

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2012

Prepared by:

DEPARTMENT OF FINANCE

**CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2012**

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December 1, 2012

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, 2012 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 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 tenth year the City 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, incorporated in 1828, operates under the Council-Manager form of government. The City is organized under seven (7) departments: Community Development, Economic 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 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.

The City 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 2012 continued to be very challenging. The local unemployment rate remains unacceptably high and the building industry remains sluggish. During 2012, the City issued only 60 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. The plant is operating 24 hours a day with three shifts and producing three different models. A new supplier located in 2012 and purchased a vacant building in the Callaway Industrial Park. All of the suppliers have had to implement expansion efforts to keep up with the assembly line productions at KIA.

Although the economy remains sluggish we have made adjustments to the City's operating plan and we remain confident that the City 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 \$213,510 with a 4.4% increase over 2011. In September of 2006 and November of 2011, 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.

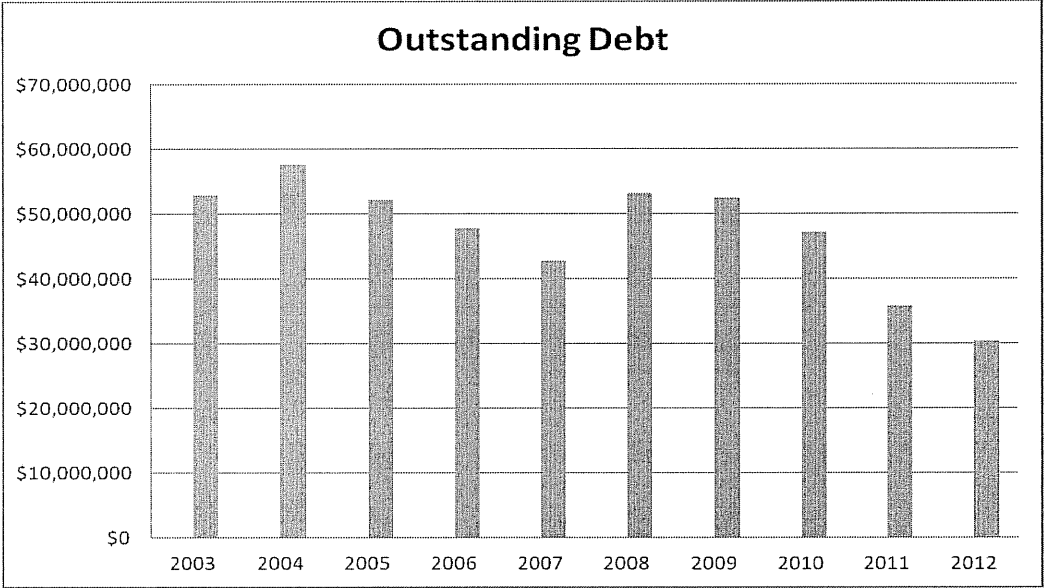
FINANCIAL INFORMATION

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.

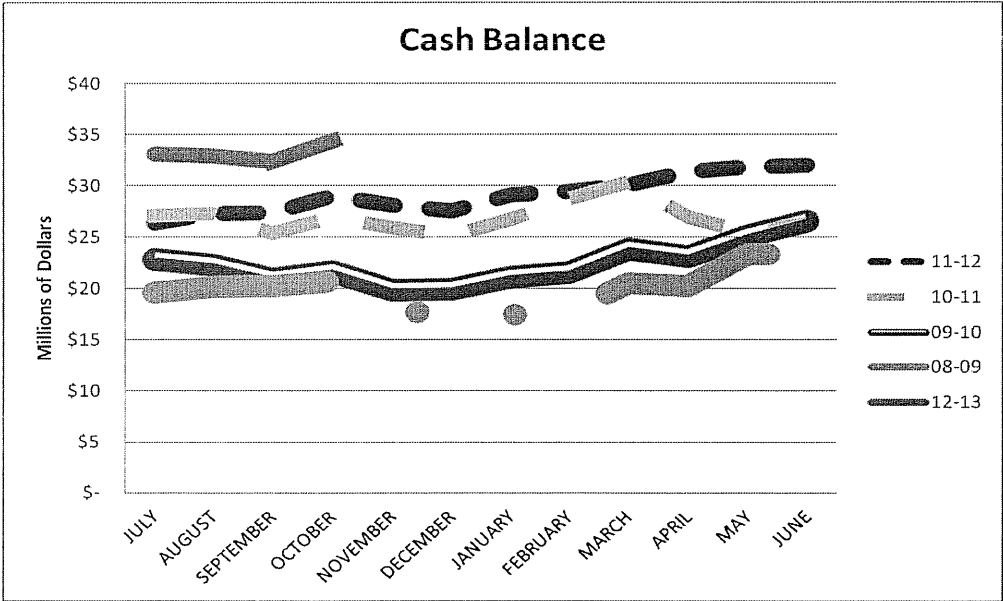
Although the American economy remains in a grasp of a deep and serious economic downturn, the City's financial condition is actually improving. As mentioned earlier, we have not seen significant improvements in sales taxes or building permit activity but utility sales are strong and the City has done 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 made 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 that this freed up approximately \$4.2 million in free cash flow. 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 low operating costs and, hopefully, a more robust economy should assure the City 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 2012 Fiscal Year, the Cash Balance increased from July to June. Cash balance at the end of June was around \$32 million.



Budgeting Controls

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

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. The following schedule presents a summary of the total governmental funds revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increases and decreases in relation to the prior year's revenue. Total revenues and total expenditures showed very small increases from 2011 to 2012. A 2.8% increase in revenue for General Government Funding and a 5.6% increase in expense. The governmental fund held relatively stable from 2011 to 2012.

Revenues	Amount	% of Total	Increase (decrease) from 2011	Percent of increase (decrease)
Taxes, licenses and permits	9,768,301	56%	322,107	3.4%
Intergovernmental	4,127,929	24%	(758,200)	(15.5%)
Charges for services	281,683	2%	(2,655)	(.9%)
Fines	1,774,798	10%	57,952	3.4%
Investment income	36,484	0.2%	(16,415)	(31.0%)
Grants and subsidies	50,954	.3%	(136,966)	(72.8)
Lease income	1,085,582	6.2%	1,085,582	100.0%
Miscellaneous	233,274	1.3%	(77,665)	(24.97%)
TOTAL	17,359,005	100%	473,740	2.8%

Expenditures	Amount	% of Total	Increase (decrease) from 2011	Percent of increase (decrease)
General government	2,675,641	9%	442,763	19.8%
Public safety	14,244,396	50%	745,856	5.5%
Public services	2,607,640	9%	300,769	13%
Culture and recreation	946,692	3%	128,324	15.7%
Community development	1,674,357	6%	149,128	9.7%
Debt service	1,762,917	6%	(94,933)	(5.1%)
Capital outlay	4,765,226	17%	151,831	3.0%
TOTAL	28,676,870	100%	1,520,076	5.6%

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 AJK, 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 for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twenty-fifth 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 principles 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.

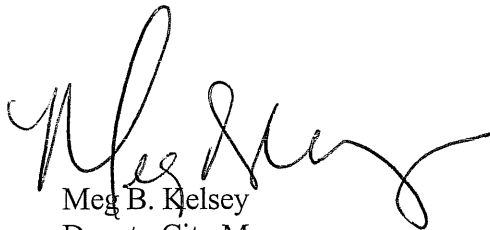
Acknowledgments

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 AJK, 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.

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, 2011

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. Davidson

President

Jeffrey R. Emer

Executive Director

City of LaGrange, Georgia
LIST OF PRINCIPAL OFFICIALS

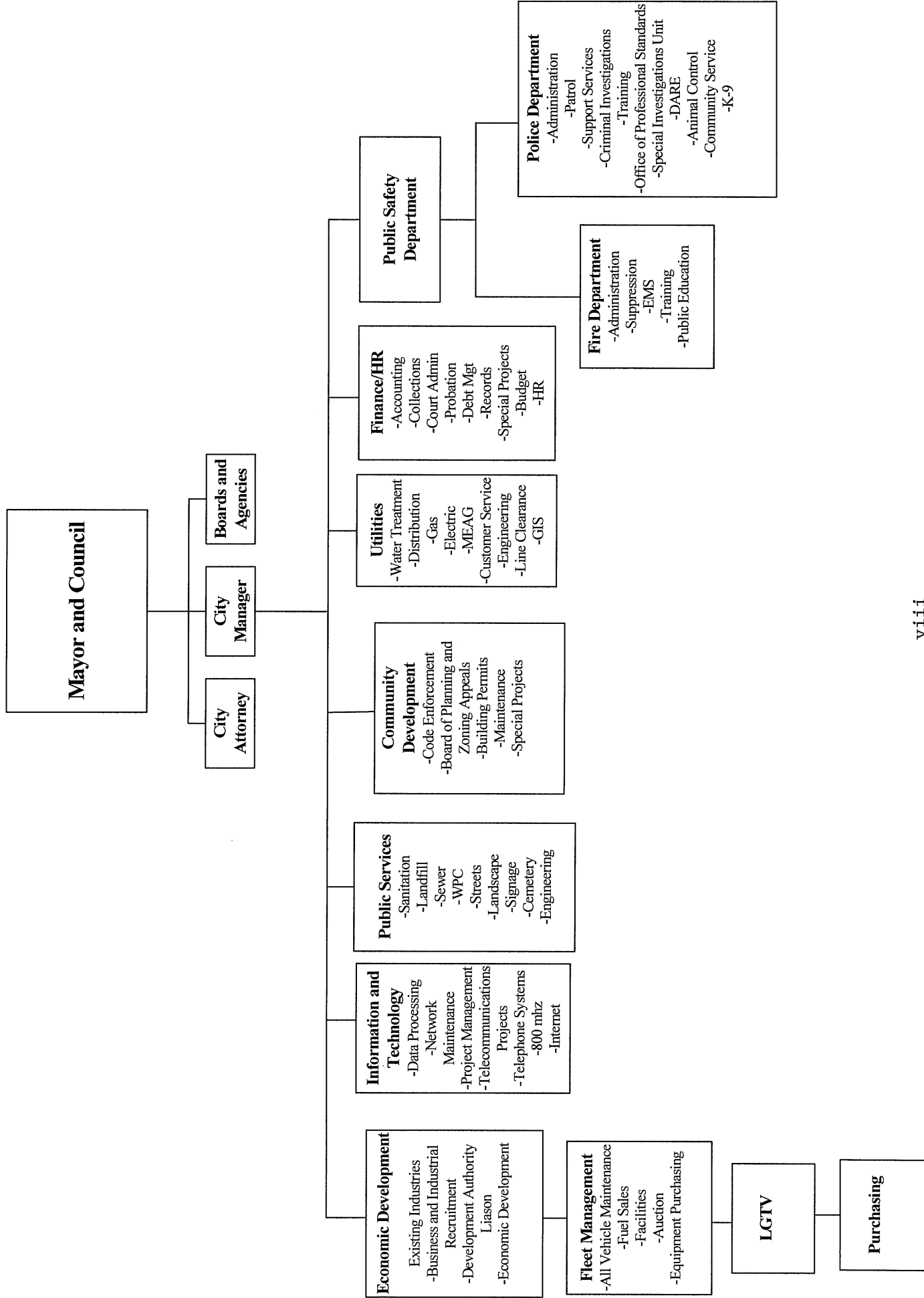
June 30, 2012

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





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, 2012, 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, 2012, 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 November 26, 2012 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, budgetary comparative schedules, 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, budgetary comparative schedules, 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. 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.

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, 2011, which are not presented with the accompanying financial statements. In our report dated December 7, 2011, 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 2011 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 2011 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 2011 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.



Manchester, Georgia
November 26, 2012

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, 2012. 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 2012 by \$179,575,154. Of this amount, \$17,747,068 may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$7,597,782.
- As of the close of 2012, the City's governmental funds reported combined ending fund balances of \$7,781,756, a decrease of \$1,646,110 from the prior year.
- At the end of 2012, the fund balance for the General Fund was \$2,092,998 or 9.6 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. Additional information for the DLDA can be found in their separately issued financial statements.

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 which is the City's only major governmental fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Utility operation, Water 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 Sewerage, 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 \$179,575,154 at the close of 2012.

A substantial portion of the City's net assets (86 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, 2012 and June 30, 2011, are as follows:

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$12,525,497	\$13,697,089	\$ 57,423,403	\$ 54,594,037	\$ 69,948,900	\$68,291,126
Capital assets	44,351,570	42,015,754	131,573,782	134,939,112	175,925,352	176,954,866
Total assets	56,877,067	55,712,843	188,997,185	189,533,149	245,874,252	245,245,992
Liabilities:						
Long-term liabilities	8,691,747	9,744,681	25,829,983	26,112,362	34,521,730	35,857,043
Other liabilities	4,708,693	4,096,752	27,068,675	33,314,825	31,777,368	37,411,577
Total liabilities	13,400,440	13,841,433	52,898,658	59,427,187	66,299,098	73,268,620
Net assets:						
Invested in capital assets, net of related debt	40,409,288	37,274,638	114,889,792	113,856,456	155,299,080	151,131,094
Restricted	6,529,006	7,512,082	0	0	6,529,006	7,512,082
Unrestricted	(3,461,667)	(2,915,310)	21,208,735	16,249,506	17,747,068	13,334,196
Total net assets	\$43,476,627	\$41,871,410	\$136,098,527	\$130,105,962	\$179,575,154	\$171,977,372

A portion of the City's net assets (3.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net assets (\$17,747,068) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of 2012, 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. 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 \$1,605,217. The majority of the increase in assets for governmental activities comes from increases in sales tax and grant funding. A sluggish economy has driven down building permit fees, franchise taxes, insurance premium taxes and interest earnings. Below is a breakdown of revenues and expenses by governmental and business type activities for 2012 and 2011.

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,497,446	\$ 3,513,971	\$ 90,663,571	\$ 94,113,512	\$94,161,017	\$97,627,483
Grants & contributions	4,220,025	4,030,745	151,268	248,729	4,371,293	4,279,474
General revenues:						
Other taxes	9,610,899	9,293,915	0	0	9,610,899	9,293,915
Other	30,635	48,205	91,097	116,453	121,732	164,658
Total revenues	17,359,005	16,886,836	90,905,936	94,478,694	108,264,941	111,365,530
Expenses:						
General government	3,328,187	2,840,370	0	0	3,328,187	2,840,370
Public safety	14,477,949	13,941,126	0	0	14,477,949	13,941,126
Public service	3,129,297	2,829,962	0	0	3,129,297	2,829,962
Culture and recreation	1,103,386	990,442	0	0	1,103,386	990,442
Community development	2,590,079	2,317,269	0	0	2,590,079	2,317,269
Interest on long-term debt	600,050	502,255	0	0	600,050	502,255
Utilities	0	0	66,766,154	65,692,196	66,766,154	65,692,196
Solid waste	0	0	8,672,057	7,507,351	8,672,057	7,507,351
Total expenses	25,228,948	23,421,424	75,438,211	73,199,547	100,667,159	96,620,971
Increase (decrease) in net assets before transfers	(7,869,943)	(6,534,588)	15,467,725	21,279,147	7,597,782	14,744,559
Transfers	9,475,160	10,487,329	(9,475,160)	(10,487,329)	0	0
Increase (decrease) in net assets	1,605,217	3,952,741	5,992,565	10,791,818	7,597,782	14,744,559
Net assets-beginning of year	41,871,410	37,918,669	130,105,962	119,314,144	171,977,372	157,232,813
Net assets-end of year	\$43,476,627	\$41,871,410	\$136,098,527	\$130,105,962	\$179,575,154	\$171,977,372

Business-type activities

Business-type activities increased the City's net assets by \$5,992,565. Operating revenues decreased by \$3,572,758 due to decreases in electric and gas purchases for fiscal year 2012. Expenses remained stable with a 3% 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 2012, unassigned fund balance of the General Fund was \$1,045,441, while total fund balances reached \$2,092,998. 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 4.8 percent of the total General Fund expenditures, while total fund balance represents 9.6 percent of that same amount. Transfers in from other funds to supplement the General Fund were \$644,604 from non-major governmental funds; \$38,048 from internal service funds, and \$9,242,535 from proprietary funds, for a total of \$9,925,187, representing 45.6 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, 2012. A decrease of \$606,031 in fund balance occurred over the course of Fiscal Year 2012. Small increases in revenue and increases in expenses, contributes to a negative increase in fund balance for 2012.

