,942</u>
Governmental activities capital assets, net	<u>\$ 39,368,908</u>	<u>\$ 2,651,428</u>	<u>\$ ( 4,582)</u>	<u>\$ 42,015,754</u>

CITY OF LAGRANGE, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011  
(Continued)

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

Government activities:	
General government	\$ 516,640
Public safety	263,801
Public service	467,866
Culture and recreation	164,161
Community development	774,364
Telecommunications	<u>1,999</u>
Total depreciation expense for governmental activities	<u>\$ 2,188,831</u>

A summary of business-type activities for property, plant and equipment at June 30, 2011 is presented below:

	<u>June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
<b><u>Business-Type Activities</u></b>				
Capital assets, not being depreciated:				
Land	\$ 2,010,561			\$ 2,010,561
Construction in progress	<u>7,747,446</u>		\$( 7,747,446)	
Total capital assets, not being depreciated	<u>9,758,007</u>	<u>\$ 0</u>	<u>( 7,747,446)</u>	<u>2,010,561</u>
Capital assets being depreciated:				
Buildings	26,822,426			26,822,426
Machinery and equipment	14,479,342	2,047,896	( 79,720)	16,447,518
Vehicles	1,668,796	59,137	( 32,732)	1,695,201
Infrastructure	<u>155,838,863</u>	<u>11,254,779</u>		<u>167,093,642</u>
Total capital assets being depreciated	<u>198,809,427</u>	<u>13,361,812</u>	<u>( 112,452)</u>	<u>212,058,787</u>
Less, accumulated depreciation for:				
Buildings	( 12,251,584)	( 502,575)		( 12,754,159)
Machinery and equipment	( 8,939,934)	( 854,792)	78,222	( 9,716,504)
Vehicles	( 1,260,090)	( 147,684)	30,898	( 1,376,876)
Infrastructure	<u>( 51,137,343)</u>	<u>( 4,145,354)</u>		<u>( 55,282,697)</u>
Total accumulated depreciation	<u>( 73,588,951)</u>	<u>( 5,650,405)</u>	<u>109,120</u>	<u>( 79,130,236)</u>
Total capital assets being depreciated, net	<u>125,220,476</u>	<u>7,711,407</u>	<u>( 3,332)</u>	<u>132,928,551</u>
Business-type activities capital assets, net	<u>\$ 134,978,483</u>	<u>\$ 7,711,407</u>	<u>\$( 7,750,778)</u>	<u>\$ 134,939,112</u>

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

Business-type activities:	
Water and sewerage	\$ 2,822,847
Electric system	474,672
Gas system	1,081,737
Telecommunications	286,158
Sanitation	<u>984,991</u>
Total depreciation expense for business-type activities	<u>\$ 5,650,405</u>

CITY OF LAGRANGE, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011  
(Continued)

Activity for the Downtown LaGrange Development Authority for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Discretely Presented Component Unit</u></b>				
Capital assets not being depreciated:				
Land	\$ 891,500			\$ 891,500
Land - Property held for lease	1,121,750			1,121,750
Land - Event center		\$ 34,960		34,960
Construction in progress - Event center		5,598,003		5,598,003
Total capital assets not being depreciated	<u>2,013,250</u>	<u>5,632,963</u>	<u>\$ 0</u>	<u>7,646,213</u>
Capital assets being depreciated:				
Buildings and improvements - Property held for lease	8,195,740	33,159		8,228,899
Equipment	<u>12,099</u>		500	<u>11,599</u>
Total capital assets being depreciated	<u>8,207,839</u>	<u>33,159</u>	<u>500</u>	<u>8,240,498</u>
Less, accumulated depreciation	( 1,018,905)	( 222,765)	( 117)	( 1,241,553)
Total capital assets being depreciated, net	<u>7,188,934</u>	<u>( 189,606)</u>	<u>383</u>	<u>6,998,945</u>
Total capital assets, net	<u>\$ 9,202,184</u>	<u>\$ 5,443,357</u>	<u>\$ 383</u>	<u>\$ 14,645,158</u>

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

Community development	<u>\$ 22,765</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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Asset:		
Machinery and equipment	\$ 5,587,002	\$ 12,886,144
Less, accumulated depreciation	( 3,855,364)	( 8,120,705)
Total	<u>\$ 1,731,638</u>	<u>\$ 4,765,439</u>

CITY OF LAGRANGE, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011  
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Year ending June 30:		
2012	\$ 741,936	\$ 753,009
2013	637,990	562,919
2014	579,209	506,564
2015	437,155	352,424
2016	50,893	272,373
2017-2020	<u>100,998</u>	<u>          </u>
Total lease payments	2,548,181	2,447,289
Less, amount representing interest	<u>( 212,065)</u>	<u>( 47,427)</u>
	<u>\$ 2,336,116</u>	<u>\$ 2,399,862</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>\$ 2,405,000</u>

Loans payable currently outstanding are as follows:

	<u>Governmental Activities Principal</u>	<u>Interest</u>
Year ending June 30:		
2012	\$ 250,000	\$ 116,643
2013	280,000	104,518
2014	310,000	90,938
2015	340,000	75,903
2016	370,000	59,413
2017-2018	<u>855,000</u>	<u>63,050</u>
	<u>\$ 2,405,000</u>	<u>\$ 510,465</u>

**Business-Type Activities**

The City's Water and Sewerage Fund borrowed funds for system improvements under notes payable. As of June 30, 2011, the City had drawn \$7,104,873 of these notes. The amount issued during the year ended June 30, 2011 was \$1,379,007. 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, 2011, the entire balance had been drawn.

CITY OF LAGRANGE, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011  
(Continued)

Notes payable currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Gas recirculation project at landfill - Sanitation Fund	2.33%	\$ 693,973
Construction of water line -Water and Sewerage Fund	4.10%	585,389
Improvements at water pollution control plant - Water and Sewerage Fund	3.00%	<u>2,887,238</u>
		<u>\$ 4,166,600</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:		
2012	\$ 178,439	\$ 124,500
2013	183,889	119,050
2014	189,397	113,543
2015	195,113	107,826
2016	200,976	101,963
2017-2021	1,100,132	414,665
2022-2026	1,132,441	240,303
2027-2031	<u>986,213</u>	<u>73,894</u>
	<u>\$ 4,166,600</u>	<u>\$ 1,295,744</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 \$40,155,000 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 2002 Water and Sewerage Revenue Bonds	4.70% - 5.25%	\$ 3,595,000
Series 2003 Gas Authority Revenue Bonds	2.13% - 4.38%	5,815,000
Series 2009 Gas Authority Revenue Bonds	4.09%	<u>4,965,000</u>
		<u>\$ 14,375,000</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:		
2012	\$ 4,235,000	\$ 506,656
2013	670,000	394,088
2014	695,000	369,690
2015	720,000	344,060
2016	755,000	316,923
2017-2021	4,265,000	1,115,168
2022-2024	<u>3,035,000</u>	<u>223,440</u>
	<u>\$ 14,375,000</u>	<u>\$ 3,270,025</u>

CITY OF LAGRANGE, GEORGIA  
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(Continued)

C. Compensated Absences - The City accrues compensated absences for their employees. Both governmental and business-type activities have accrued absences at June 30, 2011. 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:		
2012	\$ 195,000	\$ 204,605
2013	205,000	193,880
2014	215,000	182,605
2015	225,000	170,780
2016	240,000	158,405
2017-2021	1,415,000	591,480
2022-2026	<u>1,780,000</u>	<u>242,550</u>
	<u>\$ 4,275,000</u>	<u>\$ 1,744,305</u>

**Governmental Activities**

Year ending June 30:		
2012	\$ 245,000	\$ 341,588
2013	262,500	326,969
2014	275,000	311,308
2015	292,500	294,895
2016	310,000	277,439
2017-2021	1,835,000	1,088,196
2022-2026	2,140,000	473,105
202-2028	<u>532,500</u>	<u>37,594</u>
	<u>\$ 5,892,500</u>	<u>\$ 3,151,094</u>

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E. Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Intergovernmental agreements	\$ 6,125,000		\$ 232,500	\$ 5,892,500	\$ 245,000
Capital leases	2,931,506	\$ 214,753	810,143	2,336,116	657,742
Notes payable	2,635,000		230,000	2,405,000	250,000
Compensated absences	416,560	405,930	382,812	439,678	175,871
Governmental activities long-term liabilities	<u>\$ 12,108,066</u>	<u>\$ 620,683</u>	<u>\$ 1,655,455</u>	<u>\$ 11,073,294</u>	<u>\$ 1,328,613</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 21,875,000		\$ 7,500,000	\$ 14,375,000	\$ 4,235,000
Add, unamortized premium	233,195		92,001	141,194	
Total bonds	22,108,195	\$ 0	7,592,001	14,516,194	4,235,000
Intergovernmental agreements	4,455,000		180,000	4,275,000	195,000
Capital leases	1,854,440	1,358,315	812,893	2,399,862	730,455
Notes payable	7,250,517	1,379,007	4,462,924	4,166,600	178,439
Compensated absences	288,576	333,263	336,085	285,754	114,302
Landfill closure/postclosure	5,796,311	311,000	33,895	6,073,416	
Business-type activities long-term liabilities	<u>\$ 41,753,039</u>	<u>\$ 3,381,585</u>	<u>\$ 13,417,798</u>	<u>\$ 31,716,826</u>	<u>\$ 5,453,196</u>

Also, the government-wide statement of net assets includes \$4,235,000 of the long-term liabilities due within one year for business-type activities in liabilities "payable from restricted assets." The remaining amount of \$1,218,196 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, 2011 is as follows:

Due to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General Fund	Water and Sewerage Fund	\$ 400,000
	Sanitation Fund	58,769
Water and Sewerage Fund	Utility Fund	166,478
Capital Projects Fund	Water and Sewerage Fund	284,000
	Utility Fund	60,000
Nonmajor Governmental Funds	Utility Fund	500
	Internal Service Fund	210
Sanitation Fund	Utility Fund	4,480,787
Internal Service Fund	Water and Sewerage Fund	392,000
	Internal Service Fund	625,372
		<u>\$ 6,468,116</u>

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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, 2011 consisted of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Utility Fund	Internal Service Fund	<u>\$ 1,398,475</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	\$ 27,867,956
Advances from other funds	( 1,398,475)
Net OPEB obligation	<u>( 357,119)</u>

Non-current liabilities - Due in more than one year per government-wide Statement of Net Assets \$ 26,112,362

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>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Utility Fund</u>	<u>Water &amp; Sewerage Fund</u>	<u>Internal Service</u>
Transfers in:						
General Fund			\$ 517,277	\$ 8,663,200		\$ 38,272
Capital Projects Fund				2,100,000		
Nonmajor governmental	\$ 496,978	\$ 1,246,696		86,250		
Utility Fund	54,172	265,000			\$ 1,289,177	
Water & Sewerage Fund	15,687			635,857		
Sanitation Fund	27,262			258,294		
Internal service	<u>38,272</u>					
	<u>\$ 632,371</u>	<u>\$ 1,511,696</u>	<u>\$ 517,277</u>	<u>\$ 11,743,601</u>	<u>\$ 1,289,177</u>	<u>\$ 38,272</u>
						<u>\$ 15,732,394</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.



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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, 2011.

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 \$4,632,192 for the year ended June 30, 2011. 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, 2011. 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, 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	525,000	600,000
Claims and changes in estimate	4,491,612	341,179
Claims payments	( 4,491,612)	( 341,179)
Liability balance, June 30, 2011	<u>\$ 525,000</u>	<u>\$ 600,000</u>

The liability is an estimate of claims at June 30, 2011 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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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, 2011. The participant data and the asset values used in the actuarial valuation are as of January 1, 2011.

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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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 over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

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, 2011:		
Recommended	\$	1,663,188
Recommended as a percent of payroll		10.17%
State minimum requirement	\$	1,198,865
Funding elements for plan year beginning January 1, 2011:		
Normal cost, including administrative expenses	\$	842,230
Market value of assets	\$	20,280,791
Actuarial value of assets	\$	25,294,223
Actuarial accrued liability	\$	30,648,230
Unfunded (surplus) actuarial accrued liability	\$	5,354,007
Actuarial value of assets as a percentage of actuarial accrued liability (funded ratio)		82.53%
Annual covered payroll	\$	16,070,885
Ratio of unfunded (surplus) to annual covered payroll		33.31%
GASB 25/27 for plan year beginning January 1, 2011:		
Annual required contributions	\$	1,198,865
Funded ratio		82.53%
Demographic data for plan year beginning January 1, 2011:		
Number of retired participants and beneficiaries		177
Number of vested former participants		86
Number of active employees, including 7 elected officials:		
Fully vested		183
Not vested		186
Total membership in the plan		<u>632</u>
Total payroll	\$	<u>16,070,885</u>
Average payroll	\$	<u>44,395</u>

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Historical trend information is shown in the table below:

<u>TREND INFORMATION</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	\$ 1,521,239	100%	\$ 0
06/30/10	\$ 1,972,169	100%	\$ 0
06/30/09	\$ 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, 2011, the City contributed \$98,936 and employees contributed \$329,576. Plan provisions and contribution requirements are established and amended by a resolution of the City Council.