Other non-major governmental funds have a total fund balance of \$5,688,758. (It should be noted that in the FY 2012 Audit, the Capital Projects Fund was presented in conjunction with Non-Major Governmental funds.) The City showed a net decrease of \$1,040,079 in the fund balance during the current year for non-major governmental funds. Negligible decreases in expenses and revenues, decreases in transfers in, and increases in transfers out are the result of this decrease.

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 2012 amounted to \$19,762,322, Water and Sewer Fund \$6,415,702 and those for the Solid Waste Fund amounted to (\$4,969,289). The total change in net assets for each fund was \$-1,571,629, \$2,971,188 and \$4,593,006, 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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$155,299,080 (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		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 14,461,207	\$ 14,361,207	\$ 2,010,561	\$ 2,010,561	\$ 16,471,768	\$ 16,371,768
Buildings	13,025,706	13,018,946	26,822,426	26,822,426	39,848,132	39,841,372
Machinery and equipment	7,649,156	7,457,658	17,889,035	16,447,518	25,538,191	23,905,176
Vehicles	3,227,083	3,168,697	1,626,367	1,695,201	4,853,450	4,863,898
Transmission and distribution	0	0	168,065,803	167,093,642	168,065,803	167,093,642
Other	29,579,535	25,101,271	0	0	29,579,535	25,101,271
Construction in progress	0	457,605	0	0	0	457,605
Total	67,942,687	63,565,384	216,414,192	214,069,348	284,356,879	277,634,732
Less accumulated depreciation	(23,591,117)	(21,549,630)	(84,840,410)	(79,130,236)	(108,431,527)	(100,679,866)
Total net of accumulated depreciation	\$ 44,351,570	\$ 42,015,754	\$131,573,782	\$134,939,112	\$175,925,352	\$176,954,866

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

Long-term debt

At the end of 2012, the City had total bonded debt outstanding of \$10,140,000. 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 \$103,123,860, 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.

BASIC FINANCIAL STATEMENTS

NOTICE

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



CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown LaGrange Development Authority
<u>Assets</u>				
Cash and cash equivalents	\$ 8,517,651	\$ 21,934,427	\$ 30,452,078	\$ 202,146
Investments	16,140	3,128,995	3,145,135	
Receivables (net of allowance):				
Taxes	1,126,006		1,126,006	
Accounts		10,077,545	10,077,545	2,443
Loans	982,442	1,500,000	2,482,442	62,685
Other	698,958		698,958	
Internal balances	125,848	(125,848)		
Inventory	185,692	1,807,081	1,992,773	
Prepaid assets	10,896	96,328	107,224	2,957
Restricted cash	101,614		101,614	400,000
Restricted investments	760,250	18,636,596	19,396,846	
Capital assets:				
Land and construction in progress	14,461,207	2,010,561	16,471,768	1,399,710
Other capital assets, net of accumulated depreciation	29,890,363	129,563,221	159,453,584	12,216,432
Other assets		368,279	368,279	970,200
Total assets	<u>56,877,067</u>	<u>188,997,185</u>	<u>245,874,252</u>	<u>15,256,573</u>
<u>Liabilities</u>				
Accounts and claims payable	1,887,779	3,796,435	5,684,214	11,954
Accrued liabilities	272,015	90,413	362,428	51,000
Accrued interest	159,765		159,765	
Customer deposits		1,977,648	1,977,648	
Unearned revenue		18,636,596	18,636,596	43,005
Current liabilities payable from restricted assets		777,771	777,771	
Noncurrent liabilities:				
Due within one year	1,350,977	1,237,974	2,588,951	
Due in more than one year	8,691,747	25,829,983	34,521,730	
Net OPEB obligation	1,038,157	551,838	1,589,995	
Total liabilities	<u>13,400,440</u>	<u>52,898,658</u>	<u>66,299,098</u>	<u>105,959</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	40,409,288	114,889,792	155,299,080	13,616,142
Restricted for:				
Perpetual care	764,800		764,800	
Long-term receivables	982,442		982,442	
Public safety	97,065		97,065	
Community development	1,449,887		1,449,887	
Capital projects	2,541,994		2,541,994	
Debt service	692,818		692,818	
124 Main Street				400,000
Unrestricted	(3,461,667)	21,208,735	17,747,068	1,134,472
Total net assets	<u>\$ 43,476,627</u>	<u>\$ 136,098,527</u>	<u>\$ 179,575,154</u>	<u>\$ 15,150,614</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

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:							Downtown LaGrange Development Authority
Governmental activities:							
General government	\$ 2,447,844	\$ 270,308	\$ 35,293		\$(2,142,243)	\$(2,142,243)	
Public safety	14,477,949	2,056,481	447,955	\$ 3,289,498	(11,973,513)	(11,973,513)	
Public service	3,129,297				160,201	160,201	
Culture and recreation	1,103,386	66,275			(1,037,111)	(1,037,111)	
Community development	2,590,079	1,104,382	176,764	270,515	(1,038,418)	(1,038,418)	
Redevelopment and housing	503,278				(503,278)	(503,278)	
Telecommunications	377,065				(377,065)	(377,065)	
Interest on long-term debt	600,050				(600,050)	(600,050)	
Total governmental activities	<u>25,228,948</u>	<u>3,497,446</u>	<u>660,012</u>	<u>3,560,013</u>	<u>\$(17,511,477)</u>	<u>(17,511,477)</u>	
Business-type activities:							
Water and sewer	12,730,898	16,229,302	151,268		3,649,672	3,649,672	
Gas system	11,155,625	13,459,998			2,304,373	2,304,373	
Electric system	40,414,968	49,744,322			9,329,354	9,329,354	
Sanitation	8,672,057	8,368,771			(303,286)	(303,286)	
Telecommunications	2,464,663	2,861,178			396,515	396,515	
Total business-type activities	<u>75,438,211</u>	<u>90,663,571</u>	<u>151,268</u>	<u>0</u>	<u>15,376,628</u>	<u>15,376,628</u>	
Total primary government	<u>\$ 100,667,159</u>	<u>\$ 94,161,017</u>	<u>\$ 811,280</u>	<u>\$ 3,560,013</u>	<u>(17,511,477)</u>	<u>(2,134,849)</u>	
Component units:							
Downtown LaGrange Development Authority	\$ 814,661	\$ 343,652	\$ 10,700	\$ 239,166			\$(221,143)
Total component units	<u>\$ 814,661</u>	<u>\$ 343,652</u>	<u>\$ 10,700</u>	<u>\$ 239,166</u>			<u>(221,143)</u>
General revenues:							
Taxes:							
Franchise tax					1,082,666	1,082,666	
Insurance premium tax					1,387,802	1,387,802	
Alcoholic beverage tax					725,536	725,536	
Sales tax					5,067,756	5,067,756	
Other					1,347,139	1,347,139	
Investment earnings					30,635	91,097	7,520
Transfers					9,475,160	(9,475,160)	
Total general revenues and transfers					<u>19,116,694</u>	<u>(9,384,063)</u>	<u>7,520</u>
Change in net assets					1,605,217	5,992,565	(213,623)
Net assets at beginning of year					41,871,410	130,105,962	15,364,237
Net assets at end of year					<u>\$ 43,476,627</u>	<u>\$ 136,098,527</u>	<u>\$ 15,150,614</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,621,819	\$ 4,591,108	\$ 6,212,927
Investments	16,140		16,140
Receivables (net of allowance):			
Taxes	1,126,006		1,126,006
Notes		982,442	982,442
Intergovernmental		547,640	547,640
Other	63,180	21,698	84,878
Due from other funds		210	210
Inventory	185,692		185,692
Restricted cash and cash equivalents	101,614		101,614
Restricted investments	<u>760,250</u>		<u>760,250</u>
 Total assets	 <u>\$ 3,874,701</u>	 <u>\$ 6,143,098</u>	 <u>\$ 10,017,799</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 509,981	\$ 251,337	\$ 761,318
Accrued liabilities	271,722	293	272,015
Due to other fund	<u>1,000,000</u>	<u>202,710</u>	<u>1,202,710</u>
Total liabilities	<u>1,781,703</u>	<u>454,340</u>	<u>2,236,043</u>
Fund Balances:			
Non-spendable:			
Inventory	185,692		185,692
Restricted for:			
Perpetual care	764,800		764,800
Long-term receivables		982,442	982,442
Public safety	97,065		97,065
Community development		1,449,887	1,449,887
Capital projects		2,563,696	2,563,696
Debt service		692,818	692,818
Unassigned	1,045,441		1,045,441
Unassigned reported in nonmajor:			
Special revenue		(85)	(85)
Capital projects			
Total fund balances	<u>2,092,998</u>	<u>5,688,758</u>	<u>7,781,756</u>
 Total liabilities and fund balances	 <u>\$ 3,874,701</u>	 <u>\$ 6,143,098</u>	 <u>\$ 10,017,799</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, 2012

Total fund balance - all governmental funds	\$ 7,781,756
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,351,570
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at June 30, 2012 are:

Accrued interest payable	\$(159,765)	
Compensated absences	(452,942)	
Notes payable	(2,155,000)	
Capital leases	(1,787,282)	
Intergovernmental agreements	(5,647,500)	
Net OPEB obligation	<u>(1,038,157)</u>	(11,240,646)

Internal service funds are used by management to charge costs of certain activities, such as insurance, to certain funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	<u>2,583,947</u>
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Net assets of governmental activities	<u><u>\$ 43,476,627</u></u>
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See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General	Non-Major Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Sales	\$ 5,067,756		\$ 5,067,756
Franchise	1,082,666		1,082,666
Insurance premium	1,387,802		1,387,802
Alcoholic beverage	725,536		725,536
Other	702,695	\$ 644,444	1,347,139
Licenses and permits	157,402		157,402
Intergovernmental	397,001	3,730,928	4,127,929
Charges for services	281,683		281,683
Fines, forfeitures, and penalties	1,774,798		1,774,798
Investment income	23,211	13,273	36,484
Grants and subsidies		50,954	50,954
Lease income		1,085,582	1,085,582
Miscellaneous	179,181	54,093	233,274
Total revenues	<u>11,779,731</u>	<u>5,579,274</u>	<u>17,359,005</u>
Expenditures:			
Current:			
General government	1,805,045		1,805,045
Public safety	14,244,396		14,244,396
Public service	2,607,640		2,607,640
Culture and recreation	946,692		946,692
Community development	1,259,115	415,242	1,674,357
Redevelopment and housing		503,278	503,278
Telecommunications and technology	367,318		367,318
Debt service:			
Principal retirements		1,220,330	1,220,330
Interest		542,588	542,588
Capital outlay:			
General government	16,355	60,711	77,066
Public safety	261,219	68,553	329,772
Public service	86,881	3,827,474	3,914,355
Redevelopment and housing		270,404	270,404
Community development	48,209		48,209
Telecommunications	56,369		56,369
Culture and recreation	69,051		69,051
Total expenditures	<u>21,768,290</u>	<u>6,908,580</u>	<u>28,676,870</u>
Excess of revenues over (under) expenditures	(9,988,559)	(1,329,306)	(11,317,865)
Other financing sources (uses):			
Capital lease	176,496		176,496
Proceeds from sale of asset	20,099		20,099
Transfers in	9,925,187	2,523,153	12,448,340
Transfers out	(739,254)	(2,233,926)	(2,973,180)
Total other financing sources (uses)	<u>9,382,528</u>	<u>289,227</u>	<u>9,671,755</u>
Net change in fund balances	(606,031)	(1,040,079)	(1,646,110)
Fund balance, beginning of year	<u>2,699,029</u>	<u>6,728,837</u>	<u>9,427,866</u>
Fund balance, end of year	<u>\$ 2,092,998</u>	<u>\$ 5,688,758</u>	<u>\$ 7,781,756</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, 2012

Net change in fund balances - All governmental funds \$(1,646,110)

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	4,612,883
Depreciation	(2,251,879)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net assets.	(25,188)
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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	(13,264)
Accrued interest payable	(57,462)
Net OPEB obligation	(367,891)

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	1,220,330
Proceeds from capital leases	(176,496)

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.

310,294

Change in net assets of governmental activities	<u>\$ 1,605,217</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, 2012

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Sales	\$ 5,000,000	\$ 5,067,756	\$ 67,756
Franchise	1,112,000	1,082,666	(29,334)
Insurance premium	1,490,000	1,387,802	(102,198)
Alcoholic beverage	725,000	725,536	536
Other	649,500	702,695	53,195
Licenses and permits	160,500	157,402	(3,098)
Intergovernmental	192,000	397,001	205,001
Fines, forfeitures and penalties	1,790,500	1,774,798	(15,702)
Charges for services	241,300	281,683	40,383
Investment income	10,000	23,211	13,211
Miscellaneous	195,200	179,181	(16,019)
Total revenues	<u>11,566,000</u>	<u>11,779,731</u>	<u>213,731</u>
Expenditures:			
Current:			
General government:			
Administrative	990,381	998,119	(7,738)
Finance	605,000	656,395	(51,395)
Garage	159,971	(34,887)	194,858
General government	38,000	48,026	(10,026)
City hall	145,082	137,392	7,690
Total general government	<u>1,938,434</u>	<u>1,805,045</u>	<u>133,389</u>
Public safety:			
Court administration	371,098	367,396	3,702
Probation	272,905	288,632	(15,727)
Police	8,066,889	8,379,558	(312,669)
Community service	100,900	101,074	(174)
Traffic control	878,019	786,710	91,309
Fire services	4,120,136	4,086,971	33,165
Animal control	216,879	234,055	(17,176)
Total public safety	<u>14,026,826</u>	<u>14,244,396</u>	<u>(217,570)</u>
Public service:			
Engineering and supervision	273,770	284,389	(10,619)
Streets	1,240,505	1,521,041	(280,536)
Street cleaning	93,471	111,328	(17,857)
Trash and refuse	586,511	690,882	(104,371)
Total public service	<u>2,194,257</u>	<u>2,607,640</u>	<u>(413,383)</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, 2012
(Continued)

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:			
Landscaping and cemetery maintenance	716,475	946,692	(230,217)
Community development:			
Community development	544,437	545,912	(1,475)
DAL marketing	129,335	96,278	33,057
Other community support	622,270	616,925	5,345
Total community development	1,296,042	1,259,115	36,927
Telecommunications:			
Administration	210,036	208,362	1,674
LGTV	151,882	158,956	(7,074)
Total telecommunications	361,918	367,318	(5,400)
Capital outlay:			
General government	47,500	16,355	31,145
Public safety	77,000	261,219	(184,219)
Public service	76,000	86,881	(10,881)
Telecommunications	22,500	56,369	(33,869)
Culture and recreation	44,500	69,051	(24,551)
Community development	65,000	48,209	16,791
Total capital outlay	332,500	538,084	(205,584)
Total expenditures	20,866,452	21,768,290	(901,838)
Excess (deficiency) of revenues over (under) expenditures	(9,300,452)	(9,988,559)	(688,107)
Other financing sources (uses):			
Transfers in	9,673,200	9,925,187	251,987
Transfers out	(605,765)	(739,254)	(133,489)
Sale of capital assets	5,000	20,099	15,099
Capital leases	176,496	176,496	-
Total other financing sources (uses)	9,072,435	9,382,528	310,093
Net change in fund balance	(228,017)	(606,031)	(378,014)
Fund balance, beginning of year	2,699,029	2,699,029	0
Fund balance, end of year	\$ 2,471,012	\$ 2,092,998	\$(378,014)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	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	\$ 15,723,604	\$ 4,445,857	\$ 1,764,966	\$ 21,934,427	\$ 2,304,724
Investments	3,128,995			3,128,995	
Receivables:					
Accounts	8,039,270	1,930,619	107,656	10,077,545	
Loans	1,500,000			1,500,000	
Other					66,440
Due from other funds	1,202,500			1,202,500	1,117,373
Prepays	88,239		8,089	96,328	10,896
Inventory	1,002,641	804,440		1,807,081	
Restricted assets:					
Restricted investments	18,636,596			18,636,596	
Total current assets	<u>49,321,845</u>	<u>7,180,916</u>	<u>1,880,711</u>	<u>58,383,472</u>	<u>3,499,433</u>
Noncurrent assets:					
Capital assets, not being depreciated	74,303	498,525	1,437,733	2,010,561	
Capital assets, being depreciated	40,995,784	69,459,699	19,107,738	129,563,221	
Other assets	210,833	76,126	81,320	368,279	
Advances to other funds					1,328,348
Total noncurrent assets	<u>41,280,920</u>	<u>70,034,350</u>	<u>20,626,791</u>	<u>131,942,061</u>	<u>1,328,348</u>
Total assets	<u>90,602,765</u>	<u>77,215,266</u>	<u>22,507,502</u>	<u>190,325,533</u>	<u>4,827,781</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	3,644,808	82,084	69,543	3,796,435	1,461
Customer deposits	1,552,525	423,593	1,530	1,977,648	
Accrued liabilities	47,604	30,743	12,066	90,413	
Due to other funds					1,117,373
Accrued compensated absences	54,408	35,162	25,401	114,971	
Unearned revenue	18,636,596			18,636,596	
Claims reserve					1,125,000
Notes payable, current		135,462	48,427	183,889	
Capital leases, current	288,499	38,548	407,067	734,114	
Intergovernmental agreement payable - Current	205,000			205,000	
Liabilities payable from restricted assets:					
Accrued interest	107,771			107,771	
Revenue bonds, current	670,000			670,000	
Total current liabilities	<u>25,207,211</u>	<u>745,592</u>	<u>564,034</u>	<u>26,516,837</u>	<u>2,243,834</u>
Noncurrent liabilities:					
Compensated absences	81,612	52,743	38,101	172,456	
Revenue bonds, long-term	9,460,701			9,460,701	
Notes payable, long-term		3,206,003	598,256	3,804,259	
Capital leases, long-term	590,899	39,854	1,200,274	1,831,027	
Intergovernmental agreement payable - Long-term	3,875,000			3,875,000	
Landfill postclosure liability			6,686,540	6,686,540	
Advances from other funds	1,328,348			1,328,348	
Net OPEB obligation	236,684	217,015	98,139	551,838	
Total noncurrent liabilities	<u>15,573,244</u>	<u>3,515,615</u>	<u>8,621,310</u>	<u>27,710,169</u>	<u>0</u>
Total liabilities	<u>40,780,455</u>	<u>4,261,207</u>	<u>9,185,344</u>	<u>54,227,006</u>	<u>2,243,834</u>
<u>Net assets</u>					
Invested in capital assets, net of debt	30,059,988	66,538,357	18,291,447	114,889,792	
Unrestricted	19,762,322	6,415,702	(4,969,289)	21,208,735	2,583,947
Total net assets	<u>\$ 49,822,310</u>	<u>\$ 72,954,059</u>	<u>\$ 13,322,158</u>	<u>\$ 136,098,527</u>	<u>\$ 2,583,947</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, 2012

	Business-Type Activities Major Enterprise Funds			Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Governmental Activities
Operating revenues:				
Water and sewerage system		\$ 15,845,277		\$ 15,845,277
Gas system	\$ 13,338,185			13,338,185
Electric system	49,334,249			49,334,249
Sanitation			\$ 8,033,804	8,033,804
Premiums				\$ 5,942,244
Telecommunications	2,853,129			2,853,129
Other sales	539,935	384,025	334,967	1,258,927
Total operating revenues	<u>66,065,498</u>	<u>16,229,302</u>	<u>8,368,771</u>	<u>90,663,571</u>
				<u>5,942,244</u>
Operating expenses:				
Water and sewerage system		9,613,720		9,613,720
Gas system	9,547,418			9,547,418
Electric system	39,741,572			39,741,572
Sanitation			7,578,706	7,578,706
Telecommunications	2,153,428			2,153,428
Administrative services				277,279
Depreciation and amortization	1,917,400	2,912,212	1,066,282	5,895,894
Risk management				5,439,068
Total operating expenses	<u>53,359,818</u>	<u>12,525,932</u>	<u>8,644,988</u>	<u>74,530,738</u>
				<u>5,716,347</u>
Operating income (loss)	<u>12,705,680</u>	<u>3,703,370</u>	<u>(276,217)</u>	<u>16,132,833</u>
				<u>225,897</u>
Nonoperating revenues (expenses):				
Investment income	85,953	3,030	2,114	91,097
Gain (loss) on sale of assets	(10,289)		1,984	(8,305)
Interest expense	(665,149)	(204,966)	(29,053)	(899,168)
Bond premium		151,268		151,268
Total nonoperating revenues (expenses)	<u>(589,485)</u>	<u>(50,668)</u>	<u>(24,955)</u>	<u>(665,108)</u>
				<u>84,397</u>
Net income (loss) before contributions and transfers	12,116,195	3,652,702	(301,172)	15,467,725
				310,294
Transfers in	1,618,321	687,895	4,899,370	7,205,586
Transfers out	<u>(15,306,145)</u>	<u>(1,369,409)</u>	<u>(5,192)</u>	<u>(16,680,746)</u>
				<u>(38,048)</u>
Change in net assets	(1,571,629)	2,971,188	4,593,006	5,992,565
				310,294
Net assets, beginning of year	<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>
Net assets, end of year	<u>\$49,822,310</u>	<u>\$72,954,059</u>	<u>\$13,322,158</u>	<u>\$136,098,527</u>
				<u>\$ 2,583,947</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2012

	Business-Type Activities Major Enterprise Funds				Internal Service Funds Governmental Activities
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Total	
Cash flows from operating activities:					
Cash received from customers and users	\$63,206,112	\$16,238,099	\$ 8,363,516	\$87,807,727	\$ 5,457,757
Cash paid to employees	(3,364,736)	(3,690,381)	(1,915,913)	(8,971,030)	
Cash paid to suppliers	(47,731,850)	(5,094,769)	(5,049,920)	(57,876,539)	(5,620,801)
Net cash provided (used) by operating activities	<u>12,109,526</u>	<u>7,452,949</u>	<u>1,397,683</u>	<u>20,960,158</u>	<u>(163,044)</u>
Cash flow from noncapital financing activities:					
Repayment of advance to (from) other funds	3,505,265		(4,480,787)	(975,522)	70,127
Transfers in	1,618,321	687,895	4,899,370	7,205,586	38,048
Transfers out	(15,306,145)	(1,369,409)	(5,192)	(16,680,746)	(38,048)
Net cash provided (used) by noncapital financing activities	<u>(10,182,559)</u>	<u>(681,514)</u>	<u>413,391</u>	<u>(10,450,682)</u>	<u>70,127</u>
Cash flows from capital and related financing activities:					
Principal payments on revenue bonds	(640,000)	(3,595,000)	(47,290)	(4,282,290)	
Proceeds from sale of assets	2,382	2,244	3,552	8,178	
Acquisition of capital assets	(751,528)	(656,599)	(215,742)	(1,623,869)	
Capital lease payments	(304,119)	(80,078)	(375,566)	(759,763)	
Payments on notes payable		(131,161)		(131,161)	
Payments on intergovernmental agreement	(195,000)			(195,000)	
Interest paid	(648,565)	(202,862)	(24,097)	(875,524)	
Net cash provided (used) by capital financing activities	<u>(2,536,830)</u>	<u>(4,663,456)</u>	<u>(659,143)</u>	<u>(7,859,429)</u>	<u>0</u>
Cash flows from investing activities:					
Sale (purchase) of investments	8,368,958			8,368,958	
Interest income	<u>85,953</u>	<u>3,030</u>	<u>2,144</u>	<u>91,127</u>	<u>84,397</u>
Net cash provided (used) by investing activities	<u>8,454,911</u>	<u>3,030</u>	<u>2,144</u>	<u>8,460,085</u>	<u>84,397</u>
Net increase (decrease) in cash	7,845,048	2,111,009	1,154,075	11,110,132	(8,520)
Cash, beginning 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>
Cash, end of year	<u>\$15,723,604</u>	<u>\$ 4,445,857</u>	<u>\$ 1,764,966</u>	<u>\$21,934,427</u>	<u>\$ 2,304,724</u>

(Continued...)

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2012
(Continued)

	Business-Type Activities Major Enterprise Funds				Internal Service Funds
	Utility Fund	Water & Sewerage Fund	Sanitation Fund	Total	Governmental Activities
Cash flows from operating activities:					
Operating income (loss)	\$ 12,705,680	\$ 3,703,370	\$(276,217)	\$ 16,132,833	\$ 225,897
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,917,400	2,912,212	1,066,282	5,895,894	
Changes in operating assets and liabilities:					
Accounts receivable	79,046	(24,575)	(5,255)	49,216	(4,341)
Other receivable	(140,699)			(140,699)	
Inventory	(11,409)	76,264		64,855	
Other assets	(2,901)		(8,089)	(10,990)	11,854
Accounts payable	330,353	(248,544)	(84,087)	(2,278)	(4,454)
Accrued vacation	3,203	4,687	(6,217)	1,673	
Due from other funds		1,076,000	58,769	1,134,769	(492,001)
Due to other funds	(70,127)	(166,478)		(236,605)	100,001
Unearned revenue	(2,873,392)			(2,873,392)	
Other accrued expenses	13,109	10,070	4,829	28,008	
Customer deposits	75,659	33,372		109,031	
Closure/postclosure			613,124	613,124	
Net OPEB obligation	83,604	76,571	34,544	194,719	
Net cash provided (used) by operating activities	<u>\$ 12,109,526</u>	<u>\$ 7,452,949</u>	<u>\$ 1,397,683</u>	<u>\$ 20,960,158</u>	<u>\$(163,044)</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2012, the City incurred debt of \$925,043 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, 2012

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, 2012
(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.

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
June 30, 2012
(Continued)

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

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

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

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

- D. Budgets and Budgetary Accounting - On or about May 1 of each year, the City Manager presents a proposed operating budget to the City Council for the fiscal year commencing the following July 1. After revisions, if any, by the council, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Any supplemental appropriations are approved by the City Council. No supplemental appropriations were made during the year ended June 30, 2012.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding do not constitute expenditures or liabilities and are re-appropriated in the subsequent year. Unencumbered appropriations lapse at year-end.

The budgets for the General Fund, Debt Service Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Capital Projects Fund and SPLOST Fund are budgeted on a project basis, which may be one or more years in length. Proprietary fund type budgets are adopted for management control purposes only.

- E. Cash and Cash Equivalents - Cash and cash equivalents shown on the balance sheet represent demand deposits and non-negotiable certificates of deposit. All highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.
- F. Investments - The statutes of the State of Georgia authorize the City to invest in U.S. government obligations; U.S. governmental agency obligation; State of Georgia obligations; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "A" or better by Moody's Investors Service, Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Investments are stated at fair value based upon quoted market prices.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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 restricted fund balances first followed by committed amounts, assigned amounts, and then unassigned amounts, respectively.

- 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 November 26, 2012, 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 \$30,553,692, which includes \$7,450 petty cash and the bank balance was \$30,854,329. Of the bank balance, \$10,535,638 was covered by federal deposit insurance paid, \$20,318,691 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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

As of June 30, 2012, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Municipal Competitive Trust	January 2012 - September 2013	\$ 21,765,591
Coca Cola Stock		<u>760,250</u>
Total investments		22,525,841
Georgia fund 1 (State Investment Pool)	48 day WAM	<u>16,140</u>
Total pooled cash and investments		<u>\$ 22,541,981</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, 2012, the City's investment in the state investment pool was rated AAAM 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 96.6% total investments.

The City's investment of \$16,140 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 State Treasurer 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, 2012, the Authority had drawn \$1,500,000 of the total loan. The authority agreed to repay the loan in the 2013 fiscal year.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(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
2013	\$ 106,500	\$ 1,500,000
2014	106,500	0
2015	106,500	0
2016	106,500	0
2017	106,500	0
Thereafter	471,231	0
	1,003,731	1,500,000
Less, allowance for doubtful accounts	(21,289)	0
	<u>\$ 982,442</u>	<u>\$ 1,500,000</u>

Accounts receivable in the Utility Fund and the Water and Sewerage Fund is reported net of an allowance for doubtful accounts of \$5,126,654 and \$2,712,335, 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. \$ 33,349

Due within one year \$ 33,349

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 from March 1, 2011 through February 1, 2015 with the last payment being a balloon payment of \$16,809. \$ 29,336

Due within one year \$ 4,871

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2012, was as follows:

	June 30, 2011	Additions	Retirements	June 30, 2012
<u>Primary Government</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,361,207	\$ 100,000		\$ 14,461,207
Construction in progress	457,605		\$(457,605)	0
Total capital assets not being depreciated	<u>14,818,812</u>	<u>100,000</u>	<u>(457,605)</u>	<u>14,461,207</u>
Capital assets being depreciated:				
Buildings	13,018,946	6,760		13,025,706
Machinery and equipment	7,457,658	191,498		7,649,156
Vehicles	3,168,697	293,966	(235,580)	3,227,083
Infrastructure	25,101,271	4,478,264		29,579,535
Total capital assets being depreciated	<u>48,746,572</u>	<u>4,970,488</u>	<u>(235,580)</u>	<u>53,481,480</u>
Less, accumulated depreciation for:				
Buildings	(4,084,985)	(524,982)		(4,609,967)
Machinery and equipment	(4,852,981)	(435,050)		(5,288,031)
Vehicles	(2,444,384)	(276,695)	210,392	(2,510,687)
Infrastructure	(10,167,280)	(1,015,152)		(11,182,432)
Total accumulated depreciation	<u>(21,549,630)</u>	<u>(2,251,879)</u>	<u>210,392</u>	<u>(23,591,117)</u>
Total capital assets being depreciated, net	<u>27,196,942</u>	<u>2,718,609</u>	<u>(25,188)</u>	<u>29,890,363</u>
Governmental activities capital assets, net	<u>\$ 42,015,754</u>	<u>\$ 2,818,609</u>	<u>\$(482,793)</u>	<u>\$ 44,351,570</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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

Government activities:	
General government	\$ 568,550
Public safety	179,111
Public service	447,739
Culture and recreation	152,182
Community development	902,798
Telecommunications	<u>1,499</u>
Total depreciation expense for governmental activities	<u>\$ 2,251,879</u>

A summary of business-type activities for property, plant and equipment at June 30, 2012 is presented below:

	June 30, 2011	Additions	Retirements	June 30, 2012
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,010,561			\$ 2,010,561
Total capital assets, not being depreciated	<u>2,010,561</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,010,561</u>
Capital assets being depreciated:				
Buildings	26,822,426			26,822,426
Machinery and equipment	16,447,518	1,508,314	(66,797)	17,889,035
Vehicles	1,695,201	68,437	(137,271)	1,626,367
Infrastructure	<u>167,093,642</u>	<u>972,161</u>		<u>168,065,803</u>
Total capital assets being depreciated	<u>212,058,787</u>	<u>2,548,912</u>	<u>(204,068)</u>	<u>214,403,631</u>
Less, accumulated depreciation for:				
Buildings	(12,754,159)	(502,575)		(13,256,734)
Machinery and equipment	(9,716,504)	(994,589)	56,221	(10,654,872)
Vehicles	(1,376,876)	(127,937)	129,499	(1,375,314)
Infrastructure	<u>(55,282,697)</u>	<u>(4,270,793)</u>		<u>(59,553,490)</u>
Total accumulated depreciation	<u>(79,130,236)</u>	<u>(5,895,894)</u>	<u>185,720</u>	<u>(84,840,410)</u>
Total capital assets being depreciated, net	<u>132,928,551</u>	<u>(3,346,982)</u>	<u>(18,348)</u>	<u>129,563,221</u>
Business-type activities capital assets, net	<u>\$134,939,112</u>	<u>\$(3,346,982)</u>	<u>\$(18,348)</u>	<u>\$131,573,782</u>

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

Business-type activities:	
Water and sewerage	\$ 2,912,212
Electric system	495,936
Gas system	1,109,581
Telecommunications	311,883
Sanitation	<u>1,066,282</u>
Total depreciation expense for business-type activities	<u>\$ 5,895,894</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