#### 11. 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, 2011, the outstanding debt of the Authority was approximately \$5.9 billion. The City's guarantee varies by individual projects undertaken by the Authority and totals approximately \$307 million at June 30, 2011.

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

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

At June 30, 2011, \$30,134,550 has been placed into the Trust for the benefit of the City, of which \$8,624,562 is available without restriction and \$21,509,988 is subject to restrictions. Due to the restricted nature of the \$21,509,988, the amount is reported as unearned revenue at June 30, 2011.

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12. 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 Three Rivers Regional Commission (the "Commission") and is required to pay annual dues thereto. During the year ended June 30, 2011, the City paid \$28,437 in dues.

Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission 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 the Commission. Separate financial statements may be obtained from: Three Rivers Regional Commission, P.O. Box 1600, Franklin, Georgia 30217.

13. HOTEL / MOTEL LODGING TAX

During the year ended June 30, 2011, the City levied a 5% lodging tax and received \$517,277 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 \$252,236 of lodging tax received from the City during the year ended June 30, 2011 was used for the promotion of tourism.

14. 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.

15. 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 \$6,073,416 reported as the landfill closure and post-closure care liability at June 30, 2011 includes \$1,796,427, which represents the cumulative amount accrued to date, less amounts already paid, based on the use of one hundred percent of the estimated capacity of the landfill which was closed during the fiscal year ended June 30, 1998. The liability is based on the current costs of closure and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The remaining amount reported as landfill closure and post-closure cost of \$4,276,989 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, 2011, approximately 42% of this landfill's capacity had been utilized and accordingly, a liability of \$4,276,989 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. See Note 6(E) for changes in the liability for landfill closure and postclosure costs.

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16. 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	\$ 373,510	\$ 470,184	\$( 96,674)
Debt Service Fund	General Government:			
	Debt service	\$ 1,756,841	\$ 1,857,851	\$( 101,010)
Hotel/Motel Tax Fund	Community Development	\$ 168,000	\$ 252,236	\$( 84,236)

17. DEFICIT FUND BALANCE

The Capital Projects Fund, a major fund of the primary government, had a deficit fund balance of \$6,510 at June 30, 2011. The Grant Fund, a nonmajor Special Revenue Fund of the primary government, had a deficit fund balance of \$145 at June 30, 2011. The City plans to liquidate the deficit fund balances through operating transfers of the General Fund.

18. 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, their spouses and dependents until age 19 or full-time student status until age 25.

A. Summary of Significant Accounting Policies

**Basis of Accounting**

Effective with fiscal year ending June 30, 2009, 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.

B. Plan Description

**Plan Description** - The City of LaGrange OPEB Plan is a single-employer defined benefit plan that provides health, prescription drugs, dental, vision and life insurance benefits to eligible retirees, their spouses and dependents until age 19 or full-time students until age 25. Retirees may chose which benefits administered by Covenant Administrators are 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.

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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, 2011, the last valuation date:

Retirees, beneficiaries, and dependents currently receiving benefits	20
Active plan participants	<u>367</u>
Total	<u><u>387</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. Monthly contributions of plan members for the current fiscal year were as follows:

	<u>15-20 Years of Service and Over Age 60</u>	<u>20-25 Years of Service</u>	<u>More Than 25 Years of Service</u>
Healthcare:			
Single	\$ 248	\$ 199	\$ 124
Family	\$ 597	\$ 478	\$ 298

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

Dental:	
Single	\$ 20
Family	\$ 60

Contributions paid by retirees in the current fiscal year totaled \$58,663.

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, 2011 the City contributed \$134,417 or .9% of the covered payroll for employees of \$15,689,981 under the plan.

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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, 2011 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	37.22%	\$ 254,847
June 30, 2010	\$ 400,085	55.38%	\$ 433,356
June 30, 2011	\$ 728,446	18.45%	\$ 1,027,385

The net OPEB obligation for the fiscal year ended June 30, 2011 was developed as follows, based on an actuarial valuation date of January 1, 2011:

Annual required contribution	\$ 739,179
Interest on the net OPEB obligation	17,334
Adjustment of ARC	( 28,047)
Annual OPEB cost	728,466
Actual contribution	( 134,417)
Increase in OPEB obligation	594,049
Net OPEB obligation at beginning of year	<u>433,356</u>
Net OPEB obligation at year end	<u>\$ 1,027,405</u>

D. Funded Status and Funding Progress

Schedule of Funding Progress

Actuarial valuation date	January 1, 2009	January 1, 2011
Actuarial value of assets	\$ 0	\$ 0
Actuarial accrued liability	\$ 3,538,714	\$ 6,212,999
Total unfunded actuarial liability	\$ 3,538,714	\$ 6,212,999
Funded ratio	0%	0%
Annual covered payroll	\$ 15,042,574	\$ 15,689,991
Ratio of the unfunded actuarial liability to annual covered payroll	23.52%	39.60%

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.



CITY OF LAGRANGE, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011  
(Continued)

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:	23 years as of July 1, 2010
Asset Valuation Method:	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Salary growth	3.50%
Medical and drug cost trend rate	8.50% graded to 5.00% over 7 years
Dental cost trend rate	5.00%

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.

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

CITY OF LAGRANGE, GEORGIA  
SCHEDULE OF FUNDING PROGRESS  
DEFINED BENEFIT PENSION PLAN  
Year Ended June 30, 2011

	<u>Actuarial Valuation Date</u>		
	<u>January 1, 2011</u>	<u>January 1, 2010</u>	<u>January 1, 2009</u>
Actuarial value of plan assets	\$ 25,294,223	\$ 23,809,818	\$ 18,558,163
Actuarial accrued liability	\$ 30,648,230	\$ 28,496,815	\$ 27,032,634
Total unfunded actuarial liability (or funding excess)	\$ 5,354,007	\$ 4,686,997	\$ 8,474,471
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	82.53%	83.55%	68.65%
Annual covered payroll	\$ 16,070,885	\$ 15,567,015	\$ 15,467,942
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	33.31%	30.11%	54.79%

CITY OF LAGRANGE, GEORGIA  
SCHEDULE OF FUNDING PROGRESS  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
Year Ended June 30, 2011

	<u>Actuarial Valuation Date</u>	
	<u>January 1, 2009</u>	<u>January 1, 2011</u>
Actuarial value of plan assets	\$ 0	\$ 0
Actuarial accrued liability	\$ 3,538,714	\$ 6,212,999
Total unfunded actuarial liability (or funding excess)	\$ 3,538,714	\$ 6,212,999
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	0%	0%
Annual covered payroll	\$ 15,042,574	\$ 15,689,991
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	23.52%	39.60%

Note: 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, 2011

	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	\$ 2,640,414	\$ 1,647,332	\$ 565		\$ 928,295	\$ 5,216,606
Receivables:						
Notes		1,088,942				1,088,942
Intergovernmental	512,865					512,865
Other	999					999
Due from other funds		210				210
Total assets	<u>\$ 3,154,278</u>	<u>\$ 2,736,484</u>	<u>\$ 565</u>	<u>\$ 0</u>	<u>\$ 928,295</u>	<u>\$ 6,819,622</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	\$ 83,425					\$ 83,425
Accrued payroll		\$ 140				140
Due to other funds			\$ 710			710
Total liabilities	<u>83,425</u>	<u>140</u>	<u>710</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>84,275</u>
Fund balance:						
Restricted for:						
Long-term receivables		1,088,942				1,088,942
Capital projects	3,070,853					3,070,853
Special revenue		1,647,402				1,647,402
Debt service					928,295	928,295
Unassigned			( 145)			( 145)
Total fund balance	<u>3,070,853</u>	<u>2,736,344</u>	<u>( 145)</u>	<u>0</u>	<u>928,295</u>	<u>6,735,347</u>
Total liabilities and fund balance	<u>\$ 3,154,278</u>	<u>\$ 2,736,484</u>	<u>\$ 565</u>	<u>\$ 0</u>	<u>\$ 928,295</u>	<u>\$ 6,819,622</u>

CITY OF LAGRANGE, GEORGIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2011

	Capital Projects	Special Revenue			Debt Service Fund	Total Nonmajor Governmental Funds
	SPLOST Fund	Community Development Fund	Grant Fund	Hotel/Motel Tax Fund		
Revenues:						
Hotel/Motel tax				\$ 517,277		\$ 517,277
Intergovernmental	\$ 3,282,388	\$ 99,217	\$ 107,095			3,488,700
Investment income (loss)	4,694	20,257			\$ 4,506	29,457
Miscellaneous		18,800				18,800
Total revenues	<u>3,287,082</u>	<u>138,274</u>	<u>107,095</u>	<u>517,277</u>	<u>4,506</u>	<u>4,054,234</u>
Expenditures:						
Current:						
Redevelopment and housing		373,472	107,120			480,592
Community development				252,236		252,236
Debt service:						
Principal retirement					1,272,643	1,272,643
Interest					585,208	585,208
Capital outlay:						
Public safety	135,331					135,331
Public service	2,341,886					2,341,886
Redevelopment and housing		96,712				96,712
Total expenditures	<u>2,477,217</u>	<u>470,184</u>	<u>107,120</u>	<u>252,236</u>	<u>1,857,851</u>	<u>5,164,608</u>
Excess of revenues over (under) expenditures	<u>809,865</u>	<u>( 331,910)</u>	<u>( 25)</u>	<u>265,041</u>	<u>( 1,853,345)</u>	<u>( 1,110,374)</u>
Other financing sources (uses):						
Transfers in				252,236	1,577,688	1,829,924
Transfers out				( 517,277)		( 517,277)
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>( 265,041)</u>	<u>1,577,688</u>	<u>1,312,647</u>
Net change in fund balance	809,865	( 331,910)	( 25)	0	( 275,657)	202,273
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ 3,070,853</u>	<u>\$ 2,736,344</u>	<u>\$ ( 145)</u>	<u>\$ 0</u>	<u>\$ 928,295</u>	<u>\$ 6,735,347</u>

CITY OF LAGRANGE, GEORGIA  
SPLOST FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,640,414	\$ 1,829,188
Receivables:		
Intergovernmental	512,865	489,154
Other	<u>999</u>	<u></u>
Total assets	<u>\$ 3,154,278</u>	<u>\$ 2,318,342</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ <u>83,425</u>	\$ <u>57,354</u>
Total liabilities	<u>83,425</u>	<u>57,354</u>
Fund balance:		
Restricted for capital project	<u>3,070,853</u>	<u>2,260,988</u>
Total fund balance	<u>3,070,853</u>	<u>2,260,988</u>
Total liabilities and fund balance	<u>\$ 3,154,278</u>	<u>\$ 2,318,342</u>



CITY OF LAGRANGE, GEORGIA  
SPLOST FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Intergovernmental	\$ 3,282,388	\$ 3,016,069
Investment income (loss)	<u>4,694</u>	<u>5,270</u>
Total revenues	<u>3,287,082</u>	<u>3,021,339</u>
Expenditures:		
Capital outlay:		
Public safety	135,331	170,985
Public service	<u>2,341,886</u>	<u>2,671,397</u>
Total expenditures	<u>2,477,217</u>	<u>2,842,382</u>
Excess of revenues over (under) expenditures	<u>809,865</u>	<u>178,957</u>
Net change in fund balance	809,865	178,957
Fund balance, beginning of year	<u>2,260,988</u>	<u>2,082,031</u>
Fund balance, end of year	<u><u>\$ 3,070,853</u></u>	<u><u>\$ 2,260,988</u></u>

CITY OF LAGRANGE, GEORGIA  
COMMUNITY DEVELOPMENT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,647,332	\$ 1,871,442
Receivables:		
Notes	1,088,942	1,195,442
Other		2,078
Due from other funds	<u>210</u>	
Total assets	<u>\$ 2,736,484</u>	<u>\$ 3,068,962</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable		\$ 43
Accrued payroll	<u>\$ 140</u>	<u>665</u>
Total liabilities	<u>140</u>	<u>708</u>
Fund balance:		
Restricted for:		
Long-term receivables	1,088,942	1,195,442
Community development	<u>1,647,402</u>	<u>1,872,812</u>
Total fund balance	<u>2,736,344</u>	<u>3,068,254</u>
Total liabilities and fund balance	<u>\$ 2,736,484</u>	<u>\$ 3,068,962</u>

CITY OF LAGRANGE, GEORGIA  
COMMUNITY DEVELOPMENT FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Intergovernmental	\$ 99,217	\$ 411,072
Investment income (loss)	20,257	37,428
Miscellaneous	<u>18,800</u>	<u>13,634</u>
Total revenues	<u>138,274</u>	<u>462,134</u>
Expenditures:		
Current:		
Redevelopment and housing	373,472	436,144
Capital outlay:		
Redevelopment and housing	<u>96,712</u>	<u>405,418</u>
Total expenditures	<u>470,184</u>	<u>841,562</u>
Excess of revenues over (under) expenditures	( <u>331,910</u> )	( <u>379,428</u> )
Other financing sources (uses):		
Transfer out	<u>                    </u>	( <u>710</u> )
Total other financing sources	<u>0</u>	( <u>710</u> )
Net change in fund balance	( 331,910 )	( 380,138 )
Fund balance, beginning of year	<u>3,068,254</u>	<u>3,448,392</u>
Fund balance, end of year	<u><u>\$ 2,736,344</u></u>	<u><u>\$ 3,068,254</u></u>

CITY OF LAGRANGE, GEORGIA  
COMMUNITY DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year Ended June 30, 2011

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 234,171	\$ 99,217	\$( 134,954)
Interest	26,400	20,257	( 6,143)
Miscellaneous	<u>6,400</u>	<u>18,800</u>	<u>12,400</u>
Total revenues	<u>266,971</u>	<u>138,274</u>	<u>( 128,697)</u>
Expenditures:			
Current:			
Redevelopment and housing	373,510	373,472	38
Capital outlay:			
Redevelopment and housing	<u>          </u>	<u>96,712</u>	<u>( 96,712)</u>
Total expenditures	<u>373,510</u>	<u>470,184</u>	<u>( 96,674)</u>
Excess of revenue over (under) expenditures	<u>( 106,539)</u>	<u>( 331,910)</u>	<u>( 225,371)</u>
Other financing sources (uses):			
Transfer out	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	<u>( 106,539)</u>	<u>( 331,910)</u>	<u>( 225,371)</u>
Fund balance, beginning of year	<u>3,068,254</u>	<u>3,068,254</u>	<u>0</u>
Fund balance, end of year	<u>\$ 2,961,715</u>	<u>\$ 2,736,344</u>	<u>\$( 225,371)</u>

CITY OF LAGRANGE, GEORGIA  
GRANT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 565	\$ 380
Total assets	<u>\$ 565</u>	<u>\$ 380</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Due to other funds	\$ 710	\$ 500
Total liabilities	<u>710</u>	<u>500</u>
Fund balance:		
Unassigned	( 145)	( 120)
Total fund balance	<u>( 145)</u>	<u>( 120)</u>
Total liabilities and fund balance	<u>\$ 565</u>	<u>\$ 380</u>

CITY OF LAGRANGE, GEORGIA  
GRANT FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Intergovernmental	\$ <u>107,095</u>	<u>          </u>
Total revenues	<u>107,095</u>	\$ <u>0</u>
Expenditures:		
Current:		
Redevelopment and housing	<u>107,120</u>	<u>          </u>
Total expenditures	<u>107,120</u>	<u>0</u>
Excess of revenues over (under) expenditures	( <u>25</u> )	<u>0</u>
Net change in fund balance	( <u>25</u> )	<u>0</u>
Fund balance, beginning of year	( <u>120</u> )	( <u>120</u> )
Fund balance, end of year	<u><u>\$ ( 145 )</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, 2011

	<u>Original and Final Budgeted Amount</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 110,000	\$ 107,095	\$( 2,905)
Total revenues	<u>110,000</u>	<u>107,095</u>	<u>( 2,905)</u>
Expenditures:			
Current:			
Redevelopment and housing	110,000	107,120	2,880
Total expenditures	<u>110,000</u>	<u>107,120</u>	<u>2,880</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>( 25)</u>	<u>( 25)</u>
Net change in fund balance	0	( 25)	( 25)
Fund balance, beginning of year	( 120)	( 120)	0
Fund balance, end of year	<u>\$( 120)</u>	<u>\$( 145)</u>	<u>\$( 25)</u>

CITY OF LAGRANGE, GEORGIA  
HOTEL/MOTEL TAX FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Hotel/Motel tax	\$ 517,277	\$ 396,511
Total revenues	<u>517,277</u>	<u>396,511</u>
Expenditures:		
Current:		
Community development	<u>252,236</u>	<u>159,394</u>
Total expenditures	<u>252,236</u>	<u>159,394</u>
Excess of revenues over expenditures	<u>265,041</u>	<u>237,117</u>
Other financing sources (uses):		
Transfers in	252,236	159,394
Transfers out	( 517,277)	( 396,511)
Total other financing sources (uses)	( 265,041)	( 237,117)
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, 2011

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel/Motel tax	\$ 420,000	\$ 517,277	\$ 97,277
Total revenues	<u>420,000</u>	<u>517,277</u>	<u>97,277</u>
Expenditures:			
Current:			
Community development	<u>168,000</u>	<u>252,236</u>	( <u>84,236</u> )
Total expenditures	<u>168,000</u>	<u>252,236</u>	( <u>84,236</u> )
Excess of revenues over (under) expenditures	<u>252,000</u>	<u>265,041</u>	<u>13,041</u>
Other financing sources (uses):			
Transfers in	168,000	252,236	84,236
Transfers out	( <u>420,000</u> )	( <u>517,277</u> )	( <u>97,277</u> )
Total other financing sources (uses)	( <u>252,000</u> )	( <u>265,041</u> )	( <u>13,041</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><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF LAGRANGE, GEORGIA  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash	\$ 928,295	\$ 1,205,952
Total assets	<u>\$ 928,295</u>	<u>\$ 1,205,952</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Due to other funds	<u>                    </u>	\$ 2,000
Total liabilities	<u>\$ 0</u>	<u>2,000</u>
Fund balance:		
Restricted:		
Debt service	<u>928,295</u>	<u>1,203,952</u>
Total fund balance	<u>928,295</u>	<u>1,203,952</u>
Total liabilities and fund balance	<u>\$ 928,295</u>	<u>\$ 1,205,952</u>

CITY OF LAGRANGE, GEORGIA  
DEBT SERVICE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Interest	\$ 4,506	\$ 21,510
Total revenues	<u>4,506</u>	<u>21,510</u>
Expenditures:		
Principal retirement	1,272,643	1,304,204
Interest	<u>585,208</u>	<u>633,156</u>
Total expenditures	<u>1,857,851</u>	<u>1,937,360</u>
Excess of revenues over (under) expenditures	( 1,853,345)	( 1,915,850)
Other financing sources:		
Transfers in	1,577,688	1,744,028
Transfers out	<u>                    </u>	( 91,010)
Total other financing sources	<u>1,577,688</u>	<u>1,653,018</u>
Net change in fund balance	( 275,657)	( 262,832)
Fund balance, beginning of year	<u>1,203,952</u>	<u>1,466,784</u>
Fund balance, end of year	<u><u>\$ 928,295</u></u>	<u><u>\$ 1,203,952</u></u>

CITY OF LAGRANGE, GEORGIA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year Ended June 30, 2011

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 1,000	\$ 4,506	\$ 3,506
Total revenues	<u>1,000</u>	<u>4,506</u>	<u>3,506</u>
Expenditures:			
Debt service:			
Principal retirement	1,173,456	1,272,643	( 99,187)
Interest and fiscal charges	<u>583,385</u>	<u>585,208</u>	<u>( 1,823)</u>
Total expenditures	<u>1,756,841</u>	<u>1,857,851</u>	<u>( 101,010)</u>
Excess of revenues over (under) expenditures	<u>( 1,755,841)</u>	<u>( 1,853,345)</u>	<u>( 97,504)</u>
Other financing sources (uses):			
Transfers in	<u>1,756,841</u>	<u>1,577,688</u>	<u>( 179,153)</u>
Total other financing sources (uses)	<u>1,756,841</u>	<u>1,577,688</u>	<u>( 179,153)</u>
Net change in fund balance	1,000	( 275,657)	( 276,657)
Fund balance, beginning of year	<u>1,203,952</u>	<u>1,203,952</u>	<u>0</u>
Fund balance, end of year	<u>\$ 1,204,952</u>	<u>\$ 928,295</u>	<u>\$ ( 276,657)</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,794,134	\$ 2,214,302
Investments	7,995	4,923
Receivables:		
Taxes	1,065,916	992,708
Other	13,954	9,645
Inventory	248,238	223,439
Restricted cash and cash equivalents	118,990	136,458
Restricted investments	<u>657,600</u>	<u>492,500</u>
Total assets	<u>\$ 3,906,827</u>	<u>\$ 4,073,975</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 527,508	\$ 492,083
Due to other funds	458,769	876,669
Other accrued liabilities	<u>221,521</u>	<u>231,357</u>
Total liabilities	<u>1,207,798</u>	<u>1,600,109</u>
Fund balance:		
Nonspendable:		
Inventory	248,238	223,439
Perpetual care	776,590	628,958
Unassigned	<u>1,674,201</u>	<u>1,621,469</u>
Total fund balance	<u>2,699,029</u>	<u>2,473,866</u>
Total liabilities and fund balance	<u>\$ 3,906,827</u>	<u>\$ 4,073,975</u>

CITY OF LAGRANGE, GEORGIA  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Taxes:		
Sales	\$ 4,871,868	\$ 4,777,940
Franchise	1,099,653	1,010,406
Insurance premium	1,399,519	1,441,410
Alcoholic beverage	725,737	696,307
Other	679,861	669,263
Licenses and permits	152,279	170,271
Intergovernmental	351,936	330,101
Charges for services	284,338	402,548
Fines and forfeitures	1,716,846	1,696,576
Investment income (loss)	20,397	41,467
Miscellaneous	<u>259,155</u>	<u>126,851</u>
Total revenues	<u>11,561,589</u>	<u>11,363,140</u>
Expenditures:		
Current:		
General government	1,425,924	1,604,065
Public safety	13,498,540	13,393,140
Public service	2,306,871	2,207,494
Culture and recreation	818,368	885,939
Community development	1,272,993	1,409,282
Telecommunications	326,362	296,011
Capital outlay:		
General government	19,488	5,700
Public safety	281,495	239,641
Public service	152,490	105,708
Telecommunications	15,995	
Culture and recreation	<u>25,184</u>	
Total expenditures	<u>20,143,710</u>	<u>20,146,980</u>
Excess of expenditures over (under) revenues	( 8,582,121)	( 8,783,840)
Other financing sources (uses):		
Sale of assets	6,153	13,823
Capital lease	214,753	195,276
Transfers in	9,218,749	8,467,370
Transfers out	<u>( 632,371)</u>	<u>( 687,306)</u>
Total other financing sources	<u>8,807,284</u>	<u>7,989,163</u>
Net change in fund balance	225,163	( 794,677)
Fund balance, beginning of year	<u>2,473,866</u>	<u>3,268,543</u>
Fund balance, end of year	<u>\$ 2,699,029</u>	<u>\$ 2,473,866</u>

CITY OF LAGRANGE, GEORGIA  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash	\$ 263,884	\$ 250,282
Receivables:		
Notes		50,289
Other	<u>105,667</u>	
Total assets	<u>\$ 369,551</u>	<u>\$ 300,571</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 6,752	\$ 7,042
Unearned revenue	25,309	25,309
Due to other funds	<u>344,000</u>	<u>284,000</u>
Total liabilities	<u>376,061</u>	<u>316,351</u>
Fund balance:		
Unassigned	( 6,510)	( 15,780)
Total fund balance	( 6,510)	( 15,780)
Total liabilities and fund balance	<u>\$ 369,551</u>	<u>\$ 300,571</u>



CITY OF LAGRANGE, GEORGIA  
CAPITAL PROJECTS FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Lease income	\$ 1,045,493	\$ 1,031,280
Interest	3,045	1,158
Grants and subsidies	187,920	
Miscellaneous	<u>32,984</u>	<u>33,031</u>
Total revenues	<u>1,269,442</u>	<u>1,065,469</u>
Expenditures:		
Capital outlay:		
General government	28,944	33,090
Public service	24,311	78,834
Community development	<u>1,795,221</u>	<u>200,000</u>
Total expenditures	<u>1,848,476</u>	<u>311,924</u>
Excess of revenues over expenditures	( <u>579,034</u> )	<u>753,545</u>
Other financing sources (uses):		
Transfers in	2,100,000	291,010
Transfers out	( <u>1,511,696</u> )	( <u>1,576,025</u> )
Total other financing sources	<u>588,304</u>	( <u>1,285,015</u> )
Net change in fund balance	9,270	( 531,470 )
Fund balance, beginning of year	( <u>15,780</u> )	<u>515,690</u>
Fund balance, end of year	<u><u>\$ ( 6,510 )</u></u>	<u><u>\$ ( 15,780 )</u></u>

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

## **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, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 7,878,556	\$ 2,130,094
Investments	8,624,561	13,137,775
Receivables:		
Accounts	8,118,316	7,523,534
Loans	1,359,301	1,359,301
Due from other funds	4,707,765	550,500
Prepays	85,338	94,038
Inventory	991,232	960,629
Restricted assets:		
Restricted investments	21,509,988	25,013,992
Total current assets	<u>53,275,057</u>	<u>50,769,863</u>
Noncurrent assets:		
Capital assets, not being depreciated	74,303	4,766,570
Capital assets, being depreciated	41,837,228	37,519,690
Other assets	228,483	246,136
Total noncurrent assets	<u>42,140,014</u>	<u>42,532,396</u>
Total assets	<u>95,415,071</u>	<u>93,302,259</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	3,314,455	3,248,073
Customer deposits	1,476,866	1,343,305
Accrued liabilities	34,495	60,704
Accrued compensated absences	53,128	53,651
Unearned revenue	21,509,988	25,013,992
Capital leases - Current	274,811	377,932
Intergovernmental agreement payable - Current	195,000	180,000
Liabilities payable from restricted assets:		
Accrued interest payable	113,519	118,921
Revenue bonds - Current	640,000	620,000
Total current liabilities	<u>27,612,262</u>	<u>31,016,578</u>
Non-current liabilities:		
Compensated absences	79,689	80,476
Revenue bonds - Long-term	10,129,926	10,769,152
Capital leases - Long-term	567,700	484,948
Intergovernmental agreement payable - Long-term	4,080,000	4,275,000
Advances from other funds	1,398,475	1,465,103
Net OPEB obligation	153,080	121,790
Total noncurrent liabilities	<u>16,408,870</u>	<u>17,196,469</u>
Total liabilities	<u>44,021,132</u>	<u>48,213,047</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	30,299,094	30,034,228
Unrestricted	21,094,845	15,054,984
Total net assets	<u>\$ 51,393,939</u>	<u>\$ 45,089,212</u>