Activity for the Downtown LaGrange Development Authority for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Discretely Presented Component Unit</u>				
Capital assets not being depreciated:				
Land	\$ 891,500		\$(891,500)	
Land - Property held for lease	1,121,750	\$ 45,000		\$ 1,166,750
Land - Event center	34,960			34,960
Land - Promenades		198,000		198,000
Construction in progress - Event center	<u>5,598,003</u>	<u>278,944</u>	<u>(5,876,947)</u>	
Total capital assets not being depreciated	<u>7,646,213</u>	<u>521,944</u>	<u>(6,768,447)</u>	<u>1,399,710</u>
Capital assets being depreciated:				
Buildings and improvements - Property held for lease	8,228,899	5,625,906		13,854,805
Equipment	<u>11,599</u>		<u>(650)</u>	<u>10,949</u>
Total capital assets being depreciated	<u>8,240,498</u>	<u>5,625,906</u>	<u>(650)</u>	<u>13,865,754</u>
Less, accumulated depreciation	<u>(1,241,553)</u>	<u>(407,769)</u>	<u>0</u>	<u>(1,649,322)</u>
Total capital assets being depreciated, net	<u>6,998,945</u>	<u>5,218,137</u>	<u>(650)</u>	<u>12,216,432</u>
Total capital assets, net	<u>\$ 14,645,158</u>	<u>\$ 5,740,081</u>	<u>\$(6,769,097)</u>	<u>\$ 13,616,142</u>

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

Community development	<u>\$ 407,769</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	\$ 5,548,745	\$ 13,811,186
Less, accumulated depreciation	<u>(4,225,847)</u>	<u>(8,871,237)</u>
Total	<u>\$ 1,322,898</u>	<u>\$ 4,939,949</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Year ending June 30:		
2013	\$ 691,415	\$ 753,337
2014	632,239	695,658
2015	440,781	540,222
2016	50,968	458,907
2017	50,675	156,153
2018-2020	<u>50,383</u>	<u> </u>
Total lease payments	1,916,461	2,604,277
Less, amount representing interest	<u>(129,179)</u>	<u>(39,136)</u>
	<u>\$ 1,787,282</u>	<u>\$ 2,565,141</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>\$ 2,155,000</u>

Loans payable currently outstanding are as follows:

	<u>Governmental Activities Principal</u>	<u>Interest</u>
Year ending June 30:		
2013	\$ 280,000	\$ 104,518
2014	310,000	90,938
2015	340,000	75,903
2016	370,000	59,413
2017	410,000	41,468
2018	<u>445,000</u>	<u>21,580</u>
	<u>\$ 2,155,000</u>	<u>\$ 393,820</u>

Business-Type Activities

The City's Water and Sewerage Fund borrowed funds for system improvements under notes payable. As of June 30, 2012, the City had drawn \$7,104,873 of these notes. 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, 2012, the entire balance had been drawn.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(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%	\$ 646,683
Construction of water line -Water and Sewerage Fund	4.10%	561,224
Improvements at water pollution control plant - Water and Sewerage Fund	3.00%	<u>2,780,241</u>
		<u>\$ 3,988,148</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:		
2013	\$ 183,889	\$ 119,050
2014	189,397	113,543
2015	195,113	107,826
2016	200,976	101,963
2017	207,115	95,825
2018-2022	1,133,470	381,327
2023-2027	1,104,374	205,321
2028-2031	<u>773,814</u>	<u>46,389</u>
	<u>\$ 3,988,148</u>	<u>\$ 1,171,244</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 2003 Gas Authority Revenue Bonds	2.13% - 4.38%	5,470,000
Series 2009 Gas Authority Revenue Bonds	4.09%	<u>4,670,000</u>
		<u>\$ 10,140,000</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:		
2013	\$ 670,000	\$ 394,088
2014	695,000	369,690
2015	720,000	344,060
2016	755,000	316,923
2017	785,000	288,010
2018-2022	4,450,000	943,099
2023-2024	<u>2,065,000</u>	<u>107,500</u>
	<u>\$ 10,140,000</u>	<u>\$ 2,763,370</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

C. Compensated Absences - The City accrues compensated absences for their employees. Both governmental and business-type activities have accrued absences at June 30, 2012. 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:		
2013	\$ 205,000	\$ 193,880
2014	215,000	182,605
2015	225,000	170,780
2016	240,000	158,405
2017	255,000	145,205
2018-2022	1,485,000	524,773
2023-2027	<u>1,455,000</u>	<u>164,052</u>
	<u>\$ 4,080,000</u>	<u>\$ 1,539,700</u>
Governmental Activities		
Year ending June 30:		
2013	\$ 262,500	\$ 326,969
2014	275,000	311,308
2015	292,500	294,895
2016	310,000	277,439
2017	327,500	258,940
2018-2022	1,937,500	978,665
2023-2027	1,970,000	348,564
2028	<u>272,500</u>	<u>12,726</u>
	<u>\$ 5,647,500</u>	<u>\$ 2,809,506</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

E. Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Intergovernmental agreements	\$ 5,892,500		\$ 245,000	\$ 5,647,500	\$ 262,500
Capital leases	2,336,116	\$ 176,496	725,330	1,787,282	627,300
Notes payable	2,405,000		250,000	2,155,000	280,000
Compensated absences	439,678	465,411	452,147	452,942	181,177
Governmental activities long-term liabilities	<u>\$ 11,073,294</u>	<u>\$ 641,907</u>	<u>\$ 1,672,477</u>	<u>\$ 10,042,724</u>	<u>\$ 1,350,977</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 14,375,000		\$ 4,235,000	\$ 10,140,000	\$ 670,000
Add, unamortized premium	151,268		151,268		
Less, unamortized discount	(10,074)		(775)	(9,299)	
Total bonds	14,516,194		4,385,493	10,130,701	670,000
Intergovernmental agreements	4,275,000		195,000	4,080,000	205,000
Capital leases	2,399,862	\$ 925,043	759,764	2,565,141	734,114
Notes payable	4,166,600		178,452	3,988,148	183,889
Compensated absences	285,754	361,295	359,622	287,427	114,971
Landfill closure/postclosure	6,073,416	646,874	33,750	6,686,540	
Business-type activities long-term liabilities	<u>\$ 31,716,826</u>	<u>\$ 1,933,212</u>	<u>\$ 5,912,081</u>	<u>\$ 27,737,957</u>	<u>\$ 1,907,974</u>

Also, the government-wide statement of net assets includes \$670,000 of the long-term liabilities due within one year for business-type activities in liabilities "payable from restricted assets." The remaining amount of \$1,237,974 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, 2012 is as follows:

Due to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General Fund	Utility Fund	\$ 1,000,000
Nonmajor Governmental Funds	Utility Fund	202,500
Nonmajor Governmental Funds	Nonmajor Governmental Funds	210
Internal Service Fund	Internal Service Fund	<u>1,117,373</u>
		<u>\$ 2,320,083</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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

Advances to/from other funds at June 30, 2012 consisted of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Utility Fund	Internal Service Fund	<u>\$ 1,328,348</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	\$ 27,710,169
Advances from other funds	(1,328,348)
Net OPEB obligation	(551,838)

Non-current liabilities - Due in more than one year per government-wide Statement of Net Assets \$ 25,829,983

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 In</u>						<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Utility Fund</u>	<u>Water & Sewerage Fund</u>	<u>Sanitation Fund</u>	<u>Internal Service</u>	
Transfers out:							
General Fund		\$ 600,209	\$ 89,699		\$ 11,298	\$ 38,048	\$ 739,254
Nonmajor governmental	\$ 644,604	1,280,127	170,750		138,445		2,233,926
Utility Fund	9,225,806	642,817		\$ 687,895	4,749,627		15,306,145
Water & Sewerage Fund	11,537		1,357,872				1,369,409
Sanitation Fund	5,192						5,192
Internal service	38,048						38,048
	<u>\$ 9,925,187</u>	<u>\$ 2,523,153</u>	<u>\$ 1,618,321</u>	<u>\$ 687,895</u>	<u>\$ 4,899,370</u>	<u>\$ 38,048</u>	<u>\$19,691,974</u>

8. RISK MANAGEMENT AND SELF-INSURANCE

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

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

Charges to other funds for these benefits are based upon an estimate of actual claims, administrative costs and stop-loss insurance premiums. Such charges are reported as revenue in the internal service funds and expenditures/expenses in the paying fund. An estimate of unpaid claims has been accrued as of June 30, 2012.

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 \$4,480,615 for the year ended June 30, 2012. 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 per occurrence up to \$1,000,000 for general insurance liability and \$1,000,000 for workers compensation liability for the plan year ended June 30, 2012. 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, 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	525,000	600,000
Claims and changes in estimate	4,332,669	354,778
Claims payments	(4,332,669)	(354,778)
Liability balance, June 30, 2012	<u>\$ 525,000</u>	<u>\$ 600,000</u>

The liability is an estimate of claims at June 30, 2012 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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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

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

Total pension expense amounted to approximately \$1,663,188 for the year ended June 30, 2012. The participant data and the asset values used in the actuarial valuation are as of January 1, 2012.

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
Inflation rate	3.50%

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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

The System has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability 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, 2012:		
Recommended	\$	1,737,262
Recommended as a percent of payroll		10.47%
State minimum requirement	\$	1,239,968
Funding elements for plan year beginning January 1, 2012:		
Normal cost, including administrative expenses	\$	859,622
Market value of assets	\$	19,976,693
Actuarial value of assets	\$	26,353,170
Actuarial accrued liability	\$	32,087,353
Unfunded (surplus) actuarial accrued liability	\$	5,734,183
Actuarial value of assets as a percentage of actuarial accrued liability (funded ratio)		82.13%
Annual covered payroll	\$	16,310,763
Ratio of unfunded (surplus) to annual covered payroll		35.16%
GASB 25/27 for plan year beginning January 1, 2012:		
Annual required contributions	\$	1,239,968
Funded ratio		82.13%
Demographic data for plan year beginning January 1, 2012:		
Number of retired participants and beneficiaries		185
Number of vested former participants		80
Number of active employees, including 7 elected officials:		
Fully vested		188
Not vested		<u>181</u>
Total number of membership in the plan		<u>634</u>
Total payroll	\$	<u>16,310,763</u>
Average payroll	\$	<u>45,057</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

Historical trend information is shown in the table below:

TREND INFORMATION

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/12	\$ 1,663,188	100%	\$ 0
06/30/11	\$ 1,521,239	100%	\$ 0
06/30/10	\$ 1,972,169	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, 2012, the City contributed \$89,221 and employees contributed \$313,237. 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, 2012, 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 \$318 million at June 30, 2012.

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, 2012, \$21,765,591 has been placed into the Trust for the benefit of the City, of which \$3,128,995 is available without restriction and \$18,636,596 is subject to restrictions. Due to the restricted nature of the \$18,636,596, the amount is reported as unearned revenue at June 30, 2012.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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, 2012, the City paid \$29,588 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 RC 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, 2012, the City levied a 5% lodging tax and received \$644,444 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 \$415,242 of lodging tax received from the City during the year ended June 30, 2012 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 \$6,686,540 reported as the landfill closure and post-closure care liability at June 30, 2012 includes \$1,762,677, 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 \$4,923,863 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, 2012, approximately 45% of this landfill's capacity had been utilized and accordingly, a liability of \$4,923,863 has been recognized. The City will recognize the remaining estimated closure and post-closure care of \$4,921,922 as the remaining capacity is used. See Note 6(E) for changes in the liability for landfill closure and postclosure costs.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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	\$ 326,382	\$ 596,978	\$(270,596)
Debt Service Fund	General Government:			
	Debt service	\$ 1,607,453	\$ 1,762,918	\$(155,465)
Hotel/Motel Tax Fund	Community Development	\$ 287,500	\$ 415,242	\$(127,742)

17. DEFICIT FUND BALANCE

The Grant Fund, a nonmajor Special Revenue Fund of the primary government, had a deficit fund balance of \$85 at June 30, 2012. The City plans to liquidate the deficit fund balances through 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 and dental 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 Commerce Benefits Group 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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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 June 30, 2012, the last valuation date:

Retirees, beneficiaries, and dependents currently receiving benefits	24
Active plan participants	<u>361</u>
Total	<u><u>385</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 \$74,357.

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, 2012 the City contributed \$165,856 or .9% of the covered payroll for employees of \$18,687,268 under the plan.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(Continued)

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, 2012 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, 2010	\$ 400,085	55.38%	\$ 433,356
June 30, 2011	\$ 728,446	18.45%	\$ 1,027,385
June 30, 2012	\$ 728,446	22.77%	\$ 1,589,995

The net OPEB obligation for the fiscal year ended June 30, 2012 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	<u>(28,067)</u>
Annual OPEB cost	728,446
Actual contribution	<u>(165,856)</u>
Increase in OPEB obligation	562,590
Net OPEB obligation at beginning of year	<u>1,027,405</u>
Net OPEB obligation at year end	<u><u>\$ 1,589,995</u></u>

D. Funded Status and Funding Progress

Schedule of Funding Progress

	January 1, 2009	January 1, 2011
Actuarial valuation date		
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, 2012
(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.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2012

	<u>Actuarial Valuation Date</u>		
	<u>January 1, 2012</u>	<u>January 1, 2011</u>	<u>January 1, 2010</u>
Actuarial value of plan assets	\$ 26,353,170	\$ 25,294,223	\$ 23,809,818
Actuarial accrued liability	\$ 32,087,353	\$ 30,648,230	\$ 28,496,815
Total unfunded actuarial liability (or funding excess)	\$ 5,734,183	\$ 5,354,007	\$ 4,686,997
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	82.13%	82.53%	83.55%
Annual covered payroll	\$ 16,310,763	\$ 16,070,885	\$ 15,567,015
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	35.16%	33.31%	30.11%

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
Year Ended June 30, 2012

	<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.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds - Capital projects funds account 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).

- ▶ **Capital Projects Fund:** This fund accounts for the accumulation of resources and the subsequent disbursement of such resources in obtaining or renovating major fixed assets (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, 2012

	<u>Capital Projects</u>		<u>Special Revenue</u>				
	<u>Capital Projects Fund</u>	<u>SPLOST Fund</u>	<u>Community Development Fund</u>	<u>Grant Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>							
Cash and cash equivalents	\$ 214,670	\$ 2,233,020	\$ 1,449,975	\$ 625		\$ 692,818	\$ 4,591,108
Receivables:							
Notes			982,442				982,442
Intergovernmental		525,869		21,771			547,640
Other	20,699	999					21,698
Due from other funds			210				210
Total assets	<u>\$ 235,369</u>	<u>\$ 2,759,888</u>	<u>\$ 2,432,627</u>	<u>\$ 22,396</u>	<u>\$ 0</u>	<u>\$ 692,818</u>	<u>\$ 6,143,098</u>
<u>Liabilities and Fund Balance</u>							
Liabilities:							
Accounts payable	\$ 11,667	\$ 217,894	\$ 5	\$ 21,771			\$ 251,337
Accrued payroll			293				293
Due to other funds	202,000			710			202,710
Total liabilities	<u>213,667</u>	<u>217,894</u>	<u>298</u>	<u>22,481</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>454,340</u>
Fund balance:							
Restricted for:							
Long-term receivables			982,442				982,442
Capital projects	21,702	2,541,994					2,563,696
Community development			1,449,887			692,818	1,449,887
Debt service				(85)			692,818
Unassigned							(85)
Total fund balance	<u>21,702</u>	<u>2,541,994</u>	<u>2,432,329</u>	<u>(85)</u>	<u>0</u>	<u>692,818</u>	<u>5,688,758</u>
Total liabilities and fund balance	<u>\$ 235,369</u>	<u>\$ 2,759,888</u>	<u>\$ 2,432,627</u>	<u>\$ 22,396</u>	<u>\$ 0</u>	<u>\$ 692,818</u>	<u>\$ 6,143,098</u>

CITY OF LAGRANGE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	Capital Projects		Special Revenue		Hotel/Motel	Debt	Total
	Capital Projects Fund	SPLOST Fund	Community Development Fund	Grant Fund	Tax Fund	Service Fund	Nonmajor Governmental Funds
Revenues:							
Hotel/Motel tax	\$ 1,085,582				\$ 644,444	\$	\$ 644,444
Lease income	50,954						1,085,582
Grants and subsidies		\$ 3,283,649	\$ 270,515	\$ 176,764			50,954
Intergovernmental	1,586	5,849	3,808			2,030	3,730,928
Investment income (loss)	35,293		18,800				13,273
Miscellaneous	1,173,415	3,289,498	293,123	176,764	644,444	2,030	54,093
Total revenues							<u>5,579,274</u>
Expenditures:							
Current:							
Redevelopment and housing				176,704			503,278
Community development			326,574		415,242		415,242
Debt service:						1,220,330	1,220,330
Principal retirement						542,588	542,588
Interest							
Capital outlay:							
General government	60,711						60,711
Public safety		68,553					68,553
Public service	77,670	3,749,804					3,827,474
Redevelopment and housing			270,404				270,404
Total expenditures	<u>138,381</u>	<u>3,818,357</u>	<u>596,978</u>	<u>176,704</u>	<u>415,242</u>	<u>1,762,918</u>	<u>6,908,580</u>
Excess of revenues over (under) expenditures	1,035,034	(528,859)	(303,855)	60	229,202	(1,760,888)	(1,329,306)
Other financing sources (uses):							
Transfers in	582,500				415,242	1,525,411	2,523,153
Transfers out	(1,589,322)		(160)		(644,444)		(2,233,926)
Total other financing sources	<u>(1,006,822)</u>	<u>0</u>	<u>(160)</u>	<u>0</u>	<u>(229,202)</u>	<u>1,525,411</u>	<u>289,227</u>
Net change in fund balance	28,212	(528,859)	(304,015)	60	0	(235,477)	(1,040,079)
Fund balance, beginning of year	(6,510)	3,070,853	2,736,344	(145)	0	928,295	6,728,837
Fund balance, end of year	<u>\$ 21,702</u>	<u>\$ 2,541,994</u>	<u>\$ 2,432,329</u>	<u>\$ (85)</u>	<u>\$ 0</u>	<u>\$ 692,818</u>	<u>\$ 5,688,758</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ 214,670	\$ 263,884
Receivables:		
Other	<u>20,699</u>	<u>105,667</u>
Total assets	<u>\$ 235,369</u>	<u>\$ 369,551</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 11,667	\$ 6,752
Unearned revenue		25,309
Due to other funds	<u>202,000</u>	<u>344,000</u>
Total liabilities	<u>213,667</u>	<u>376,061</u>
Fund balance:		
Restricted for:		
Capital projects	21,702	
Unassigned		(6,510)
Total fund balance	<u>21,702</u>	<u>(6,510)</u>
Total liabilities and fund balance	<u>\$ 235,369</u>	<u>\$ 369,551</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Lease income	\$ 1,085,582	\$ 1,045,493
Interest	1,586	3,045
Grants and subsidies	50,954	187,920
Miscellaneous	<u>35,293</u>	<u>32,984</u>
Total revenues	<u>1,173,415</u>	<u>1,269,442</u>
Expenditures:		
Capital outlay:		
General government	60,711	28,944
Public service	77,670	24,311
Community development	<u> </u>	<u>1,795,221</u>
Total expenditures	<u>138,381</u>	<u>1,848,476</u>
Excess of revenues over expenditures	<u>1,035,034</u>	<u>(579,034)</u>
Other financing sources (uses):		
Transfers in	582,500	2,100,000
Transfers out	<u>(1,589,322)</u>	<u>(1,511,696)</u>
Total other financing sources	<u>(1,006,822)</u>	<u>588,304</u>
Net change in fund balance	28,212	9,270
Fund balance, beginning of year	<u>(6,510)</u>	<u>(15,780)</u>
Fund balance, end of year	<u>\$ 21,702</u>	<u>\$ (6,510)</u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,233,020	\$ 2,640,414
Receivables:		
Intergovernmental	525,869	512,865
Other	<u>999</u>	<u>999</u>
Total assets	<u>\$ 2,759,888</u>	<u>\$ 3,154,278</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	<u>\$ 217,894</u>	<u>\$ 83,425</u>
Total liabilities	<u>217,894</u>	<u>83,425</u>
Fund balance:		
Restricted for capital project	<u>2,541,994</u>	<u>3,070,853</u>
Total fund balance	<u>2,541,994</u>	<u>3,070,853</u>
Total liabilities and fund balance	<u>\$ 2,759,888</u>	<u>\$ 3,154,278</u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Intergovernmental	\$ 3,283,649	\$ 3,282,388
Investment income (loss)	<u>5,849</u>	<u>4,694</u>
Total revenues	<u>3,289,498</u>	<u>3,287,082</u>
Expenditures:		
Capital outlay:		
Public safety	68,553	135,331
Public service	<u>3,749,804</u>	<u>2,341,886</u>
Total expenditures	<u>3,818,357</u>	<u>2,477,217</u>
Excess of revenues over (under) expenditures	(<u>528,859</u>)	<u>809,865</u>
Net change in fund balance	(528,859)	809,865
Fund balance, beginning of year	<u>3,070,853</u>	<u>2,260,988</u>
Fund balance, end of year	<u><u>\$ 2,541,994</u></u>	<u><u>\$ 3,070,853</u></u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,449,975	\$ 1,647,332
Receivables:		
Notes	982,442	1,088,942
Due from other funds	<u>210</u>	<u>210</u>
Total assets	<u>\$ 2,432,627</u>	<u>\$ 2,736,484</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 5	
Accrued payroll	<u>293</u>	<u>\$ 140</u>
Total liabilities	<u>298</u>	<u>140</u>
Fund balance:		
Restricted for:		
Long-term receivables	982,442	1,088,942
Community development	<u>1,449,887</u>	<u>1,647,402</u>
Total fund balance	<u>2,432,329</u>	<u>2,736,344</u>
Total liabilities and fund balance	<u>\$ 2,432,627</u>	<u>\$ 2,736,484</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Intergovernmental	\$ 270,515	\$ 99,217
Investment income (loss)	3,808	20,257
Miscellaneous	<u>18,800</u>	<u>18,800</u>
Total revenues	<u>293,123</u>	<u>138,274</u>
Expenditures:		
Current:		
Redevelopment and housing	326,574	373,472
Capital outlay:		
Redevelopment and housing	<u>270,404</u>	<u>96,712</u>
Total expenditures	<u>596,978</u>	<u>470,184</u>
Excess of revenues over (under) expenditures	(<u>303,855</u>)	(<u>331,910</u>)
Other financing sources (uses):		
Transfer out	(<u>160</u>)	<u>0</u>
Total other financing sources	(<u>160</u>)	<u>0</u>
Net change in fund balance	(304,015)	(331,910)
Fund balance, beginning of year	<u>2,736,344</u>	<u>3,068,254</u>
Fund balance, end of year	<u><u>\$ 2,432,329</u></u>	<u><u>\$ 2,736,344</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, 2012

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 297,992	\$ 270,515	\$(27,477)
Interest	10,000	3,808	(6,192)
Miscellaneous	<u>22,000</u>	<u>18,800</u>	<u>(3,200)</u>
Total revenues	<u>329,992</u>	<u>293,123</u>	<u>(36,869)</u>
Expenditures:			
Current:			
Redevelopment and housing	326,382	326,574	(192)
Capital outlay:			
Redevelopment and housing	<u> </u>	<u>270,404</u>	<u>(270,404)</u>
Total expenditures	<u>326,382</u>	<u>596,978</u>	<u>(270,596)</u>
Excess of revenue over (under) expenditures	<u>3,610</u>	<u>(303,855)</u>	<u>(307,465)</u>
Other financing sources (uses):			
Transfer out	<u> </u>	<u>(160)</u>	<u>(160)</u>
Total other financing sources (uses)	<u>0</u>	<u>(160)</u>	<u>(160)</u>
Net change in fund balance	3,610	(304,015)	(307,625)
Fund balance, beginning of year	<u>2,736,344</u>	<u>2,736,344</u>	<u>0</u>
Fund balance, end of year	<u>\$ 2,739,954</u>	<u>\$ 2,432,329</u>	<u>\$(307,625)</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 625	\$ 565
Grants receivable	<u>21,771</u>	<u> </u>
Total assets	<u>\$ 22,396</u>	<u>\$ 565</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 21,771	
Due to other funds	<u>710</u>	<u>\$ 710</u>
Total liabilities	<u>22,481</u>	<u>710</u>
Fund balance:		
Unassigned	(85)	(145)
Total fund balance	(85)	(145)
Total liabilities and fund balance	<u>\$ 22,396</u>	<u>\$ 565</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Intergovernmental	\$ 176,764	\$ 107,095
Total revenues	<u>176,764</u>	<u>107,095</u>
Expenditures:		
Current:		
Redevelopment and housing	<u>176,704</u>	<u>107,120</u>
Total expenditures	<u>176,704</u>	<u>107,120</u>
Excess of revenues over (under) expenditures	<u>60</u>	(<u>25</u>)
Net change in fund balance	60	(25)
Fund balance, beginning of year	(<u>145</u>)	(<u>120</u>)
Fund balance, end of year	<u><u>\$ (85)</u></u>	<u><u>\$ (145)</u></u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2012

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ <u>180,000</u>	\$ <u>176,764</u>	\$ (<u>3,236</u>)
Total revenues	<u>180,000</u>	<u>176,764</u>	(<u>3,236</u>)
Expenditures:			
Current:			
Redevelopment and housing	<u>180,000</u>	<u>176,704</u>	<u>3,296</u>
Total expenditures	<u>180,000</u>	<u>176,704</u>	<u>3,296</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>60</u>	<u>60</u>
Net change in fund balance	0	60	60
Fund balance, beginning of year	(<u>145</u>)	(<u>145</u>)	<u>0</u>
Fund balance, end of year	<u><u>\$ (145)</u></u>	<u><u>\$ (85)</u></u>	<u><u>\$ 60</u></u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL TAX FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Hotel/Motel tax	\$ 644,444	\$ 517,277
Total revenues	<u>644,444</u>	<u>517,277</u>
Expenditures:		
Current:		
Community development	<u>415,242</u>	<u>252,236</u>
Total expenditures	<u>415,242</u>	<u>252,236</u>
Excess of revenues over expenditures	<u>229,202</u>	<u>265,041</u>
Other financing sources (uses):		
Transfers in	415,242	252,236
Transfers out	<u>(644,444)</u>	<u>(517,277)</u>
Total other financing sources (uses)	<u>(229,202)</u>	<u>(265,041)</u>
Net change in fund balance	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2012

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel/Motel tax	\$ 460,000	\$ 644,444	\$ 184,444
Total revenues	<u>460,000</u>	<u>644,444</u>	<u>184,444</u>
Expenditures:			
Current:			
Community development	<u>287,500</u>	<u>415,242</u>	(<u>127,742</u>)
Total expenditures	<u>287,500</u>	<u>415,242</u>	(<u>127,742</u>)
Excess of revenues over (under) expenditures	<u>172,500</u>	<u>229,202</u>	<u>56,702</u>
Other financing sources (uses):			
Transfers in	287,500	415,242	127,742
Transfers out	(<u>460,000</u>)	(<u>644,444</u>)	(<u>184,444</u>)
Total other financing sources (uses)	(<u>172,500</u>)	(<u>229,202</u>)	(<u>56,702</u>)
Net change in fund balance	0	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ 692,818	\$ 928,295
Total assets	<u>\$ 692,818</u>	<u>\$ 928,295</u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Fund balance:		
Restricted:		
Debt service	<u>692,818</u>	<u>928,295</u>
Total fund balance	<u>692,818</u>	<u>928,295</u>
Total liabilities and fund balance	<u>\$ 692,818</u>	<u>\$ 928,295</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Interest	\$ 2,030	\$ 4,506
Total revenues	<u>2,030</u>	<u>4,506</u>
Expenditures:		
Principal retirement	1,220,330	1,272,643
Interest	<u>542,588</u>	<u>585,208</u>
Total expenditures	<u>1,762,918</u>	<u>1,857,851</u>
Excess of revenues over (under) expenditures	(<u>1,760,888</u>)	(<u>1,853,345</u>)
Other financing sources:		
Transfers in	<u>1,525,411</u>	<u>1,577,688</u>
Total other financing sources	<u>1,525,411</u>	<u>1,577,688</u>
Net change in fund balance	(235,477)	(275,657)
Fund balance, beginning of year	<u>928,295</u>	<u>1,203,952</u>
Fund balance, end of year	<u>\$ 692,818</u>	<u>\$ 928,295</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 0	\$ 2,030	\$ 2,030
Total revenues	<u>0</u>	<u>2,030</u>	<u>2,030</u>
Expenditures:			
Debt service:			
Principal retirement	1,106,490	1,220,330	(113,840)
Interest and fiscal charges	<u>500,963</u>	<u>542,588</u>	<u>(41,625)</u>
Total expenditures	<u>1,607,453</u>	<u>1,762,918</u>	<u>(155,465)</u>
Excess of revenues over (under) expenditures	(1,607,453)	(1,760,888)	(153,435)
Other financing sources (uses):			
Transfers in	<u>1,607,453</u>	<u>1,525,411</u>	<u>(82,042)</u>
Total other financing sources (uses)	<u>1,607,453</u>	<u>1,525,411</u>	<u>(82,042)</u>
Net change in fund balance	0	(235,477)	(235,477)
Fund balance, beginning of year	<u>928,295</u>	<u>928,295</u>	<u>0</u>
Fund balance, end of year	<u>\$ 928,295</u>	<u>\$ 692,818</u>	<u>\$ (235,477)</u>

MAJOR GOVERNMENTAL FUNDS

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

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,621,819	\$ 1,794,134
Investments	16,140	7,995
Receivables:		
Taxes	1,126,006	1,065,916
Other	63,180	13,954
Inventory	185,692	248,238
Restricted cash and cash equivalents	101,614	118,990
Restricted investments	<u>760,250</u>	<u>657,600</u>
Total assets	<u>\$ 3,874,701</u>	<u>\$ 3,906,827</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 509,981	\$ 527,508
Due to other funds	1,000,000	458,769
Other accrued liabilities	<u>271,722</u>	<u>221,521</u>
Total liabilities	<u>1,781,703</u>	<u>1,207,798</u>
Fund balance:		
Nonspendable:		
Inventory	185,692	248,238
Restricted for:		
Perpetual care	764,800	776,590
Public safety	97,065	
Unassigned	<u>1,045,441</u>	<u>1,674,201</u>
Total fund balance	<u>2,092,998</u>	<u>2,699,029</u>
Total liabilities and fund balance	<u>\$ 3,874,701</u>	<u>\$ 3,906,827</u>