CITY OF LAGRANGE, GEORGIA  
UTILITY FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Gas system	\$ 16,473,412	\$ 16,160,041
Electric system	50,119,195	46,228,311
Telecommunications	2,672,258	3,096,680
Other sales	<u>686,812</u>	<u>195,987</u>
Total operating revenues	<u>69,951,677</u>	<u>65,681,019</u>
Operating expenses:		
Gas system	12,203,356	12,977,646
Electric system	37,093,674	34,602,526
Telecommunications	2,034,215	1,989,311
Depreciation and amortization	<u>1,842,567</u>	<u>1,626,467</u>
Total operating expenses	<u>53,173,812</u>	<u>51,195,950</u>
Operating income	<u>16,777,865</u>	<u>14,485,069</u>
Non-operating revenues (expenses):		
Gain (loss) on sale of assets	269,111	
Investment income	111,483	115,152
Interest expense	( 718,480)	( 758,005)
Total nonoperating revenues (expenses)	<u>( 337,886)</u>	<u>( 642,853)</u>
Net income before transfers	16,439,979	13,842,216
Transfers in	1,608,349	1,581,342
Transfers out	<u>( 11,743,601)</u>	<u>( 8,983,933)</u>
Change in net assets	6,304,727	6,439,625
Net assets, beginning of year	<u>45,089,212</u>	<u>38,649,587</u>
Net assets, end of year	<u>\$ 51,393,939</u>	<u>\$ 45,089,212</u>

CITY OF LAGRANGE, GEORGIA  
UTILITY FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 65,986,452	\$ 61,185,473
Cash paid to employees	( 3,440,890)	( 3,471,840)
Cash paid to suppliers	( 47,908,733)	( 47,302,000)
Net cash provided (used) by operating activities	<u>14,636,829</u>	<u>10,411,633</u>
Cash flow from noncapital financing activities:		
Advances to other funds	( 4,157,265)	
Transfers in	1,608,349	1,581,342
Transfers out	( 11,743,601)	( 8,983,933)
Net cash provided (used) by noncapital financing activities	<u>( 14,292,517)</u>	<u>( 7,402,591)</u>
Cash flows from capital and related financial activities:		
Payments on intergovernmental agreement	( 180,000)	( 170,000)
Principal payments on revenue bonds	( 620,000)	( 575,000)
Proceeds from sale of assets	266,530	4,394
Acquisition of capital assets	( 1,157,379)	( 3,714,774)
Capital lease payments	( 332,328)	( 408,237)
Interest paid	( 701,374)	( 738,039)
Net cash provided (used) by capital and related financing activities	<u>( 2,724,551)</u>	<u>( 5,601,656)</u>
Cash flows from investing activities:		
Sale (Purchase) of investments	8,017,218	( 2,935,958)
Investment income	111,483	115,152
Net cash provided (used) by investing activities	<u>8,128,701</u>	<u>( 2,820,806)</u>
Net increase (decrease) in cash	5,748,462	( 5,413,420)
Cash, beginning of year	<u>2,130,094</u>	<u>7,543,514</u>
Cash, end of year	<u>\$ 7,878,556</u>	<u>\$ 2,130,094</u>
Report on the balance sheet as:		
Cash and cash equivalents	<u>\$ 7,878,556</u>	<u>\$ 2,130,094</u>
Total	<u>\$ 7,878,556</u>	<u>\$ 2,130,094</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA  
UTILITY FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2011 and 2010  
(Continued)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Operating income	\$ 16,777,865	\$ 14,485,069
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,842,567	1,626,467
Changes in operating assets and liabilities:		
Accounts receivable	( 594,782)	( 1,470,697)
Inventory	( 30,603)	150,582
Prepays	8,700	5,544
Accounts payable	66,382	( 883,894)
Accrued vacation	( 1,310)	14,393
Due from other funds		( 500,500)
Due to other funds	( 66,628)	( 63,306)
Unearned revenue	( 3,504,004)	( 3,165,763)
Customer deposits	133,561	140,914
Other accrued expenses	( 26,209)	11,929
Net OPEB obligation	<u>31,290</u>	<u>60,895</u>
Net cash provided by operating activities	<u>\$ 14,636,829</u>	<u>\$ 10,411,633</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2011 and 2010, the City incurred debt of \$311,958 and \$210,393, respectively, in the form of capital leases in connection with the acquisition of new equipment.

CITY OF LAGRANGE, GEORGIA  
UTILITY FUND  
SCHEDULE OF OPERATING INCOME  
Year Ended June 30, 2011

	<u>Electric System</u>	<u>Gas System</u>	<u>Telecom- munications</u>	<u>Total</u>
Operating revenues	<u>\$ 50,270,958</u>	<u>\$ 17,008,461</u>	<u>\$ 2,672,258</u>	<u>\$ 69,951,677</u>
Operating expenses:				
Electricity and natural gas purchase	34,435,941	10,519,745		44,955,686
Depreciation	474,672	1,081,737	286,158	1,842,567
Other operating	<u>2,657,733</u>	<u>1,683,611</u>	<u>2,034,215</u>	<u>6,375,559</u>
	<u>37,568,346</u>	<u>13,285,093</u>	<u>2,320,373</u>	<u>53,173,812</u>
Operating income	<u>\$ 12,702,612</u>	<u>\$ 3,723,368</u>	<u>\$ 351,885</u>	<u>\$ 16,777,865</u>



CITY OF LAGRANGE, GEORGIA  
UTILITY FUND  
SCHEDULE OF CHANGES IN UTILITY PLANT IN SERVICE  
Year Ended June 30, 2011

	Historical Cost			Allowance for Depreciation				Net Asset Value	
	Balance June 30, 2010	Additions	Deletions	Balance June 3, 2011	Balance June 30, 2010	Expense	Deletions		
Gas system	\$ 33,565,672	\$ 359,317	\$( 79,721)	\$ 33,845,268	\$( 7,431,635)	\$( 1,081,738)	\$ 78,222	\$( 8,435,151)	\$ 25,410,117
Electric system	19,624,725	499,121	0	20,123,846	( 9,111,630)	( 474,672)	0	( 9,586,302)	10,537,544
Tele-communications	7,816,920	610,899	0	8,427,819	( 2,177,792)	( 286,157)	0	( 2,463,949)	5,963,870
	<u>\$ 61,007,317</u>	<u>\$ 1,469,337</u>	<u>\$( 79,721)</u>	<u>\$ 62,396,933</u>	<u>\$(18,721,057)</u>	<u>\$( 1,842,567)</u>	<u>\$ 78,222</u>	<u>\$(20,485,402)</u>	<u>\$ 41,911,531</u>

CITY OF LAGRANGE, GEORGIA  
UTILITY FUND  
COMPARATIVE SCHEDULES OF REVENUES  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Gas system:		
Gas sales	\$ 16,458,095	\$ 16,130,865
Miscellaneous	<u>550,366</u>	<u>69,033</u>
	<u>17,008,461</u>	<u>16,199,898</u>
Electric system:		
Electricity sales	49,020,818	45,288,707
Street and security lights	1,098,377	939,604
Miscellaneous	<u>151,763</u>	<u>156,130</u>
	<u>50,270,958</u>	<u>46,384,441</u>
Telecommunications:		
Internet services	1,357,198	1,356,909
Other telecommunications services	<u>1,315,060</u>	<u>1,739,771</u>
	<u>2,672,258</u>	<u>3,096,680</u>
Total operating revenues	<u>\$ 69,951,677</u>	<u>\$ 65,681,019</u>

CITY OF LAGRANGE, GEORGIA  
WATER AND SEWERAGE FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
June 30, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 2,133,209	\$ 3,590,067
Receivables:		
Accounts	1,906,044	1,873,683
Other		396,730
Due from other funds	1,076,000	664,000
Inventory	880,704	768,545
Restricted assets:		
Restricted deposits	201,639	201,309
Total current assets	<u>6,197,596</u>	<u>7,494,334</u>
Noncurrent assets:		
Capital assets, not being depreciated	498,525	3,553,704
Capital assets, being depreciated	71,715,312	68,538,473
Other assets	80,476	84,825
Total noncurrent assets	<u>72,294,313</u>	<u>72,177,002</u>
Total assets	<u>78,491,909</u>	<u>79,671,336</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	330,628	922,408
Customer deposits	390,221	325,443
Accrued liabilities	20,673	50,037
Due to other funds	166,478	
Accrued compensated absences	33,287	36,932
Notes payable - Current	131,124	120,620
Capital leases - Current	80,078	85,671
Liabilities payable from restricted assets:		
Revenue bonds - Current	3,746,268	4,020,000
Total current liabilities	<u>4,898,757</u>	<u>5,561,111</u>
Non-current liabilities:		
Compensated absences	49,931	55,399
Revenue bonds - Long-term		4,437,113
Notes payable - Long-term	3,341,503	3,435,650
Capital leases - Long-term	78,403	146,983
Net OPEB obligation	140,444	113,670
Total noncurrent liabilities	<u>3,610,281</u>	<u>8,188,815</u>
Total liabilities	<u>8,509,038</u>	<u>13,749,926</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	64,836,461	59,846,140
Unrestricted	<u>5,146,410</u>	<u>6,075,270</u>
Total net assets	<u>\$ 69,982,871</u>	<u>\$ 65,921,410</u>

CITY OF LAGRANGE, GEORGIA  
WATER AND SEWERAGE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Water and sewerage system	\$ 16,009,365	\$ 15,155,948
Other sales	<u>506,890</u>	<u>79,987</u>
Total operating revenues	<u>16,516,255</u>	<u>15,235,935</u>
Operating expenses:		
Water and sewerage system	8,987,982	8,294,471
Depreciation and amortization	<u>2,822,847</u>	<u>2,628,772</u>
Total operating expenses	<u>11,810,829</u>	<u>10,923,243</u>
Operating income	<u>4,705,426</u>	<u>4,312,692</u>
Non-operating revenues (expenses):		
Investment income	3,125	4,350
Interest expense	( 258,186)	( 434,417)
Total nonoperating revenues (expenses)	<u>( 255,061)</u>	<u>( 430,067)</u>
Net income before contributions and transfers	4,450,365	3,882,625
Capital contributions	248,729	1,171,307
Transfers in	651,544	655,095
Transfers out	<u>( 1,289,177)</u>	<u>( 1,250,375)</u>
Change in net assets	4,061,461	4,458,652
Net assets, beginning of year	<u>65,921,410</u>	<u>61,462,758</u>
Net assets, end of year	<u>\$ 69,982,871</u>	<u>\$ 65,921,410</u>

CITY OF LAGRANGE, GEORGIA  
WATER AND SEWERAGE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 16,945,402	\$ 14,975,541
Cash paid to employees	( 3,514,421)	( 3,497,954)
Cash paid to suppliers	( 6,434,725)	( 4,890,257)
Net cash provided (used) by operating activities	<u>6,996,256</u>	<u>6,587,330</u>
Cash flow from noncapital financing activities:		
Transfers in	651,544	655,095
Transfers out	( 1,289,177)	( 1,250,375)
Net cash provided (used) by noncapital financing activities	<u>( 637,633)</u>	<u>( 595,280)</u>
Cash flows from capital and related financial activities:		
Proceeds from sale of assets	1,157	
Principal payments on revenue bonds	( 4,610,000)	( 3,850,000)
Acquisition of capital assets	( 2,946,340)	( 3,654,671)
Capital lease payments	( 74,173)	( 110,071)
Note payable proceeds	1,379,007	2,446,711
Payments on notes payable	( 1,213,921)	( 110,535)
Interest paid	( 354,006)	( 535,266)
Net cash provided (used) by capital and related financing activities	<u>( 7,818,276)</u>	<u>( 5,813,832)</u>
Cash flows from investing activities:		
Investment income	<u>3,125</u>	<u>4,350</u>
Net cash provided (used) by investing activities	<u>3,125</u>	<u>4,350</u>
Net increase (decrease) in cash	( 1,456,528)	182,568
Cash, beginning of year	<u>3,791,376</u>	<u>3,608,808</u>
Cash, end of year	<u>\$ 2,334,848</u>	<u>\$ 3,791,376</u>
Report on the balance sheet as:		
Cash and cash equivalents	\$ 2,133,209	\$ 3,590,067
Restricted cash	<u>201,639</u>	<u>201,309</u>
Total	<u>\$ 2,334,848</u>	<u>\$ 3,791,376</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA  
WATER AND SEWERAGE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2011 and 2010  
(Continued)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Operating income	\$ 4,705,426	\$ 4,312,692
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,822,847	2,628,772
Changes in operating assets and liabilities:		
Accounts receivable	( 32,361)	( 254,358)
Other receivable	396,730	
Inventory	( 112,159)	( 76,301)
Accounts payable	( 591,780)	567,185
Accrued vacation	( 9,113)	10,208
Due from other funds	( 412,000)	( 664,000)
Due to other funds	166,478	
Customer deposits	64,778	( 6,036)
Other accrued expenses	( 29,364)	12,333
Net OPEB obligation	<u>26,774</u>	<u>56,835</u>
Net cash provided by operating activities	<u>\$ 6,996,256</u>	<u>\$ 6,587,330</u>
Non-cash investing, capital and financing activities:		
Capital contributions	<u>\$ 248,729</u>	<u>\$ 1,171,307</u>

CITY OF LAGRANGE, GEORGIA  
SANITATION FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
June 30, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 610,891	\$ 392,062
Receivables:		
Accounts receivable	102,401	94,223
Due from other funds	58,769	34,679
Total current assets	<u>772,061</u>	<u>520,964</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,437,733	1,437,733
Capital assets, being depreciated	19,376,011	19,162,313
Other assets	86,104	90,887
Total noncurrent assets	<u>20,899,848</u>	<u>20,690,933</u>
Total assets	<u>21,671,909</u>	<u>21,211,897</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	153,630	79,711
Customer deposits	1,530	1,530
Accrued liabilities	7,237	26,675
Due to other funds	4,480,787	161,000
Accrued compensated absences	27,887	24,847
Notes payable, current	47,315	151,364
Capital leases, current	375,566	405,264
Liabilities payable from restricted assets:		
Accrued interest payable		9,113
Revenue bonds, current		715,000
Total current liabilities	<u>5,093,952</u>	<u>1,574,504</u>
Noncurrent liabilities:		
Compensated absences	41,832	37,271
Revenue bonds, long-term		1,546,930
Notes payable, long-term	646,658	3,542,883
Capital leases, long-term	1,023,304	353,642
Landfill postclosure liability	6,073,416	5,796,311
Net OPEB obligation	63,595	56,834
Total noncurrent liabilities	<u>7,848,805</u>	<u>11,333,871</u>
Total liabilities	<u>12,942,757</u>	<u>12,908,375</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	18,720,901	13,884,963
Unrestricted	( 9,991,749)	( 5,581,441)
Total net assets	<u>\$ 8,729,152</u>	<u>\$ 8,303,522</u>

CITY OF LAGRANGE, GEORGIA  
SANITATION FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Sanitation	\$ 7,376,277	\$ 6,772,991
Other sales	<u>269,303</u>	<u>255,709</u>
Total operating revenues	<u>7,645,580</u>	<u>7,028,700</u>
Operating expenses:		
Sanitation	6,402,455	5,745,594
Depreciation and amortization	<u>984,991</u>	<u>933,095</u>
Total operating expenses	<u>7,387,446</u>	<u>6,678,689</u>
Operating income	<u>258,134</u>	<u>350,011</u>
Nonoperating revenues (expenses):		
Investment income	1,845	2,356
Gain (loss) on sale of assets		2,212
Interest expense	( 119,905)	( 166,135)
Total nonoperating revenues (expenses)	<u>( 118,060)</u>	<u>( 161,567)</u>
Income before transfers	140,074	188,444
Transfers in	285,556	250,744
Transfers out	<u>                    </u>	<u>( 163,113)</u>
Change in net assets	425,630	276,075
Net assets, beginning of year	<u>8,303,522</u>	<u>8,027,447</u>
Net assets, end of year	<u>\$ 8,729,152</u>	<u>\$ 8,303,522</u>



CITY OF LAGRANGE, GEORGIA  
SANITATION FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 7,637,402	\$ 7,024,033
Cash paid to employees	( 1,836,862)	( 1,775,570)
Cash paid to suppliers	( 4,404,825)	( 4,098,330)
Net cash provided (used) by operating activities	<u>1,395,715</u>	<u>1,150,133</u>
Cash flows from noncapital financing activities:		
Transfers in	285,556	250,744
Transfers out		( 163,113)
Advances from other funds	4,480,787	
Net cash provided (used) by noncapital financing activities	<u>4,766,343</u>	<u>87,631</u>
Cash flows from capital and related financing activities:		
Capital lease payments	( 406,393)	( 359,046)
Principal payments on revenue bonds	( 2,270,000)	( 675,000)
Payments on notes payable	( 3,000,274)	( 145,785)
Acquisition of capital assets	( 152,331)	( 78,454)
Interest paid	( 116,076)	( 156,427)
Net cash provided (used) by capital and related financing activities	<u>( 5,945,074)</u>	<u>( 1,414,712)</u>
Cash flows from investing activities:		
Investment income	1,845	2,356
Net cash provided (used) by investing activities	<u>1,845</u>	<u>2,356</u>
Net (decrease) increase in cash	218,829	( 174,592)
Cash, beginning of year	<u>392,062</u>	<u>566,654</u>
Cash, end of year	<u><u>\$ 610,891</u></u>	<u><u>\$ 392,062</u></u>
Cash flows from operating activities:		
Operating income	\$ 258,134	\$ 350,011
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	984,991	933,095
Changes in operating assets and liabilities:		
Accounts receivable	( 8,178)	( 4,667)
Inventory		1,468
Accounts payable	73,919	( 10,157)
Accrued vacation	7,601	160
Due from other funds	( 24,090)	( 34,679)
Other accrued expenses	( 19,438)	7,239
Due to other funds	( 161,000)	( 339,000)
Closure/postclosure care	277,105	218,246
Net OPEB obligation	6,671	28,417
Net cash provided by operating activities	<u><u>\$ 1,395,715</u></u>	<u><u>\$ 1,150,133</u></u>

Supplemental disclosure of non-cash investing and financing activities:

In 2011 and 2010, the City incurred debt of \$1,046,357 and \$210,393, respectively, in the form of capital leases in connection with the acquisition of new equipment.

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

## **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, 2011

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 143,962	\$ 2,169,282	\$ 2,313,244
Receivables-other	10,109	51,990	62,099
Due from other funds		625,372	625,372
Prepaid expense	22,750		22,750
Advances to other funds		1,398,475	1,398,475
	<u>176,821</u>	<u>4,245,119</u>	<u>4,421,940</u>
Total assets			
	<u>176,821</u>	<u>4,245,119</u>	<u>4,421,940</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		5,915	5,915
Claims reserve	525,000	600,000	1,125,000
Due to other funds	1,017,372		1,017,372
	<u>1,542,372</u>	<u>605,915</u>	<u>2,148,287</u>
Total liabilities			
	<u>1,542,372</u>	<u>605,915</u>	<u>2,148,287</u>
Net assets:			
Unrestricted	( 1,365,551)	3,639,204	2,273,653
	<u>\$( 1,365,551)</u>	<u>\$ 3,639,204</u>	<u>\$ 2,273,653</u>
Total net assets			
	<u>\$( 1,365,551)</u>	<u>\$ 3,639,204</u>	<u>\$ 2,273,653</u>

CITY OF LAGRANGE, GEORGIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Year Ended June 30, 2011

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 4,827,820	\$ 981,436	\$ 5,809,256
Operating expenses:			
Administrative services	209,609	20,184	229,793
Risk management	4,910,496	849,931	5,760,427
Total operating expenses	<u>5,120,105</u>	<u>870,115</u>	<u>5,990,220</u>
Operating income (loss)	( 292,285)	111,321	( 180,964)
Nonoperating revenues:			
Investment income	667	82,395	83,062
Total nonoperating revenues	<u>667</u>	<u>82,395</u>	<u>83,062</u>
Income (loss) before transfers	( 291,618)	193,716	( 97,902)
Transfers in	38,272		38,272
Transfers out	( 38,272)		( 38,272)
Change in net assets	( 291,618)	193,716	( 97,902)
Net assets, beginning of year	( 1,073,933)	3,445,488	2,371,555
Net assets, end of year	<u>\$( 1,365,551)</u>	<u>\$ 3,639,204</u>	<u>\$ 2,273,653</u>

CITY OF LAGRANGE, GEORGIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2011

	Group Insurance Fund	Property and Casualty Fund	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 4,870,552	\$ 1,064,437	\$ 5,934,989
Cash paid to suppliers	( 4,728,880)	( 865,604)	( 5,594,484)
Net cash provided (used) by operating activities	<u>141,672</u>	<u>198,833</u>	<u>340,505</u>
Cash flows from non-capital financing activities:			
Repayments of advances to other funds		66,628	66,628
Transfers in	38,272		38,272
Transfers out	( 38,272)		( 38,272)
Net cash provided (used) by non-capital financing activities	<u>0</u>	<u>66,628</u>	<u>66,628</u>
Cash flows from investing activities:			
Proceeds from sale of investments		55	55
Investment income	667	82,395	83,062
Net cash provided (used) by investing activities	<u>667</u>	<u>82,450</u>	<u>83,117</u>
Net increase (decrease) in cash	142,339	347,911	490,250
Cash, beginning of year	<u>1,623</u>	<u>1,821,371</u>	<u>1,822,994</u>
Cash, end of year	<u>\$ 143,962</u>	<u>\$ 2,169,282</u>	<u>\$ 2,313,244</u>
Report on the balance sheet as:			
Cash and cash equivalents	<u>\$ 143,962</u>	<u>\$ 2,169,282</u>	<u>\$ 2,313,244</u>
Cash flows from operating activities:			
Operating income	\$( 292,285)	\$ 111,321	\$( 180,964)
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:			
(Increase) decrease in accounts receivable	742	50,000	50,742
(Increase) decrease in interfund receivable	41,990	33,001	74,991
Increase (decrease) in accounts payable	( 774)	4,511	3,737
Increase (decrease) in interfund payable	<u>391,999</u>		<u>391,999</u>
Net cash provided (used) by operating activities	<u>\$ 141,672</u>	<u>\$ 198,833</u>	<u>\$ 340,505</u>

CITY OF LAGRANGE, GEORGIA  
GROUP INSURANCE FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 143,962	\$ 1,623
Receivables-other	10,109	10,851
Prepaid expense	22,750	22,750
Due from other funds		41,990
Total assets	<u>176,821</u>	<u>77,214</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable		774
Claims reserve	525,000	525,000
Due to other funds	<u>1,017,372</u>	<u>625,373</u>
Total current liabilities	<u>1,542,372</u>	<u>1,151,147</u>
Net assets:		
Unrestricted	<u><u>\$ ( 1,365,551)</u></u>	<u><u>\$ ( 1,073,933)</u></u>

CITY OF LAGRANGE, GEORGIA  
GROUP INSURANCE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 4,827,820	\$ 4,326,866
Operating expenses:		
Administrative services	209,609	178,192
Risk management	4,910,496	4,678,223
Total operating expenses	<u>5,120,105</u>	<u>4,856,415</u>
Operating income (loss)	( 292,285)	( 529,549)
Nonoperating revenues:		
Investment income	667	553
Total nonoperating revenues	<u>667</u>	<u>553</u>
Income (loss) before transfers	( 291,618)	( 528,996)
Transfers in	38,272	38,817
Transfers out	( 38,272)	( 38,817)
Change in net assets	( 291,618)	( 528,996)
Net assets, beginning of year	( 1,073,933)	( 544,937)
Net assets, end of year	<u>\$( 1,365,551)</u>	<u>\$( 1,073,933)</u>



CITY OF LAGRANGE, GEORGIA  
GROUP INSURANCE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 4,870,552	\$ 4,343,313
Cash paid to suppliers	( 4,728,880)	( 4,342,243)
Net cash provided (used) by operating activities	<u>141,672</u>	<u>1,070</u>
Cash flows from non-capital financing activities:		
Transfers in	38,272	38,817
Transfers out	( 38,272)	( 38,817)
Net cash provided (used) by non-capital financing activities	<u>0</u>	<u>0</u>
Cash flows from investing activities:		
Investment income	<u>667</u>	<u>553</u>
Net cash provided (used) by investing activities	<u>667</u>	<u>553</u>
Net increase (decrease) in cash	142,339	1,623
Cash, beginning of year	<u>1,623</u>	<u>0</u>
Cash, end of year	<u>\$ 143,962</u>	<u>\$ 1,623</u>
Report on the balance sheet as:		
Cash and cash equivalents	<u>\$ 143,962</u>	<u>\$ 1,623</u>
Cash flows from operating activities:		
Operating income (loss)	\$( 292,285)	\$( 529,549)
Adjustments to reconcile operating loss to net cash used for operating activities:		
(Increase) decrease in receivables	742	58,437
(Increase) decrease in interfund receivable	41,990	( 41,990)
Increase (decrease) in accounts payable	( 774)	( 50,538)
Increase (decrease) in bank overdraft		( 60,663)
Increase (decrease) in interfund payable	<u>391,999</u>	<u>625,373</u>
Net cash provided (used) by operating activities	<u>\$ 141,672</u>	<u>\$ 1,070</u>