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Taxes:		
Sales	\$ 5,067,756	\$ 4,871,868
Franchise	1,082,666	1,099,653
Insurance premium	1,387,802	1,399,519
Alcoholic beverage	725,536	725,737
Other	702,695	679,861
Licenses and permits	157,402	152,279
Intergovernmental	397,001	351,936
Charges for services	281,683	284,338
Fines and forfeitures	1,774,798	1,716,846
Investment income (loss)	23,211	20,397
Miscellaneous	<u>179,181</u>	<u>259,155</u>
Total revenues	<u>11,779,731</u>	<u>11,561,589</u>
Expenditures:		
Current:		
General government	1,805,045	1,425,924
Public safety	14,244,396	13,498,540
Public service	2,607,640	2,306,871
Culture and recreation	946,692	818,368
Community development	1,259,115	1,272,993
Telecommunications	367,318	326,362
Capital outlay:		
General government	16,355	19,488
Public safety	261,219	281,495
Public service	86,881	152,490
Telecommunications	56,369	15,995
Culture and recreation	69,051	25,184
Community development	<u>48,209</u>	<u> </u>
Total expenditures	<u>21,768,290</u>	<u>20,143,710</u>
Excess of expenditures over (under) revenues	<u>(9,988,559)</u>	<u>(8,582,121)</u>
Other financing sources (uses):		
Sale of assets	20,099	6,153
Capital lease	176,496	214,753
Transfers in	9,925,187	9,218,749
Transfers out	<u>(739,254)</u>	<u>(632,371)</u>
Total other financing sources	<u>9,382,528</u>	<u>8,807,284</u>
Net change in fund balance	<u>(606,031)</u>	<u>225,163</u>
Fund balance, beginning of year	<u>2,699,029</u>	<u>2,473,866</u>
Fund balance, end of year	<u>\$ 2,092,998</u>	<u>\$ 2,699,029</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, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 15,723,604	\$ 7,878,556
Investments	3,128,995	8,624,561
Receivables:		
Accounts	8,039,270	8,118,316
Loans	1,500,000	1,359,301
Due from other funds	1,202,500	4,707,765
Prepays	88,239	85,338
Inventory	1,002,641	991,232
Restricted assets:		
Restricted investments	18,636,596	21,509,988
Total current assets	<u>49,321,845</u>	<u>53,275,057</u>
Noncurrent assets:		
Capital assets, not being depreciated	74,303	74,303
Capital assets, being depreciated	40,995,784	41,837,228
Other assets	210,833	228,483
Total noncurrent assets	<u>41,280,920</u>	<u>42,140,014</u>
Total assets	<u>90,602,765</u>	<u>95,415,071</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	3,644,808	3,314,455
Customer deposits	1,552,525	1,476,866
Accrued liabilities	47,604	34,495
Accrued compensated absences	54,408	53,128
Unearned revenue	18,636,596	21,509,988
Capital leases - Current	288,499	274,811
Intergovernmental agreement payable - Current	205,000	195,000
Liabilities payable from restricted assets:		
Accrued interest payable	107,771	113,519
Revenue bonds - Current	670,000	640,000
Total current liabilities	<u>25,207,211</u>	<u>27,612,262</u>
Non-current liabilities:		
Compensated absences	81,612	79,689
Revenue bonds - Long-term	9,460,701	10,129,926
Capital leases - Long-term	590,899	567,700
Intergovernmental agreement payable - Long-term	3,875,000	4,080,000
Advances from other funds	1,328,348	1,398,475
Net OPEB obligation	236,684	153,080
Total noncurrent liabilities	<u>15,573,244</u>	<u>16,408,870</u>
Total liabilities	<u>40,780,455</u>	<u>44,021,132</u>
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	30,059,988	30,299,094
Unrestricted	<u>19,762,322</u>	<u>21,094,845</u>
Total net assets	<u>\$ 49,822,310</u>	<u>\$ 51,393,939</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Gas system	\$ 13,338,185	\$ 16,473,412
Electric system	49,334,249	50,119,195
Telecommunications	2,853,129	2,672,258
Other sales	<u>539,935</u>	<u>686,812</u>
Total operating revenues	<u>66,065,498</u>	<u>69,951,677</u>
Operating expenses:		
Gas system	9,547,418	12,203,356
Electric system	39,741,572	37,093,674
Telecommunications	2,153,428	2,034,215
Depreciation and amortization	<u>1,917,400</u>	<u>1,842,567</u>
Total operating expenses	<u>53,359,818</u>	<u>53,173,812</u>
Operating income	<u>12,705,680</u>	<u>16,777,865</u>
Non-operating revenues (expenses):		
Gain (loss) on sale of assets	(10,289)	269,111
Investment income	85,953	111,483
Interest expense	<u>(665,149)</u>	<u>(718,480)</u>
Total nonoperating revenues (expenses)	<u>(589,485)</u>	<u>(337,886)</u>
Net income before transfers	12,116,195	16,439,979
Transfers in	1,618,321	1,608,349
Transfers out	<u>(15,306,145)</u>	<u>(11,743,601)</u>
Change in net assets	(1,571,629)	6,304,727
Net assets, beginning of year	<u>51,393,939</u>	<u>45,089,212</u>
Net assets, end of year	<u>\$ 49,822,310</u>	<u>\$ 51,393,939</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 63,206,112	\$ 65,986,452
Cash paid to employees	(3,364,736)	(3,440,890)
Cash paid to suppliers	(47,731,850)	(47,908,733)
Net cash provided (used) by operating activities	<u>12,109,526</u>	<u>14,636,829</u>
Cash flow from noncapital financing activities:		
Repayment of advance to (from) other funds	3,505,265	
Advances to other funds		(4,157,265)
Transfers in	1,618,321	1,608,349
Transfers out	(15,306,145)	(11,743,601)
Net cash provided (used) by noncapital financing activities	<u>(10,182,559)</u>	<u>(14,292,517)</u>
Cash flows from capital and related financial activities:		
Payments on intergovernmental agreement	(195,000)	(180,000)
Principal payments on revenue bonds	(640,000)	(620,000)
Proceeds from sale of assets	2,382	266,530
Acquisition of capital assets	(751,528)	(1,157,379)
Capital lease payments	(304,119)	(332,328)
Interest paid	(648,565)	(701,374)
Net cash provided (used) by capital and related financing activities	<u>(2,536,830)</u>	<u>(2,724,551)</u>
Cash flows from investing activities:		
Sale (Purchase) of investments	8,368,958	8,017,218
Investment income	85,953	111,483
Net cash provided (used) by investing activities	<u>8,454,911</u>	<u>8,128,701</u>
Net increase (decrease) in cash	7,845,048	5,748,462
Cash, beginning of year	<u>7,878,556</u>	<u>2,130,094</u>
Cash, end of year	<u>\$ 15,723,604</u>	<u>\$ 7,878,556</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011
(Continued)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Operating income	\$ 12,705,680	\$ 16,777,865
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,917,400	1,842,567
Changes in operating assets and liabilities:		
Accounts receivable	79,046	(594,782)
Inventory	(11,409)	(30,603)
Prepays	(2,901)	8,700
Accounts payable	330,353	66,382
Accrued vacation	3,203	(1,310)
Other receivable	(140,699)	
Due to other funds	(70,127)	(66,628)
Unearned revenue	(2,873,392)	(3,504,004)
Customer deposits	75,659	133,561
Other accrued expenses	13,109	(26,209)
Net OPEB obligation	<u>83,604</u>	<u>31,290</u>
Net cash provided by operating activities	<u>\$ 12,109,526</u>	<u>\$ 14,636,829</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2012 and 2011, the City incurred debt of \$341,006 and \$311,958, 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, 2012

	<u>Electric System</u>	<u>Gas System</u>	<u>Telecom- munications</u>	<u>Total</u>
Operating revenues	<u>\$ 49,744,322</u>	<u>\$ 13,459,998</u>	<u>\$ 2,861,178</u>	<u>\$ 66,065,498</u>
Operating expenses:				
Electricity and natural gas purchase	36,651,699	7,929,357		44,581,056
Depreciation	495,936	1,109,581	311,883	1,917,400
Other operating	<u>3,089,873</u>	<u>1,618,061</u>	<u>2,153,428</u>	<u>6,861,362</u>
	<u>40,237,508</u>	<u>10,656,999</u>	<u>2,465,311</u>	<u>53,359,818</u>
Operating income	<u>\$ 9,506,814</u>	<u>\$ 2,802,999</u>	<u>\$ 395,867</u>	<u>\$ 12,705,680</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF CHANGES IN UTILITY PLANT IN SERVICE
Year Ended June 30, 2012

	Historical Cost			Allowance for Depreciation			Net Asset Value
	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Expense	Deletions	Balance June 30, 2012
Gas system	\$ 33,845,268	\$ 62,174		\$ 33,907,442	\$(8,435,151)	\$(1,109,581)	\$(9,544,732)
Electric system	20,123,846	565,030	\$(91,748)	20,597,128	(9,586,302)	(495,936)	(10,007,068)
Tele-communications	8,427,819	465,330	(8,800)	8,884,349	(2,463,949)	(311,883)	(2,767,032)
	<u>\$ 62,396,933</u>	<u>\$ 1,092,534</u>	<u>\$(100,548)</u>	<u>\$ 63,388,919</u>	<u>\$(20,485,402)</u>	<u>\$(1,917,400)</u>	<u>\$(22,318,832)</u>
							<u>\$ 41,070,087</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE SCHEDULES OF REVENUES
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Gas system:		
Gas sales	\$ 13,338,185	\$ 16,458,095
Miscellaneous	<u>121,813</u>	<u>550,366</u>
	<u>13,459,998</u>	<u>17,008,461</u>
Electric system:		
Electricity sales	48,237,750	49,020,818
Street and security lights	1,096,499	1,098,377
Miscellaneous	<u>410,073</u>	<u>151,763</u>
	<u>49,744,322</u>	<u>50,270,958</u>
Telecommunications:		
Internet services	1,415,762	1,357,198
Other telecommunications services	<u>1,445,416</u>	<u>1,315,060</u>
	<u>2,861,178</u>	<u>2,672,258</u>
Total operating revenues	<u>\$ 66,065,498</u>	<u>\$ 69,951,677</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 4,445,857	\$ 2,133,209
Receivables:		
Accounts	1,930,619	1,906,044
Due from other funds		1,076,000
Inventory	804,440	880,704
Restricted assets:		
Restricted deposits		201,639
Total current assets	<u>7,180,916</u>	<u>6,197,596</u>
Noncurrent assets:		
Capital assets, not being depreciated	498,525	498,525
Capital assets, being depreciated	69,459,699	71,715,312
Other assets	76,126	80,476
Total noncurrent assets	<u>70,034,350</u>	<u>72,294,313</u>
Total assets	<u>77,215,266</u>	<u>78,491,909</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	82,084	330,628
Customer deposits	423,593	390,221
Accrued liabilities	30,743	20,673
Due to other funds		166,478
Accrued compensated absences	35,162	33,287
Notes payable - Current	135,462	131,124
Capital leases - Current	38,548	80,078
Liabilities payable from restricted assets:		
Revenue bonds - Current		3,746,268
Total current liabilities	<u>745,592</u>	<u>4,898,757</u>
Non-current liabilities:		
Compensated absences	52,743	49,931
Notes payable - Long-term	3,206,003	3,341,503
Capital leases - Long-term	39,854	78,403
Net OPEB obligation	217,015	140,444
Total noncurrent liabilities	<u>3,515,615</u>	<u>3,610,281</u>
Total liabilities	<u>4,261,207</u>	<u>8,509,038</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	66,538,357	64,836,461
Unrestricted	<u>6,415,702</u>	<u>5,146,410</u>
Total net assets	<u>\$ 72,954,059</u>	<u>\$ 69,982,871</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Water and sewerage system	\$ 15,845,277	\$ 16,009,365
Other sales	<u>384,025</u>	<u>506,890</u>
Total operating revenues	<u>16,229,302</u>	<u>16,516,255</u>
Operating expenses:		
Water and sewerage system	9,613,720	8,987,982
Depreciation and amortization	<u>2,912,212</u>	<u>2,822,847</u>
Total operating expenses	<u>12,525,932</u>	<u>11,810,829</u>
Operating income	<u>3,703,370</u>	<u>4,705,426</u>
Non-operating revenues (expenses):		
Investment income	3,030	3,125
Interest expense	(204,966)	(258,186)
Bond premium	<u>151,268</u>	<u> </u>
Total nonoperating revenues (expenses)	<u>(50,668)</u>	<u>(255,061)</u>
Net income before contributions and transfers	3,652,702	4,450,365
Capital contributions		248,729
Transfers in	687,895	651,544
Transfers out	<u>(1,369,409)</u>	<u>(1,289,177)</u>
Change in net assets	2,971,188	4,061,461
Net assets, beginning of year	<u>69,982,871</u>	<u>65,921,410</u>
Net assets, end of year	<u>\$ 72,954,059</u>	<u>\$ 69,982,871</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 16,238,099	\$ 16,945,402
Cash paid to employees	(3,690,381)	(3,514,421)
Cash paid to suppliers	(5,094,769)	(6,434,725)
Net cash provided (used) by operating activities	<u>7,452,949</u>	<u>6,996,256</u>
Cash flow from noncapital financing activities:		
Transfers in	687,895	651,544
Transfers out	(1,369,409)	(1,289,177)
Net cash provided (used) by noncapital financing activities	<u>(681,514)</u>	<u>(637,633)</u>
Cash flows from capital and related financial activities:		
Proceeds from sale of assets	2,244	1,157
Principal payments on revenue bonds	(3,595,000)	(4,610,000)
Acquisition of capital assets	(656,599)	(2,946,340)
Capital lease payments	(80,078)	(74,173)
Note payable proceeds		1,379,007
Payments on notes payable	(131,161)	(1,213,921)
Interest paid	(202,862)	(354,006)
Net cash provided (used) by capital and related financing activities	<u>(4,663,456)</u>	<u>(7,818,276)</u>
Cash flows from investing activities:		
Investment income	<u>3,030</u>	<u>3,125</u>
Net cash provided (used) by investing activities	<u>3,030</u>	<u>3,125</u>
Net increase (decrease) in cash	2,111,009	(1,456,528)
Cash, beginning of year	<u>2,334,848</u>	<u>3,791,376</u>
Cash, end of year	<u>\$ 4,445,857</u>	<u>\$ 2,334,848</u>
Report on the balance sheet as:		
Cash and cash equivalents	\$ 4,445,857	\$ 2,133,209
Restricted cash		<u>201,639</u>
Total	<u>\$ 4,445,857</u>	<u>\$ 2,334,848</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011
(Continued)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Operating income	\$ 3,703,370	\$ 4,705,426
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,912,212	2,822,847
Changes in operating assets and liabilities:		
Accounts receivable	(24,575)	(32,361)
Other receivable		396,730
Inventory	76,264	(112,159)
Accounts payable	(248,544)	(591,780)
Accrued vacation	4,687	(9,113)
Due from other funds	1,076,000	(412,000)
Due to other funds	(166,478)	166,478
Customer deposits	33,372	64,778
Other accrued expenses	10,070	(29,364)
Net OPEB obligation	<u>76,571</u>	<u>26,774</u>
Net cash provided by operating activities	<u>\$ 7,452,949</u>	<u>\$ 6,996,256</u>
Non-cash investing, capital and financing activities:		
Capital contributions	<u>\$ 0</u>	<u>\$ 248,729</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 1,764,966	\$ 610,891
Receivables:		
Accounts receivable	107,656	102,401
Due from other funds		58,769
Prepays	8,089	
Total current assets	<u>1,880,711</u>	<u>772,061</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,437,733	1,437,733
Capital assets, being depreciated	19,107,738	19,376,011
Other assets	81,320	86,104
Total noncurrent assets	<u>20,626,791</u>	<u>20,899,848</u>
Total assets	<u>22,507,502</u>	<u>21,671,909</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	69,543	153,630
Customer deposits	1,530	1,530
Accrued liabilities	12,066	7,237
Due to other funds		4,480,787
Accrued compensated absences	25,401	27,887
Notes payable, current	48,427	47,315
Capital leases, current	407,067	375,566
Total current liabilities	<u>564,034</u>	<u>5,093,952</u>
Noncurrent liabilities:		
Compensated absences	38,101	41,832
Notes payable, long-term	598,256	646,658
Capital leases, long-term	1,200,274	1,023,304
Landfill postclosure liability	6,686,540	6,073,416
Net OPEB obligation	98,139	63,595
Total noncurrent liabilities	<u>8,621,310</u>	<u>7,848,805</u>
Total liabilities	<u>9,185,344</u>	<u>12,942,757</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	18,291,477	18,720,901
Unrestricted	(4,969,289)	(9,991,749)
Total net assets	<u>\$ 13,322,158</u>	<u>\$ 8,729,152</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Sanitation	\$ 8,033,804	\$ 7,376,277
Other sales	<u>334,967</u>	<u>269,303</u>
Total operating revenues	<u>8,368,771</u>	<u>7,645,580</u>
Operating expenses:		
Sanitation	7,578,706	6,402,455
Depreciation and amortization	<u>1,066,282</u>	<u>984,991</u>
Total operating expenses	<u>8,644,988</u>	<u>7,387,446</u>
Operating income	(276,217)	<u>258,134</u>
Nonoperating revenues (expenses):		
Investment income	2,114	1,845
Gain (loss) on sale of assets	1,984	
Interest expense	(29,053)	(119,905)
Total nonoperating revenues (expenses)	<u>(24,955)</u>	<u>(118,060)</u>
Income before transfers	(301,172)	140,074
Transfers in	4,899,370	285,556
Transfers out	<u>(5,192)</u>	<u> </u>
Change in net assets	4,593,006	425,630
Net assets, beginning of year	<u>8,729,152</u>	<u>8,303,522</u>
Net assets, end of year	<u>\$ 13,322,158</u>	<u>\$ 8,729,152</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 8,363,516	\$ 7,637,402
Cash paid to employees	(1,915,913)	(1,836,862)
Cash paid to suppliers	(5,049,920)	(4,404,825)
Net cash provided (used) by operating activities	<u>1,397,683</u>	<u>1,395,715</u>
Cash flows from noncapital financing activities:		
Transfers in	4,899,370	285,556
Transfers out	(5,192)	
Repayment of advance to (from) other funds	(4,480,787)	
Advances from other funds		<u>4,480,787</u>
Net cash provided (used) by noncapital financing activities	<u>413,391</u>	<u>4,766,343</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	3,552	
Capital lease payments	(375,566)	(406,393)
Principal payments on revenue bonds		(2,270,000)
Payments on notes payable	(47,290)	(3,000,274)
Acquisition of capital assets	(215,742)	(152,331)
Interest paid	(24,097)	(116,076)
Net cash provided (used) by capital and related financing activities	<u>(659,143)</u>	<u>(5,945,074)</u>
Cash flows from investing activities:		
Investment income	<u>2,144</u>	<u>1,845</u>
Net cash provided (used) by investing activities	<u>2,144</u>	<u>1,845</u>
Net (decrease) increase in cash	1,154,075	218,829
Cash, beginning of year	<u>610,891</u>	<u>392,062</u>
Cash, end of year	<u>\$ 1,764,966</u>	<u>\$ 610,891</u>
Cash flows from operating activities:		
Operating income	\$(276,217)	\$ 258,134
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,066,282	984,991
Changes in operating assets and liabilities:		
Accounts receivable	(5,255)	(8,178)
Prepays	(8,089)	
Accounts payable	(84,087)	73,919
Accrued vacation	(6,217)	7,601
Due from other funds	58,769	(24,090)
Other accrued expenses	4,829	(19,438)
Due to other funds		(161,000)
Closure/postclosure care	613,124	277,105
Net OPEB obligation	<u>34,544</u>	<u>6,671</u>
Net cash provided by operating activities	<u>\$ 1,397,683</u>	<u>\$ 1,395,715</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2012 and 2011, the City incurred debt of \$584,037 and \$1,046,357, respectively, in the form of capital leases in connection with the acquisition of new equipment.