CITY OF LAGRANGE, GEORGIA  
PROPERTY AND CASUALTY FUND  
COMPARATIVE STATEMENTS OF NET ASSETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,169,282	\$ 1,821,371
Investments		55
Due from other funds	625,372	658,373
Receivables-other	51,990	101,990
Advances to other funds	<u>1,398,475</u>	<u>1,465,103</u>
Total assets	<u>4,245,119</u>	<u>4,046,892</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	5,915	1,404
Claims reserve	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>605,915</u>	<u>601,404</u>
Net assets:		
Unrestricted	<u>\$ 3,639,204</u>	<u>\$ 3,445,488</u>

CITY OF LAGRANGE, GEORGIA  
PROPERTY AND CASUALTY FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 981,436	\$ 978,031
Operating expenses:		
Administrative services	20,184	40,996
Risk management	<u>849,931</u>	<u>765,904</u>
Total operating expenses	<u>870,115</u>	<u>806,900</u>
Operating income (loss)	<u>111,321</u>	<u>171,131</u>
Nonoperating revenues:		
Investment income	<u>82,395</u>	<u>87,973</u>
Total nonoperating revenues	<u>82,395</u>	<u>87,973</u>
Change in net assets	193,716	259,104
Net assets, beginning of year	<u>3,445,488</u>	<u>3,186,384</u>
Net assets, end of year	<u>\$ 3,639,204</u>	<u>\$ 3,445,488</u>

CITY OF LAGRANGE, GEORGIA  
PROPERTY AND CASUALTY FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,064,437	\$ 819,658
Cash paid to suppliers	( 865,604)	( 806,529)
Net cash provided (used) by operating activities	<u>198,833</u>	<u>13,129</u>
Cash flows from non-capital financing activities:		
Repayment of advances to other funds	<u>66,628</u>	<u>63,306</u>
Net cash provided (used) by non-capital financing activities	<u>66,628</u>	<u>63,306</u>
Cash flows from investing activities:		
Proceeds from sale of investments	55	
Investment income	<u>82,395</u>	<u>87,973</u>
Net cash provided (used) by investing activities	<u>82,450</u>	<u>87,973</u>
Net increase (decrease) in cash	347,911	164,408
Cash, beginning of year	<u>1,821,371</u>	<u>1,656,963</u>
Cash, end of year	<u>\$ 2,169,282</u>	<u>\$ 1,821,371</u>
Report on the balance sheet as:		
Cash and cash equivalents	<u>\$ 2,169,282</u>	<u>\$ 1,821,371</u>
Cash flows from operating activities:		
Operating income	\$ 111,321	\$ 171,131
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in interfund receivable	33,001	( 158,373)
(Increase) decrease in accounts receivable	50,000	
Increase (decrease) in accounts payable	<u>4,511</u>	<u>371</u>
Net cash provided by operating activities	<u>\$ 198,833</u>	<u>\$ 13,129</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Governmental fund capital assets:		
Land	\$ 14,361,207	\$ 12,789,719
Buildings and improvements	13,018,946	12,798,082
Machinery and equipment	7,457,658	7,289,133
Vehicles	3,168,697	2,928,269
Infrastructure	25,101,271	22,557,237
Construction in progress	<u>457,605</u>	<u>405,418</u>
Total governmental fund capital assets	<u>\$ 63,565,384</u>	<u>\$ 58,767,858</u>
Investment in governmental fund capital assets by source:		
General fund revenues	\$ 10,659,455	\$ 10,207,536
General obligation bonds	3,000,000	3,000,000
Capital projects fund	42,244,012	37,995,117
Special revenues fund	4,158,852	4,062,140
Donations	<u>3,503,065</u>	<u>3,503,065</u>
Total governmental fund capital assets	<u>\$ 63,565,384</u>	<u>\$ 58,767,858</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, 2011

<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	\$ 14,959,699	\$ 3,299,633	\$ 6,357,728	\$ 2,679,801	\$ 482,009	\$ 2,140,528	
Public safety	6,446,576	21,465	2,266,959	2,198,474	1,836,618	123,060	
Public service	10,661,289	2,059,815		1,299,608	442,810	6,859,056	
Culture and recreation	4,917,192	1,737,735	206,943	300,827	330,358	2,341,329	
Community development	26,580,628	7,242,559	4,187,316	978,948	76,902	13,637,298	\$ 457,605
Total governmental funds capital assets	<u>\$ 63,565,384</u>	<u>\$ 14,361,207</u>	<u>\$ 13,018,946</u>	<u>\$ 7,457,658</u>	<u>\$ 3,168,697</u>	<u>\$ 25,101,271</u>	<u>\$ 457,605</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, 2011

<u>Function and Activity</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
General government	\$ 14,940,211	\$ 19,488	\$ 0	\$ 14,959,699
Public safety	6,207,813	281,496	42,733	6,446,576
Public service	10,508,800	152,489	0	10,661,289
Culture and recreation	4,876,013	41,179	0	4,917,192
Community development	<u>22,235,021</u>	<u>4,345,607</u>	<u>0</u>	<u>26,580,628</u>
Total governmental funds capital assets	<u>\$ 58,767,858</u>	<u>\$ 4,840,259</u>	<u>\$ 42,733</u>	<u>\$ 63,565,384</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, 2011

**CHIP 05m-x-141-2-2921**

Total grant	\$ 298,950
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2011	0
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, 2011	 \$ 0
Add, program income applicable to the year ended June 30, 2011	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2011	<u>\$ 0</u>

**CHIP 09m-x-141-2-6021**

Total grant	\$ 300,000
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2011	( 107,095)
Program funds available for future draw down	<u>\$ 192,905</u>
 Total program funds drawn down by recipient for the year ended June 30, 2011	 \$ 107,095
Add, program income applicable to the year ended June 30, 2011	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2011	<u>\$ 107,095</u>

CITY OF LAGRANGE, GEORGIA  
PROJECT COST SCHEDULE  
COMMUNITY HOME INVESTMENT PROGRAM GRANT  
Year Ended June 30, 2011

<u>Activity</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>		<u>Questioned Cost</u>
		<u>Year Ended June 30, 2011</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>0</u>	<u>0</u>	None
	<u>\$ 298,950</u>	<u>\$ 0</u>	<u>\$ 97,738</u>	
CHIP 09m-x-141-2-6021:				
H-14-A-01	\$ 274,800	\$ 103,345	\$ 0	None
A-21A-00	15,000	3,750	0	None
C-022-00	<u>10,200</u>	<u>0</u>	<u>0</u>	None
	<u>\$ 300,000</u>	<u>\$ 107,095</u>	<u>\$ 0</u>	

CITY OF LAGRANGE, GEORGIA  
SPECIAL LOCAL OPTION SALES TAX FUNDS  
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS  
Year Ended June 30, 2011

<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	\$ 5,781,585	\$ 2,227,928	\$ 8,009,513
Bridge repair	880,000	0	0	0
Bike and sidewalk facilities	880,000	14,649	0	14,649
Utility relocation and construction	4,880,000	1,131,014	134,633	1,265,647
Public safety facilities and equipment	2,880,000	2,814,982	114,656	2,929,638

# 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.

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

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>									
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	\$ 37,274,638
Restricted	9,059,990	9,216,240	6,492,224	5,628,363	3,191,045	6,943,819	8,093,515	7,146,252	7,505,427
Unrestricted	3,946,559	3,308,406	3,474,485	4,177,433	4,659,797	(2,034,791)	(1,855,322)	(3,029,985)	(2,908,655)
<b>Total governmental activities net assets</b>	<b>\$ 31,901,820</b>	<b>\$ 31,685,159</b>	<b>\$ 30,921,732</b>	<b>\$ 32,678,597</b>	<b>\$ 34,989,614</b>	<b>\$ 34,326,775</b>	<b>\$ 37,644,866</b>	<b>\$ 37,918,669</b>	<b>\$ 41,871,410</b>
<b>Business-type activities:</b>									
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	\$ 113,856,456
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	16,249,506
<b>Total business-type activities net assets</b>	<b>\$ 80,827,623</b>	<b>\$ 86,210,787</b>	<b>\$ 90,080,851</b>	<b>\$ 92,874,770</b>	<b>\$ 96,866,265</b>	<b>\$ 99,145,887</b>	<b>\$ 108,139,792</b>	<b>\$ 119,314,144</b>	<b>\$ 130,105,962</b>
<b>Primary government:</b>									
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	\$ 151,131,094
Restricted	9,059,990	9,216,240	6,492,224	5,628,363	3,191,045	6,943,819	8,093,515	7,146,252	7,505,427
Unrestricted	23,166,562	27,082,996	19,070,276	19,045,939	15,796,065	9,131,832	17,539,902	12,518,828	13,340,851
<b>Total primary government net assets</b>	<b>\$ 112,729,443</b>	<b>\$ 117,895,946</b>	<b>\$ 121,002,583</b>	<b>\$ 125,553,367</b>	<b>\$ 131,855,879</b>	<b>\$ 133,472,662</b>	<b>\$ 145,784,658</b>	<b>\$ 157,232,813</b>	<b>\$ 171,977,372</b>

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.

**La**GRANGE *georgia*  
S M A R T M O V E ®

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

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
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	\$ 2,023,144
Public safety	9,582,780	11,468,875	11,214,890	11,435,498	12,451,424	12,927,862	13,152,404	14,074,285	13,941,126
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	2,829,962
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	990,442
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	2,317,269
Risk management	4,272,833								
Miscellaneous			510,577	640,300	1,068,017	818,825	890,116	748,224	817,226
Interest on long-term debt.	340,575	372,771	423,878	511,415	388,276	874,110	615,465	621,623	502,255
Total governmental activities expenses	21,704,273	18,727,266	20,806,064	20,564,415	21,743,650	26,036,937	22,829,337	23,966,550	23,421,424
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	12,069,015
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	13,832,177
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	37,470,631
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	7,507,351
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	2,320,373
Total business-type activities expenses	59,837,210	59,974,013	65,765,571	74,519,868	70,714,772	72,195,756	70,609,808	70,156,439	73,199,547
Total primary government expenses	\$ 81,541,483	\$ 78,701,279	\$ 86,571,635	\$ 95,084,283	\$ 92,458,422	\$ 98,232,693	\$ 93,439,145	\$ 94,122,989	\$ 96,620,971
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	\$ 339,156	\$ 170,880	\$ 276,231	\$ 588,084	\$ 427,172	\$ 404,484	\$ 165,722	\$ 100,601	\$ 152,279
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	2,001,184
Public service	590,852		239,338	263,671	332,979	301,184	252,565	170,271	279,526
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	1,080,982
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	459,031
Capital grants and contributions		21,955	2,097,397	1,773,021	500,000	530,796	151,634	3,427,141	3,571,714
Total government activities program revenues	6,821,029	1,591,456	5,439,926	5,377,324	4,290,295	6,117,449	4,198,932	7,231,433	7,544,716
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	16,516,255
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	17,013,290
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	50,266,129
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	7,645,580
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	2,672,258
Operating grants and contributions						452,189			



Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital grants and contributions			1,402,765				2,750,000	1,171,307	248,729
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	94,362,241
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	\$ 101,906,957
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)	\$ (15,876,708)
Business-type activities	7,438,451	12,263,265	10,670,684	9,715,465	12,241,406	15,385,844	17,803,993	18,982,734	21,162,694
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	\$ 5,285,986
<b>General Revenues and Other Changes</b>									
<b>Net Assets</b>									
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	\$ 3,322,394
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	4,871,868
Franchise taxes	1,324,246	994,855	912,312	987,147	1,047,832	1,097,656	1,240,566	1,010,406	1,099,653
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	48,205
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	10,487,329
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	19,829,449
Business-type activities:									
Unrestricted investment earnings	475,855	303,275	500,828	917,203	1,111,623	646,735	271,041	121,858	116,453
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)	(10,487,329)
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)	(10,370,876)
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	\$ 9,458,573
<b>Change in Net Assets</b>									
Government activities	324,687	(216,661)	(887,861)	1,756,865	2,311,017	2,677,161	3,318,101	273,793	3,952,741
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	10,791,818
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	\$ 14,744,559

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

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

	Fiscal Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Nonspendable		\$ 187,774	\$ 189,925	\$ 206,050	\$ 194,759	\$ 251,157	\$ 223,642	\$ 212,344	\$ 223,439	\$ 248,238
Restricted	\$ 714,284	619,029	592,675				619,478	580,738	628,958	776,590
Unassigned	994,972	777,129	1,202,388	1,565,837	1,990,109	1,988,670	1,967,494	2,475,461	1,621,469	1,674,201
Total general fund	\$ 1,709,256	\$ 1,583,932	\$ 1,984,988	\$ 1,771,887	\$ 2,184,868	\$ 2,239,827	\$ 2,810,614	\$ 3,268,543	\$ 2,473,866	\$ 2,699,029
All other governmental funds										
Nonspendable, reported in:										
Debt service		\$ 40,353	\$ 48,147	\$ 52,143	\$ 46,028	\$ 30,683	\$ 36,482			
Capital projects			5,500		14,688					
Restricted, reported in:										
Special revenue	\$ 3,784,065	3,641,009	3,533,011	3,446,079	3,409,855	3,319,912	3,889,854	\$ 3,448,272	\$ 3,068,134	\$ 928,295
Debt service	2,364,692	2,295,635	2,291,738	1,762,872	1,124,890	591,857	1,509,928	1,466,784	1,203,952	2,736,199
Capital projects	5,380,962	2,463,964	2,745,169	1,231,130	1,032,902	(751,407)	888,077	2,597,721	2,245,208	3,070,853
Unassigned										(6,510)
Total all other government funds	\$ 11,529,719	\$ 8,440,961	\$ 8,623,565	\$ 6,492,224	\$ 5,628,363	\$ 3,191,045	\$ 6,324,341	\$ 7,512,777	\$ 6,517,294	\$ 6,728,837