LaGRANGE *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, 2012

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 140,714	\$ 2,164,010	\$ 2,304,724
Receivables-other	14,450	51,990	66,440
Due from other funds		1,117,373	1,117,373
Prepaid expense	10,896		10,896
Advances to other funds		<u>1,328,348</u>	<u>1,328,348</u>
Total assets	<u>166,060</u>	<u>4,661,721</u>	<u>4,827,781</u>
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable		1,461	1,461
Claims reserve	525,000	600,000	1,125,000
Due to other funds	<u>1,117,373</u>		<u>1,117,373</u>
Total liabilities	<u>1,642,373</u>	<u>601,461</u>	<u>2,243,834</u>
Net assets:			
Unrestricted	(1,476,313)	<u>4,060,260</u>	<u>2,583,947</u>
Total net assets	<u>\$(1,476,313)</u>	<u>\$ 4,060,260</u>	<u>\$ 2,583,947</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Year Ended June 30, 2012

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 4,923,675	\$ 1,018,569	\$ 5,942,244
Operating expenses:			
Administrative services	220,308	56,971	277,279
Risk management	4,815,246	623,822	5,439,068
Total operating expenses	<u>5,035,554</u>	<u>680,793</u>	<u>5,716,347</u>
Operating income (loss)	(111,879)	337,776	225,897
Nonoperating revenues:			
Investment income	1,117	83,280	84,397
Total nonoperating revenues	<u>1,117</u>	<u>83,280</u>	<u>84,397</u>
Income (loss) before transfers	(110,762)	421,056	310,294
Transfers in	38,048		38,048
Transfers out	(38,048)		(38,048)
Change in net assets	(110,762)	421,056	310,294
Net assets, beginning of year	(1,365,551)	3,639,204	2,273,653
Net assets, end of year	<u>\$(1,476,313)</u>	<u>\$ 4,060,260</u>	<u>\$ 2,583,947</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2012

	Group Insurance Fund	Property and Casualty Fund	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 4,931,189	\$ 526,568	\$ 5,457,757
Cash paid to suppliers	(4,935,554)	(685,247)	(5,620,801)
Net cash provided (used) by operating activities	(4,365)	(158,679)	(163,044)
Cash flows from non-capital financing activities:			
Repayments of advances to other funds		70,127	70,127
Transfers in	38,048		38,048
Transfers out	(38,048)		(38,048)
Net cash provided (used) by non-capital financing activities	0	70,127	70,127
Cash flows from investing activities:			
Investment income	1,117	83,280	84,397
Net cash provided (used) by investing activities	1,117	83,280	84,397
Net increase (decrease) in cash	(3,248)	(5,272)	(8,520)
Cash, beginning of year	143,962	2,169,282	2,313,244
Cash, end of year	<u>\$ 140,714</u>	<u>\$ 2,164,010</u>	<u>\$ 2,304,724</u>
Cash flows from operating activities:			
Operating income	\$(111,879)	\$ 337,776	\$ 225,897
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:			
(Increase) decrease in accounts receivable	(4,341)		(4,341)
(Increase) decrease in interfund receivable		(492,001)	(492,001)
(Increase) decrease in prepaid expense	11,854		11,854
Increase (decrease) in accounts payable		(4,454)	(4,454)
Increase (decrease) in interfund payable	100,001		100,001
Net cash provided (used) by operating activities	<u>\$(4,365)</u>	<u>\$ (158,679)</u>	<u>\$ (163,044)</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 140,714	\$ 143,962
Receivables-other	14,450	10,109
Prepaid expense	<u>10,896</u>	<u>22,750</u>
Total assets	<u>166,060</u>	<u>176,821</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Claims reserve	525,000	525,000
Due to other funds	<u>1,117,373</u>	<u>1,017,372</u>
Total current liabilities	<u>1,642,373</u>	<u>1,542,372</u>
Net assets:		
Unrestricted	<u><u>\$ (1,476,313)</u></u>	<u><u>\$ (1,365,551)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues	\$ 4,923,675	\$ 4,827,820
Operating expenses:		
Administrative services	220,308	209,609
Risk management	<u>4,815,246</u>	<u>4,910,496</u>
Total operating expenses	<u>5,035,554</u>	<u>5,120,105</u>
Operating income (loss)	(111,879)	(292,285)
Nonoperating revenues:		
Investment income	<u>1,117</u>	<u>667</u>
Total nonoperating revenues	<u>1,117</u>	<u>667</u>
Income (loss) before transfers	(110,762)	(291,618)
Transfers in	38,048	38,272
Transfers out	<u>(38,048)</u>	<u>(38,272)</u>
Change in net assets	(110,762)	(291,618)
Net assets, beginning of year	(1,365,551)	(1,073,933)
Net assets, end of year	<u>\$(1,476,313)</u>	<u>\$(1,365,551)</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 4,931,189	\$ 4,870,552
Cash paid to suppliers	(4,935,554)	(4,728,880)
Net cash provided (used) by operating activities	<u>(4,365)</u>	<u>141,672</u>
Cash flows from non-capital financing activities:		
Transfers in	38,048	38,272
Transfers out	(38,048)	(38,272)
Net cash provided (used) by non-capital financing activities	<u>0</u>	<u>0</u>
Cash flows from investing activities:		
Investment income	1,117	667
Net cash provided (used) by investing activities	<u>1,117</u>	<u>667</u>
Net increase (decrease) in cash	(3,248)	142,339
Cash, beginning of year	<u>143,962</u>	<u>1,623</u>
Cash, end of year	<u>\$ 140,714</u>	<u>\$ 143,962</u>
Cash flows from operating activities:		
Operating income (loss)	\$(111,879)	\$(292,285)
Adjustments to reconcile operating loss to net cash used for operating activities:		
(Increase) decrease in receivables	(4,341)	742
(Increase) decrease in interfund receivable		41,990
(Increase) decrease in prepaid expense	11,854	
Increase (decrease) in accounts payable		(774)
Increase (decrease) in bank overdraft		
Increase (decrease) in interfund payable	<u>100,001</u>	<u>391,999</u>
Net cash provided (used) by operating activities	<u>\$(4,365)</u>	<u>\$ 141,672</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 2,164,010	\$ 2,169,282
Due from other funds	1,117,373	625,372
Receivables-other	51,990	51,990
Advances to other funds	<u>1,328,348</u>	<u>1,398,475</u>
Total assets	<u>4,661,721</u>	<u>4,245,119</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	1,461	5,915
Claims reserve	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>601,461</u>	<u>605,915</u>
Net assets:		
Unrestricted	<u>\$ 4,060,260</u>	<u>\$ 3,639,204</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 1,018,569	\$ 981,436
Operating expenses:		
Administrative services	56,971	20,184
Risk management	<u>623,822</u>	<u>849,931</u>
Total operating expenses	<u>680,793</u>	<u>870,115</u>
Operating income (loss)	<u>337,776</u>	<u>111,321</u>
Nonoperating revenues:		
Investment income	<u>83,280</u>	<u>82,395</u>
Total nonoperating revenues	<u>83,280</u>	<u>82,395</u>
Change in net assets	421,056	193,716
Net assets, beginning of year	<u>3,639,204</u>	<u>3,445,488</u>
Net assets, end of year	<u><u>\$ 4,060,260</u></u>	<u><u>\$ 3,639,204</u></u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 526,568	\$ 1,064,437
Cash paid to suppliers	(685,247)	(865,604)
Net cash provided (used) by operating activities	<u>(158,679)</u>	<u>198,833</u>
Cash flows from non-capital financing activities:		
Repayment of advances to other funds	<u>70,127</u>	<u>66,628</u>
Net cash provided (used) by non-capital financing activities	<u>70,127</u>	<u>66,628</u>
Cash flows from investing activities:		
Proceeds from sale of investments		55
Investment income	<u>83,280</u>	<u>82,395</u>
Net cash provided (used) by investing activities	<u>83,280</u>	<u>82,450</u>
Net increase (decrease) in cash	(5,272)	347,911
Cash, beginning of year	<u>2,169,282</u>	<u>1,821,371</u>
Cash, end of year	<u>\$ 2,164,010</u>	<u>\$ 2,169,282</u>
Cash flows from operating activities:		
Operating income	\$ 337,776	\$ 111,321
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in interfund receivable	(492,001)	33,001
(Increase) decrease in accounts receivable		50,000
Increase (decrease) in accounts payable	(4,454)	<u>4,511</u>
Net cash provided by operating activities	<u>\$(158,679)</u>	<u>\$ 198,833</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Governmental fund capital assets:		
Land	\$ 14,461,207	\$ 14,361,207
Buildings and improvements	13,025,706	13,018,946
Machinery and equipment	7,649,156	7,457,658
Vehicles	3,227,083	3,168,697
Infrastructure	29,579,535	25,101,271
Construction in progress		<u>457,605</u>
	<u>67,942,687</u>	<u>63,565,384</u>
Total governmental fund capital assets	<u>\$ 67,942,687</u>	<u>\$ 63,565,384</u>
Investment in governmental fund capital assets by source:		
General fund revenues	\$ 10,961,959	\$ 10,659,455
General obligation bonds	3,000,000	3,000,000
Capital projects fund	46,048,407	42,244,012
Special revenues fund	4,429,256	4,158,852
Donations	<u>3,503,065</u>	<u>3,503,065</u>
	<u>\$ 67,942,687</u>	<u>\$ 63,565,384</u>
Total governmental fund capital assets	<u>\$ 67,942,687</u>	<u>\$ 63,565,384</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, 2012

<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>
General government	\$ 14,926,630	\$ 3,299,633	\$ 6,364,488	\$ 2,689,396	\$ 432,585	\$ 2,140,528
Public safety	6,562,660	21,465	2,266,959	2,245,176	1,906,000	123,060
Public service	10,763,518	2,059,815		1,338,910	459,877	6,904,916
Culture and recreation	4,965,401	1,737,735	206,943	327,675	351,719	2,341,329
Community development	<u>30,724,478</u>	<u>7,342,559</u>	<u>4,187,316</u>	<u>1,047,999</u>	<u>76,902</u>	<u>18,069,702</u>
Total governmental funds capital assets	<u>\$ 67,942,687</u>	<u>\$ 14,461,207</u>	<u>\$ 13,025,706</u>	<u>\$ 7,649,156</u>	<u>\$ 3,227,083</u>	<u>\$ 29,579,535</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, 2012

<u>Function and Activity</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
General government	\$ 14,959,699	\$ 16,355	\$ 49,424	\$ 14,926,630
Public safety	6,446,576	302,241	186,157	6,562,660
Public service	10,661,289	102,229	0	10,763,518
Culture and recreation	4,917,192	48,209	0	4,965,401
Community development	<u>26,580,628</u>	<u>4,601,455</u>	<u>457,605</u>	<u>30,724,478</u>
Total governmental funds capital assets	<u>\$ 63,565,384</u>	<u>\$ 5,070,489</u>	<u>\$ 693,186</u>	<u>\$ 67,942,687</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 and CDBG Schedules - Disclosure required by specific grants audit requirements.

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

CITY OF LAGRANGE, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY HOME INVESTMENT PROGRAM GRANT
Year Ended June 30, 2012

CHIP 05m-x-141-2-2921

Total grant	\$ 298,950
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2012	(67,093)
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>\$ 134,119</u>

Total program funds drawn down by recipient for the year ended June 30, 2012	\$ 67,093
Add, program income applicable to the year ended June 30, 2012	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2012	<u>\$ 67,093</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, 2012	(109,671)
June 30, 2011	(107,095)
Program funds available for future draw down	<u>\$ 83,234</u>

Total program funds drawn down by recipient for the year ended June 30, 2012	\$ 109,671
Add, program income applicable to the year ended June 30, 2012	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2012	<u>\$ 109,671</u>

CITY OF LAGRANGE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY HOME INVESTMENT PROGRAM GRANT
Year Ended June 30, 2012

<u>Activity</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>		<u>Questioned Cost</u>
		<u>Year Ended June 30, 2012</u>	<u>Prior Years</u>	
CHIP 05m-x-141-2-2921:				
H-013-00	\$ 284,000	\$ 67,093	\$ 97,738	None
A-21A-00	<u>14,950</u>	<u>0</u>	<u>0</u>	None
	<u>\$ 298,950</u>	<u>\$ 67,093</u>	<u>\$ 97,738</u>	
CHIP 09m-x-141-2-6021:				
H-14-A-01	\$ 274,800	\$ 109,671	\$ 103,345	None
A-21A-00	15,000		3,750	None
C-022-00	<u>10,200</u>	<u>0</u>	<u>0</u>	None
	<u>\$ 300,000</u>	<u>\$ 109,671</u>	<u>\$ 107,095</u>	

CITY OF LAGRANGE, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANTS
Year Ended June 30, 2012

CDBG 08q-x-141-2-5107

Total grant	\$ 500,000
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2012	(30,381)
June 30, 2011	(52,188)
June 30, 2010	(404,717)
Program funds available for future draw down	<u>\$ 12,714</u>

CDBG 10p-x-141-2-5265

Total grant	\$ 378,670
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2012	(240,022)
June 30, 2011	(44,525)
	<u>\$ 94,123</u>

CITY OF LAGRANGE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANTS
Year Ended June 30, 2012

	<u>Budgeted Expenditures</u>	<u>Actual Year Ended June 30, 2012</u>	<u>Expenditures Prior Years</u>	<u>Questioned Cost</u>
<u>CDBG 08 q-x-141-2-5107</u>				
E-17B-00	\$ <u>500,000</u>	\$ <u>30,381</u>	\$ <u>456,905</u>	None
<u>CDBG 10p-x-141-2-5265</u>				
P-03J-01	\$ <u>378,670</u>	\$ <u>240,022</u>	\$ <u>44,525</u>	None

CITY OF LAGRANGE, GEORGIA
SPECIAL LOCAL OPTION SALES TAX FUNDS
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
Year Ended June 30, 2012

<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	\$ 8,009,513	\$ 3,348,455	\$ 11,357,968
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	1,265,647	415,312	1,680,959
Public safety facilities and equipment	2,880,000	2,929,638	54,590	2,984,228

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.