**La**GRANGE *georgia*

S M A R T M O V E ®

**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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes, licenses and permits	\$ 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	\$ 9,446,194
Intergovernmental	290,242	500,719	176,699	2,288,485	2,100,494	1,261,121	1,791,439	1,444,399	3,757,242	4,886,129
Grants and subsidies										187,920
Charges for services	341,695	368,883	251,220	267,242	339,184	373,674	389,462	386,410	402,548	284,338
Fines and forfeitures	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	1,716,846
Lease income							410,000			
Investment income	226,852	269,858	219,154	266,186	333,920	293,122	233,222	147,708	106,833	52,899
Miscellaneous	815,522	856,032	1,645,214	1,372,690	1,271,448	925,648	1,441,823	297,696	1,204,796	310,939
Total revenues	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	16,885,265
<b>Expenditures</b>										
General government	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	1,425,924
Public safety	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	13,498,540
Public service	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	2,306,871
Culture and recreation	1,117,854	697,984	819,841	755,436	852,432	857,379	1,003,840	884,840	885,939	818,368
Community development	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	1,525,229
Redevelopment and housing		261,730	247,774	388,976	387,302	807,255	519,307	599,055	436,144	480,592
Telecommunications and technology				116,714	258,735	262,935	294,671	276,701	296,011	326,362
Administrative and management		64,555	80,196	-	-	-				
Capital outlay	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	4,917,057
Debt service:										
Principal	1,462,254	726,243	875,391	820,092	814,269	881,339	1,285,445	1,290,625	1,304,204	1,272,643
Interest	262,936	380,862	372,771	423,878	408,951	420,630	736,547	626,348	633,156	585,208
Total expenditures	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	27,156,794
Excess of revenues over (under) expenditures:	(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)	(10,271,529)

Fiscal Year Ended June 30

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other financing sources (uses)</b>										
Proceeds from capital lease	4,076,822	612,233	525,419	150,586	398,688	800,953	1,268,232	257,752	195,276	214,753
Sale of fixed assets			178,178	20,183	495,421	907,147	81,855	30,144	13,823	6,153
Transfers in	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	13,148,673
Transfers out	(493,950)	(470,707)	(510,489)	(1,335,081)	(1,354,745)	(1,441,376)	(2,628,925)	(2,822,584)	(2,751,562)	(2,661,344)
Total other financing sources (uses)	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	10,708,235
Net change in fund balances	\$ 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)	\$ 436,706
Debt service as a percentage of noncapital expenditures	10.39%	6.75%	7.25%	6.27%	6.04%	6.05%	9.23%	8.94%	8.59%	8.32%

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	Special Purpose Local Option Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Total
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	-	4,575,193	\$ 656,088	1,047,832	-	650,917	383,507	7,313,537
2008	-	5,097,403	4,493,720	1,097,656	-	673,950	441,436	11,804,165
2009	-	4,807,415	3,377,101	1,240,566	-	703,676	422,387	10,551,145
2010	-	4,777,940	3,016,067	1,010,406	-	696,307	396,511	9,897,231
2011	-	4,871,868	2,985,768	1,099,653	-	725,737	517,277	10,200,303

**La**GRANGE *georgia*  
S M A R T M O V E ®

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

	<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>	<u>2011</u>
<b>WATER &amp; SEWER FUND:*</b>										
FINANCIAL RATIOS:										
Water & sewer profit margin (%)	0.5	(11.2)	21.9	9.4	4.8	19.0	26.0	27.0	25.0	25.0
Return on total assets (%)									8.0	6.0
Return on equity (%)									9.0	6.0
Liabilities/Assets (%)									17.0	11.0
Current ratio (x)									1.3	1.2
Receivables avg. days outstanding									54.4	43.5
General fund transfer (% of Income)									22.0	9.0
General fund transfer (% of Revenue)									8.0	2.0
Cash and investments(\$)									3,590	2,133
Net Equity Transfers Out (\$)									1,250	388
Capital investment versus depreciation (x)									1.4	1.0
Capitalization (%)									73,941	73,403
Working Capital (\$)									1,732	1,097
OPERATING INFORMATION:										
Water MMGAL sales	2,238	2,252	2,145	2,142	2,198	2,406	2,261	2,087	2,102	2,187.00
Water \$/MGAL sold	3.09	3.04	3.45	3.48	3.60	3.89	4.09	4.75	4.64	4.81
Water and Sewer Operating/MGAL	3.08	3.38	2.69	3.15	3.42	3.13	3.02	3.46	3.46	3.62
Divisional operating expenses \$/Kgal sold	1.61	1.60	1.78	2.11	2.48	2.30	2.10	2.46	2.56	2.70
Installed Water meters	17,504	17,856	18,207	18,502	18,700	19,002	19,262	19,324	19,342	19,544
Water distribution employees	13	13	16	16	16	17	17	17	17	17
Water production employees	14	14	14	14	13	13	13	13	13	13
meters/distribution employee	1,346	1,374	1,138	1,156	1,169	1,118	1,133	1,137	1,138	1,150
meters/production employee	1,297	1,323	1,349	1,322	1,438	1,462	1,482	1,486	1,488	1,503
MMGAL/distribution employee	172	173	134	134	137	142	133	123	124	129
MMGAL/production employee	166	167	159	153	169	185	174	160	162	168
<b>UTILITY FUND:</b>										
FINANCIAL RATIOS:										
Gas profit margin (%)	14.7	14.3	20.7	10.0	8.2	12.0	13.0	9.0	9.0	15.0
Electric profit margin (%)	17.4	15.7	14.1	14.7	14.3	15.0	14.0	19.9	25.0	25.0
Telecom profit margin (%)	44.1	(5.6)	(2.1)	55.3	15.3	13.0	43.0	8.0	27.0	13.0
Return on total assets (%)	8.1	6.8	8.3	7.6	6.9	9.0	10.0	11.3	17.0	18.0
Return on equity (%)	12.6	9.0	14.2	12.3	10.5	14.0	16.0	17.7	34.0	32.0
Liabilities/Assets (%)	45.8	46.6	46.8	45.1	42.8	40.0	42.0	40.7	52.0	46.0
Current ratio (x)	3.4	2.9	3.2	2.5	2.1	2.2	2.4	1.9	3.4	4.2
Receivables avg. days outstanding	46.5	45.5	45.8	43.5	45.4	45.3	48.4	42.4	49.4	49.9
General fund transfer (% of Income)	83.8	101.3	64.1	73.2	68.1	61.0	51.0	62.0	58.0	62.0
General fund transfer (% of Revenue)	13.0	11.2	11.1	10.7	7.9	10.0	9.0	13.0	11.0	12.0



Cash & Investments (\$)	15,853	17,605	18,822	13,838	8,759	9,629	10,728	14,422	15,268	16,504
Net Equity Transfers Out (\$)	8,077	6,985	7,342	7,504	6,141	7,668	7,600	10,927	8,984	10,136
Capital investment versus depreciation (x)	0.4	0.7	2.5	2.2	2.0	1.2	1.2	1.5	2.4	0.5
Capitalization (\$)	110,252	109,230	117,957	116,899	115,637	118,204	122,009	127,250	60,618	66,172
Working Capital (\$)	17,643	17,389	20,177	14,924	10,525	12,073	15,172	12,354	18,289	24,186
OPERATING INFORMATION:										
Electric MWH purchases	548,242	551,238	535,310	525,129	513,354	502,517	497,201	485,857	515,880	532,868
Electric MWH sales	518,079	526,194	509,969	506,029	492,641	482,332	477,031	462,132	494,628	51,050
Electric \$/MWH sold	67.42	64.30	67.79	70.58	77.15	80.09	82.45	88.72	93.78	98.07
Electric operating \$/MWH sold	55.67	54.22	58.20	60.21	66.15	68.25	70.84	71.55	70.70	73.51
Electric purchases expense \$/MWH sold	49,430	49,070	54,250	55,020	61,450	62,190	64,310	64.66	63.83	67.68
Electric divisional operating expenses \$/MWH sold	5,310	4,170	3,380	44,560	4,010	5,350	5,800	6.14	6.13	4.90
Installed electric meters	12,534	12,591	12,654	12,754	12,873	12,919	13,127	13,288	13,369	13,499
Electric distribution employees	12	12	12	12	12	12	12	12	12	12
Electric right-of-way employees								3	3	5
meters/employee	1,045	1,049	1,055	1,063	1,073	1,077	1,094	1,107	1,114	1,125
MWHs/employee	43,173	43,850	42,497	42,169	41,053	40,194	39,753	38,511	41,219	42,588
Gas Dth purchases	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	2,259,628
Gas Dth sales	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	2,211,191
Gas revenue \$/Dth sold	6.87	7.66	8.54	10.00	13.12	9.82	10.81	10.17	7.49	7.45
Gas operating expense \$/Dth sold	5.86	6.57	6.77	9.00	12.04	8.60	9.37	9.22	6.80	6.33
Gas purchases expense \$/Dth sold	4.84	5.67	5.91	7.69	11.05	7.46	7.98	7.39	5.11	4.76
Gas divisional operating expenses \$/Dth sold	0.84	0.69	0.68	1.05	0.71	0.77	0.80	1.18	0.89	0.76
Installed Gas meters	9,422	9,548	9,538	9,545	9,580	9,567	9,560	9,552	9,543	9,422
Gas employees	12	12	12	12	12	12	12	12	12	12
meters/employee	785	796	795	795	798	797	797	796	795	863
Dth/employee	155,081	162,794	167,201	159,564	151,141	166,499	164,004	151,086	180,348	201,017
Customer Service Reps	6	6	6	6	6	6	6	6	6	6
Meters/CSR	6,577	6,666	6,733	6,800	6,859	6,915	6,992	7,027	7,042	7,090
Utility Service Workers	8	9	9	9	9	9	9	9	9	9
Meters/Service Worker	4,933	4,444	4,489	4,533	4,573	4,610	4,661	4,685	4,695	4,727
Orders per USW	2,273	2,171	2,460	2,790	3,112	3,089	2,871	2,970	2,808	2,725

\* 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

	2011			2002		
	Customer	Charges	Rank	Customer Charges	Rank	Percentage of Total Customer Charges
Milliken & Co.		\$ 893,570	1	\$ 666,037	1	9.7
Troup County Commissioners		271,011	2	126,227	5	1.8
City of Greenville		245,042	3	137,833	3	2.0
City of Hogansville		172,994	4			
West Ga Medical Park		167,212	5	135,497	4	2.0
Kimberly Clark		119,833	6	103,397	6	1.5
Troup Co. School System		105,713	7	70,482	7	1.0
LaGrange College		99,506	8			
Lee Crossing Rent Office		89,516	9	55,247	8	0.8
Mountville Mills, Inc.		76,001	10			
West Point Home, Inc.				180,425	2	2.6
Exxon Mobil				45,938	9	0.7
Whispering Pines				42,499	10	0.6
		<u>\$ 2,240,398</u>		<u>\$ 1,563,582</u>		<u>22.7</u>

12.5

Data Source: City Utility Department

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

	2011			2002		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Milliken & Co.	\$ 3,440,873	1	20.9	\$ 2,022,163	1
	KIA Motor Corporation	2,739,529	2	16.7		
	Kimberly Clark	738,066	3	4.5	639,037	2
	Exxon Mobil	604,533	4	3.7	396,595	4
	Mountville Mills, Inc.	545,026	5	3.3		
	Interface Flooring Systems	468,448	6	2.9	192,657	9
	West Ga Medical Park	398,819	7	2.4	320,289	5
	Custom Organics	343,119	8	2.1		
	CW Mathews Contracting Co Inc.	283,958	9	1.7		
	Troup Co. School System	219,244	10	1.3	188,434	10
	West Point Home, Inc.				623,868	3
	Kleen Tex #2				234,846	6
	Shorewood Packaging				214,545	7
	LaGrange College				194,093	8
		<u>\$ 9,781,615</u>		<u>59.5</u>	<u>\$ 5,026,527</u>	<u>39.3</u>

Data Source: City Utility Department

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

	2011			2002		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Exxon Mobil	\$ 3,612,446	1	7.2	\$ 2,502,663	1
	Duracell USA	2,304,591	2	4.6	1,403,948	2
	City of LaGrange	1,802,649	3	3.6	1,341,133	3
	West Ga Medical Park	1,721,503	4	3.4	1,179,702	4
	Wal-Mart	1,448,258	5	2.9	1,005,312	5
	Interface Flooring Systems	1,435,924	6	2.9		
	Troup Co. School System	1,237,293	7	2.5	957,561	6
	Sewon America, Inc.	991,830	8	2.0		
	SAFA	938,783	9	1.9		
	LaGrange College	818,041	10	1.6	836,809	9
	Treadgear Films Division				896,840	7
	Freudenberg NOK				867,607	8
	Inflation Systems, Inc.				801,550	10
		<u>\$ 16,311,318</u>		<u>32.6</u>	<u>\$ 11,793,125</u>	
					<u>2.3</u>	
					<u>34.0</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				
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	11.11%	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	9.54%	1,593	
2011	5,892,500	2,336,116	2,405,000	14,375,000	4,275,000	2,399,862	4,166,600	35,850,078	7.13%	1,195	

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, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Troup County, Georgia	\$ 49,706,878	45%	\$ 22,368,095
Troup County Board of Public Education	18,693,133	45%	8,411,910
Subtotal, overlapping debt			<u>30,780,005</u>
Direct debt:			
City of LaGrange, Georgia			10,633,616
governmental activities			-
LaGrange Development Authority			<u>10,633,616</u>
Subtotal, direct debt			
Total direct and overlapping debt			<u>\$ 41,413,621</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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 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	\$ 103,939,639
Total net debt applicable to limit										
Total net debt margin	\$ 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	\$ 103,939,639
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year 2011										
Assessed value										\$ 1,039,396,386
Add Back: Exempt real property										-
Total assessed value										1,039,396,386
Debt limit (10% of total assessed value)										103,939,639
Debt applicable to limit:										
General obligation bonds										
Less: Amount set aside for repayment of general obligation debt										-
Total net debt applicable to limit										\$ 103,939,639
Legal debt margin										

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	
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
2011	16,519,380	8,987,982	7,531,398	4,610,000	281,585	4,891,585	1.54

\* 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 Ended June 30	Total Population *	Personal Income *	Per Capita Income *	Median Age *	Education Level		City / County		Unemployment Rate ***
					in Years of Formal Schooling	School Enrollment **	Consolidated	School	
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	472,592,640	16,640	32.8	N/A	12,646		12,646	9.5%
2010	29,588	494,119,600	16,700	33.0	N/A	12,572		12,572	13.5%
2011	30,000	502,500,000	16,750	33.0	N/A	12,730		12,730	12.8%

N/A = Not Available

Data Sources:

\* 2005 and 2010 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	2011			2002		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
KIA Motors	Car Manufacturing	2,500	1	22.10%	*		
Troup County School System	Education	1,959	2	17.30%	*		
West Georgia Health Systems	Medical Services	1,272	3	11.20%	*		
Interface Flooring	Floor coverings	1,181	4	10.40%	*		
Milliken & Co.	Textiles	1,130	5	10.00%	*		
Wal-Mart Distribution Center	Warehousing	960	6	8.50%	*		
Sewon America, Inc.	Car Manufacturing Supplier	800	7	7.00%	*		
Intercall, Inc.	Web Conferencing	644	8	5.70%	*		
Troup County Board of Commissioners	Government	460	9	4.00%	*		
Duracell	Batteries	428	10	3.80%	*		

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**

Fiscal Year Ended June 30

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities:</b>										
General government										
Public safety:										
Police	26	27	28	29	29	19	19	18	16	16
Fire	105	106	106	107	108	97	97	94	94	96
Animal control	60	59	59	59	59	60	60	58	58	58
Court services	3	3	3	3	3	3	3	3	3	3
Probation services	3	3	3	3	3	2	3	3	3	3
	4	5	5	4	4	4	4	4	4	5
Public service:										
Landscaping & cemeteries	14	14	14	13	13	15	15	12	9	8
Highways & streets	20	20	20	20	20	20	20	19	19	18
Traffic control	3	3	3	3	3	2	2	2	2	3
Trash and refuse	9	9	9	9	9	9	9	8	8	8
Engineering	2	1	1	1	1	1	1	2	2	2
Community development:										
Life & building safety	0	0	7	7	7	0	0	0	0	0
Housing & inspections	1	2	2	2	2	2	2	2	1	1
Economic development	0	0	0	1	1	2	2	2	1	1
Community and economic development:	10	12	3	4	3	9	9	9	8	7
Other governmental services:										
Vehicle maintenance	15	15	15	15	15	15	15	15	16	16
Local governmental television				2	2	2	2	2	2	2
Total governmental activities	275	279	278	282	282	262	263	253	246	247
<b>Business-type activities:</b>										
Water & sewerage	60	60	63	63	63	62	62	62	64	64
Electric	12	12	12	12	12	12	12	15	18	17
Gas	12	12	12	12	12	12	12	11	12	10
Telecommunications	3	3	5	5	5	4	4	6	6	6
Sanitation	32	28	33	32	32	33	33	33	32	32
Business-type activities support services	27	28	28	27	28	28	28	28	27	27
Total Business-type activities	146	143	153	151	152	151	151	155	159	156
<b>Grand total</b>	<b>421</b>	<b>422</b>	<b>431</b>	<b>433</b>	<b>434</b>	<b>413</b>	<b>414</b>	<b>408</b>	<b>405</b>	<b>403</b>

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

Function	Fiscal Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Physical arrests	3,626	3,521	4,319	4,537	4,489	5,042	5,417	5,826	5,795	4,769
Parking violations	789	1,155	689	1,253	1,158	1,205	571	564	639	215
Traffic violations	13,818	11,851	15,404	13,053	14,687	15,116	17,486	18,945	17,920	15,163
Fire:										
Number of calls answered	2,766	2,795	2,908	2,854	2,514	2,632	3,020	3,436	3,332	3,724
Inspections	157	125	901	1,235	2,197	2,763	3,201	2,842	2,427	3,242
Health and welfare:										
Animal control (captured animals-City)	*	1,359	1,431	1,128	908	600	1,329	1,464	1,616	1,370
Highways and streets:										
Street resurfacing (miles)	10	9	8	4	9	2	1	15	15	17
Potholes repaired	2,398	2,461	2,429	2,554	2,360	2,500	520	500	350	150
Water and sewerage:										
New water connections	1,304	352	351	295	198	383	114	93	116	166
New sewage connections	577	*	399	184	179	305	299	275	132	11
Average daily consumption (thousands of gallons)	6,132	6,170	5,877	5,869	6,022	6,590	6,195	5,719	5,760	5,992
Average daily sewage treatment (thousands of gallons)	5,250	6,990	5,740	6,310	5,150	5,320	5,280	5,465	5,870	4,710
Gas:										
Breaks on gas main	149	195	68	75	9	10	15	21	10	13
Solid waste:										
Refuse collected (tons/day)	297	307	325	359	386	441	480	485	392	392
Recyclables collected (tons/day)	5	5	6		7	7	8	7	9	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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	44	53	68	75	81	77	83	86	86	83
Fire stations	3	3	3	3	3	3	4	5	5	5
Fire engines	9	9	9	9	9	8	10	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	207	207	207	207	207
Parks	12	12	12	12	12	14	14	14	14	14
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	3	3	3	3	3
Community centers	1	1	1	1	1	2	2	2	2	2
Highways and streets:										
Streets (miles)	190	192	192	194	198	205	207	207	207	207
Streetlights (additions)	114	93	84	202	176	106	87	138	138	155
Traffic signals (City owned)	15	15	15	15	15	9	9	9	9	9
Water and sewerage:										
Water mains (miles)	186	188	188	191	195	200	210	215	430	432
Fire hydrants	1,597	1,630	1,671	1,704	1,729	1,800	1,850	1,900	2,000	2,030
Maximum daily water capacity	15,000	10,800	10,000	10,100	12,400	11,500	13,000	22,000	22,000	22,000
(thousands of gallons)										
Sanitary sewers (miles)	190	192	192	194	198	210	215	215	215	215
Storm sewers (miles)	45	47	47	49	51	55	57	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)	217	228	241	248	250	260	310	324	351	309
Number of distribution stations	15	15	15	15	13	12	11	11	13	13
Sanitation:										
Collection trucks	27	28	30	32	33	35	34	35	35	38

Data Sources: Various City departments.

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

**La**GRANGE *georgia*  
S M A R T M O V E ®

**CITY OF LAGRANGE, GEORGIA**  
**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**  
**AND BY OMB A-133**

Year Ended June 30, 2011

CITY OF LAGRANGE, GEORGIA  
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS  
AND BY OMB A-133  
Year Ended June 30, 2011

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Independent auditors' report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with <i>OMB Circular A-133</i> .....	5
Schedule of findings and questioned costs .....	7



CITY OF LAGRANGE, GEORGIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA #	Pass-Through Entity ID #	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed through Georgia Department of Community Affairs:			
Community Development Block Grant	14.228	08q-x-141-2-5107	\$ 52,188
Community Development Block Grant	14.228	10p-x-141-2-5265	<u>44,525</u>
Total U.S. Department HUD-CDBG			<u>96,713</u>
Passed through Georgia Department of Community Affairs:			
Community Home Investment Program	14.239	09m-x-141-2-6021	<u>107,095</u>
Total U.S. Department HUD			<u>203,808</u>
U.S. Department of Justice:			
ARRA Community Policing Services	16.710		225,070
Federal Equitable Sharing	N/A		21,193
Passed through Troup County, Georgia:			
Justice Assistance Grant	16.738	2009-DJ-BX-0162	<u>1,308</u>
Total U.S. Department of Justice			<u>247,571</u>
U.S. Environmental Protection Agency:			
Passed through Georgia Environmental Facilities Authority:			
ARRA Clean Water State Revolving Loan Fund	66.458	CWSRF-09-009	644,150
Clean Water State Revolving Loan Fund	66.458	CWSRF-09-009	<u>734,857</u>
Total U.S. EPA-CWSRF			<u>1,379,007</u>
U.S. Department of Energy:			
Passed through Georgia Environmental Facilities Authority:			
ARRA Energy Efficiency and Conservation Block Grant	81.128	ARRA-EECBG-2010	142,141
ARRA State Energy Program	81.041	SEP 2010-ARRA-402	<u>45,779</u>
Total U.S. Department of Energy			<u>187,920</u>
Total expenditures of federal awards			<u>\$ 2,018,306</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF LAGRANGE, GEORGIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of LaGrange, Georgia, under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of LaGrange, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of LaGrange, Georgia.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Trib Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.

NOTE C - SUB-RECIPIENTS

The City of LaGrange provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount</u>
Community Home Investment Program	14.239	<u>\$ 107,095</u>



## Abbott, Jordan & Koon, LLC

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### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council  
City of LaGrange  
LaGrange, Georgia 30241

We have audited the 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, 2011, which collectively comprise the City of LaGrange, Georgia's basic financial statements and have issued our report thereon dated December 7, 2011. 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.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City of LaGrange, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of LaGrange, Georgia's internal control over financial reporting. Accordingly, we do not express opinions on the effectiveness of the City of LaGrange, Georgia's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

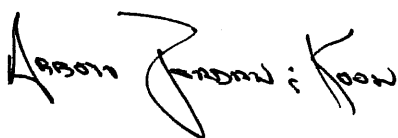
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of LaGrange, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 11-1.

The City of LaGrange, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of LaGrange, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, and others within the entity and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jason F. Brown". The signature is stylized with a large, sweeping initial "J" and "F".

Manchester, Georgia  
December 7, 2011



## Abbott, Jordan & Koon, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council  
City of LaGrange  
LaGrange, Georgia 30241

#### COMPLIANCE

We have audited of the City of LaGrange, Georgia's compliance, with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the City of LaGrange, Georgia's major federal programs for the year ended June 30, 2011. The City of LaGrange, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of LaGrange, Georgia's management. Our responsibility is to express an opinion on the City of LaGrange, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of LaGrange, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of LaGrange, Georgia's compliance with those requirements.

In our opinion, the City of LaGrange, Georgia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

#### INTERNAL CONTROL OVER COMPLIANCE

Management of the City of LaGrange, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of LaGrange, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of LaGrange, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the 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, 2011, and have issued our report thereon dated December 7, 2011 which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 as a whole.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be a should not be used by anyone other than these specified parties.



Manchester, Georgia  
December 7, 2011

CITY OF LAGRANGE, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of LaGrange, Georgia.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of the City of LaGrange, Georgia, which is required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for the City of LaGrange, Georgia expresses an unqualified opinion.
6. No audit finding that is required to be reported in accordance with Section 510(a) of OMB Circular A-133 is reported in Part C of this schedule.
7. The program tested as a major program is :  
U.S. Environmental Protection Agency: Clean Water State Revolving Loan Fund: CFDA #66.458
8. The threshold for distinguishing types A and B programs was \$300,000.
9. The City of LaGrange, Georgia was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

**11-1 Budget Compliance**

Condition and Criteria:	In the City's General Fund, actual expenditures exceeded budget appropriations at the legal level of control which is a violation of state law.
Effect:	Fiscal control and accountability over departmental expenditures may be jeopardized.
Recommendation:	The City should amend the budget at the legal level of control to prevent budget deficiencies.
Response:	We concur. The City Council continues to analyze budgetary financial data monthly. Effective immediately, we will give more careful consideration to amending the budget in order to prevent budget deficiencies at the legal level of control.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS AUDIT

None identified.