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<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.	96
<u>Revenue Capacity</u> - These schedules present information to help the reader assess the City's most significant local revenue source, utility revenue.	103
<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.	108
<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.	112
<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.	114

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 Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	\$ 18,895,271	\$ 19,160,513	\$ 20,955,023	\$ 22,872,801	\$ 27,138,772	\$ 29,417,747	\$ 31,406,673	\$ 33,802,402	\$ 37,274,638	\$ 40,409,288
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	6,529,006
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)	(3,461,667)
Total governmental activities net assets	\$ 31,901,820	\$ 31,685,159	\$ 30,921,732	\$ 32,678,597	\$ 34,989,614	\$ 34,326,775	\$ 37,644,866	\$ 37,918,669	\$ 41,871,410	\$ 43,476,627
Business-type activities:										
Invested in capital assets, net of related debt	\$ 61,607,620	\$ 62,436,197	\$ 74,485,060	\$ 78,006,264	\$ 85,729,997	\$ 87,979,264	\$ 88,744,568	\$ 103,765,331	\$ 113,856,456	\$ 114,889,792
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	21,208,735
Total business-type activities net assets	\$ 80,827,623	\$ 86,210,787	\$ 90,080,851	\$ 92,874,770	\$ 96,866,265	\$ 99,145,887	\$ 108,139,792	\$ 119,314,144	\$ 130,105,962	\$ 136,098,527
Primary government:										
Invested in capital assets, net of related debt	\$ 80,502,891	\$ 81,596,710	\$ 95,440,083	\$ 100,879,065	\$ 112,868,769	\$ 117,397,011	\$ 120,151,241	\$ 137,567,733	\$ 151,131,094	\$ 155,299,080
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	6,529,006
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	17,747,068
Total primary government net assets	\$ 112,729,443	\$ 117,895,946	\$ 121,002,583	\$ 125,553,367	\$ 131,855,879	\$ 133,472,662	\$ 145,784,658	\$ 157,232,813	\$ 171,977,372	\$ 179,575,154

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

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

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 1,299,278	\$ 1,967,196	\$ 1,867,233	\$ 1,861,149	\$ 1,774,541	\$ 2,071,915	\$ 2,214,134	\$ 2,202,176	\$ 2,023,144	\$ 2,447,844
Public safety	9,562,780	11,468,875	11,214,890	11,435,498	12,451,424	12,927,862	13,152,404	14,074,285	13,941,126	14,477,949
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	3,129,297
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	1,103,386
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	2,590,079
Redevelopment and housing										503,278
Risk management	4,272,833									
Miscellaneous			510,577	640,300	1,068,017	818,825	890,116	748,224	817,226	377,065
Interest on long-term debt.	340,575	372,771	423,878	511,415	388,276	874,110	615,465	621,623	502,255	600,050
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	25,228,948
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	12,730,898
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	11,155,625
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	40,414,968
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	8,672,057
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	2,464,663
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	75,438,211
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	\$ 100,667,159
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 339,156	\$ 170,880	\$ 276,231	\$ 588,084	\$ 427,172	\$ 404,484	\$ 165,722	\$ 100,601	\$ 152,279	\$ 270,308
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	2,056,481
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		66,275
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	1,104,382
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	660,012
Capital grants and contributions		21,955	2,097,397	1,773,021	500,000	530,796	151,634	3,427,141	3,571,714	3,560,013
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	7,717,471
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	16,229,302
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	13,459,998
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	49,744,322
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	8,368,771
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	2,861,178
Operating grants and contributions						452,189				151,268
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	90,814,839

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total primary government program revenues	\$ 74,096,690	\$ 73,828,734	\$ 81,876,181	\$ 88,612,657	\$ 87,246,473	\$ 93,699,049	\$ 92,612,733	\$ 96,350,606	\$ 101,906,957	\$ 98,532,310
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)	\$ (17,511,477)
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	21,182,694	15,376,628
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	\$ (2,134,849)

General Revenues and Other Changes

Net Assets

Governmental activities:

Taxes:

General purpose taxes	\$ 2,395,447	\$ 2,494,787	\$ 2,840,202	\$ 2,763,775	\$ 2,882,297	\$ 2,981,632	\$ 3,294,587	\$ 3,203,491	\$ 3,322,394	\$ 3,460,477
Sales tax	3,987,466	3,937,371	4,012,504	4,536,174	5,231,281	9,591,123	8,184,516	4,777,940	4,871,868	5,067,756
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	1,082,666
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	30,635
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	9,475,160
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	19,116,694

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	91,097
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)	(9,475,160)
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)	(9,384,063)
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	\$ 9,732,631

Change in Net Assets

Government activities	324,687	(216,661)	(887,861)	1,756,865	2,311,017	2,677,161	3,318,101	273,793	3,952,741	1,605,217
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	5,992,565
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	\$ 7,597,782

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

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:										
Nonspendable	\$ 187,774	\$ 189,925	\$ 206,050	\$ 194,759	\$ 251,157	\$ 223,642	\$ 212,344	\$ 223,439	\$ 248,238	\$ 185,692
Restricted	619,029	592,675				619,478	580,738	628,958	776,590	861,865
Unassigned	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	1,045,441
Total general fund	\$ 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	\$ 2,092,998
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	3,641,009	3,533,011	3,446,079	3,409,855	3,319,912	3,889,854	\$ 3,448,272	\$ 3,068,134	\$ 2,736,199	\$ 2,432,329
Debt service	2,295,635	2,291,738	1,762,872	1,124,890	591,857	1,509,928	1,466,784	1,203,952	928,295	692,818
Capital projects	2,463,964	2,745,169	1,231,130	1,032,902		888,077	2,597,721	2,245,208	3,070,853	2,563,696
Unassigned					(751,407)				(6,510)	(85)
Total all other government funds	\$ 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	\$ 5,688,758

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

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes, licenses and permits	\$ 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	\$ 9,768,301
Intergovernmental	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	4,127,929
Charges for services	368,883	251,220	267,242	339,184	373,674	389,462	386,410	402,548	284,338	281,683
Fines and forfeitures	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	1,774,798
Investment income	269,858	219,154	266,186	333,920	293,122	233,222	147,708	106,833	52,899	36,484
Grants and subsidies										
Lease income						410,000			187,920	50,954
Miscellaneous	856,032	1,645,214	1,372,690	1,271,448	925,648	1,441,823	297,696	1,204,796	310,939	1,085,582
Total revenues	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	17,359,005
Expenditures										
General government	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	1,805,045
Public safety	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	14,244,396
Public service	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	2,607,640
Culture and recreation	697,984	819,841	755,436	852,432	857,379	1,003,840	884,840	885,939	818,368	946,692
Community development	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	1,674,357
Redevelopment and housing	261,730	247,774	388,976	387,302	807,255	519,307	599,055	436,144	480,592	503,278
Telecommunications and technology			116,714	258,735	262,935	294,671	276,701	296,011	326,362	367,318
Administrative and management	64,555	80,196	-	-	-					
Debt service:										
Principal	726,243	875,391	820,092	814,269	881,339	1,285,445	1,290,625	1,304,204	1,272,643	1,220,330
Interest	380,862	372,771	423,878	408,951	420,630	736,547	626,348	633,156	585,208	542,588
Capital outlay	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	4,765,226
Total expenditures	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	28,676,870
Excess of revenues over (under) expenditures	(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)	(11,317,865)

Fiscal Year Ended June 30

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses)										
Capital lease	612,233	525,419	150,586	398,688	800,953	1,268,232	257,752	195,276	214,753	176,496
Proceeds from sale of assets		178,178	20,183	495,421	907,147	81,855	30,144	13,823	6,153	20,099
Transfers in	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	12,448,340
Transfers out	(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)	(2,973,180)
Total other financing sources (uses)	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	9,671,755
Net change in fund balances	\$ (3,213,812)	\$ 86,552	\$ (2,344,442)	\$ (450,880)	\$ (2,382,360)	\$ 3,704,083	\$ 1,646,365	\$ (1,790,160)	\$ 436,706	\$ (1,646,110)

Debt service as a percentage of noncapital expenditures	6.75%	7.25%	6.27%	6.04%	6.05%	9.23%	8.94%	8.59%	8.32%	7.37%
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City of LaGrange, Georgia
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Tax	Local Option Sales Tax	Special Purpose Local Option Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Total
2003	\$	74	\$ 3,967,466	\$ 1,324,246	-	\$ 670,331	\$ 281,291	\$ 6,243,408
2004	-	3,937,371	3,937,371	994,855	-	622,572	294,059	5,848,857
2005	-	4,012,504	4,012,504	912,312	-	656,983	307,464	5,889,263
2006	-	4,536,174	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
2012	-	5,067,756	3,117,039	1,082,666	-	725,536	644,444	10,637,441

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

	<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>	<u>2012</u>
WATER & SEWER FUND:*										
FINANCIAL RATIOS:										
Water & sewer profit margin (%)	(11.2)	21.9	9.4	4.8	19.0	26.0	27.0	25.0	25.0	21.0
Return on total assets (%)								8.0	6.0	5.0
Return on equity (%)								9.0	6.0	5.0
Liabilities/Assets (%)								17.0	11.0	6.0
Current ratio (x)								1.3	1.2	9.6
Receivables avg. days outstanding								54.4	43.5	44.5
General fund transfer (% of Income)								22.0	9.0	19.0
General fund transfer (% of Revenue)								8.0	2.0	4.0
Cash and investments(\$)								3,590	2,133	4,446
Net Equity Transfers Out (\$)								1,250	388	681
Capital investment versus depreciation (x)								1.4	1.0	0.2
Capitalization (\$)								73,941	73,403	76,200
Working Capital (\$)								1,732	1,097	6,435
OPERATING INFORMATION:										
Water MMGAL sales	2,252	2,145	2,142	2,198	2,406	2,261	2,087	2,102	2,187	2,076
Water \$/MGAL sold	3.04	3.45	3.48	3.60	3.89	4.09	4.75	4.64	4.81	5.01
Water and Sewer Operating/MGAL	3.38	2.69	3.15	3.42	3.13	3.02	3.46	3.46	3.62	3.97
Divisional operating expenses \$/Kgal sold	1.60	1.78	2.11	2.48	2.30	2.10	2.46	2.56	2.70	3.04
Installed Water meters	17,856	18,207	18,502	18,700	19,002	19,262	19,324	19,342	19,544	19,584
Water distribution employees	13	16	16	16	17	17	17	17	17	17
Water production employees	14	14	14	13	13	13	13	13	13	13
meters/distribution employee	1,374	1,138	1,156	1,169	1,118	1,133	1,137	1,138	1,150	1,152
meters/production employee	1,323	1,349	1,322	1,438	1,462	1,482	1,486	1,488	1,503	1,506
MMGAL/distribution employee	173	134	134	137	142	133	123	124	129	122
MMGAL/production employee	167	159	153	169	185	174	160	162	168	160
UTILITY FUND:										
FINANCIAL RATIOS:										
Gas profit margin (%)	14.3	20.7	10.0	8.2	12.0	13.0	9.0	9.0	15.0	15.0
Electric profit margin (%)	15.7	14.1	14.7	14.3	15.0	14.0	19.9	25.0	25.0	18.0
Telecom profit margin (%)	(5.6)	(2.1)	55.3	15.3	13.0	43.0	8.0	27.0	13.0	13.0
Return on total assets (%)	6.8	8.3	7.6	6.9	9.0	10.0	11.3	17.0	18.0	14.0
Return on equity (%)	9.0	14.2	12.3	10.5	14.0	16.0	17.7	34.0	32.0	24.0
Liabilities/Assets (%)	46.6	46.8	45.1	42.8	40.0	42.0	40.7	52.0	46.0	45.0
Current ratio (x)	2.9	3.2	2.5	2.1	2.2	2.4	1.9	3.4	4.2	3.8
Receivables avg. days outstanding	45.5	45.8	43.5	45.4	45.3	48.4	42.4	49.4	49.9	53.1
General fund transfer (% of Income)	101.3	64.1	73.2	68.1	61.0	51.0	62.0	58.0	62.0	113.0
General fund transfer (% of Revenue)	11.2	11.1	10.7	7.9	10.0	9.0	13.0	11.0	12.0	17.0

Cash & Investments (\$)	17,605	18,822	13,838	8,759	9,629	10,728	14,422	15,268	16,504	18,853
Net Equity Transfers Out (\$)	6,985	7,342	7,504	6,141	7,668	7,600	10,927	8,984	10,136	13,688
Capital investment versus depreciation (x)	0.7	2.5	2.2	2.0	1.2	1.2	1.5	2.4	0.5	0.4
Capitalization (\$)	109,230	117,957	116,899	115,637	118,204	122,009	127,250	60,618	66,172	63,749
Working Capital (\$)	17,389	20,177	14,924	10,525	12,073	15,172	12,354	18,289	24,186	22,705
OPERATING INFORMATION:										
Electric MWH purchases	551,238	535,310	525,129	513,354	502,517	497,201	485,857	515,880	532,868	515,529
Electric MWH sales	526,194	509,969	506,029	492,641	482,332	477,031	462,132	494,628	511,050	492,216
Electric \$/MWH sold	64.30	67.79	70.58	77.15	80.09	82.45	88.72	93.78	98.07	100.23
Electric operating \$/MWH sold	54.22	58.20	60.21	66.15	68.25	70.84	71.55	70.70	73.51	81.75
Electric purchases expense \$/MWH sold	49,070	54,250	55,020	61,450	62,190	64,310	64.66	63.83	67.68	74.46
Electric divisional operating expenses \$/MWH sold	4.170	3.380	44.560	4.010	5.350	5.800	6.14	6.13	4.90	6.28
Installed electric meters	12,591	12,654	12,754	12,873	12,919	13,127	13,288	13,369	13,499	13,581
Electric distribution employees	12	12	12	12	12	12	12	12	12	12
Electric right-of-way employees							3	3	5	5
meters/employee	1,049	1,055	1,063	1,073	1,077	1,094	1,107	1,114	1,125	1,132
MMWHs/employee	43,850	42,497	42,169	41,053	40,194	39,753	38,511	41,219	42,588	41,018
Gas Dth purchases	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	2,045,060
Gas Dth sales	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	1,957,928
Gas revenue \$/Dth sold	7.66	8.54	10.00	13.12	9.82	10.81	10.17	7.49	7.45	6.81
Gas operating expense \$/Dth sold	6.57	6.77	9.00	12.04	8.60	9.37	9.22	6.80	6.33	5.78
Gas purchases expense \$/Dth sold	5.67	5.91	7.69	11.05	7.46	7.98	7.39	5.11	4.76	4.05
Gas divisional operating expenses \$/Dth sold	0.69	0.68	1.05	0.71	0.77	0.80	1.18	0.89	0.76	0.83
Installed Gas meters	9,548	9,538	9,545	9,580	9,567	9,560	9,552	9,543	9,497	9,444
Gas employees	12	12	12	12	12	12	12	12	11	10
meters/employee	796	795	795	798	797	797	796	795	863	944
Dth/employee	162,794	167,201	159,564	151,141	166,499	164,004	151,086	180,348	201,017	195,793
Customer Service Reps	6	6	6	6	6	6	6	6	6	6
Meters/CSR	6,666	6,733	6,800	6,859	6,915	6,992	7,027	7,042	7,090	7,102
Utility Service Workers	9	9	9	9	9	9	9	9	9	9
Meters/Service Worker	4,444	4,489	4,533	4,573	4,610	4,661	4,685	4,695	4,727	4,734
Orders per USW	2,171	2,460	2,790	3,112	3,089	2,871	2,970	2,808	2,725	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

	2012			2003		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Milliken & Co.	\$ 730,269	1	4.5	\$ 709,940	1
	Troup County Commissioners	236,495	2	1.5	146,156	4
	City of Greenville	214,928	3	1.3	132,981	6
	City of Hogansville	189,435	4	1.2		
	West Ga Medical Park	156,249	5	1.0	135,672	5
	Kimberly Clark	138,841	6	0.9	92,774	7
	Troup Co. School System	108,378	7	0.7	467,858	2
	LaGrange College	92,988	8	0.6	49,856	9
	Lee Crossing Rent Office	90,688	9	0.6	57,250	8
	Exxon Mobil	83,611	10	0.5		
	West Point Home, Inc.				163,502	3
	Whispering Pines				41,778	10
		<u>\$ 2,041,882</u>		<u>12.8</u>	<u>\$ 1,997,767</u>	<u>28.2</u>

Data Source: City Utility Department

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

	2012			2003		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Milliken & Co.	\$ 2,632,420	1	19.5	\$ 3,018,582	1
	KIA Motor Corporation	2,259,967	2	16.8		
	Kimberly Clark	565,519	3	4.2	834,017	2
	Exxon Mobil	497,131	4	3.7	592,588	4
	Mountville Mills, Inc.	454,581	5	3.4	206,405	10
	Interface Flooring Systems	324,310	6	2.4	294,879	7
	West Ga Medical Park	317,612	7	2.4	414,923	5
	CW Mathews Contracting Co Inc.	239,486	8	1.8		
	Custom Organics	234,983	9	1.7		
	City of LaGrange	171,131	10	1.3	\$ 232,601	8
	West Point Home, Inc.				706,342	3
	Kleen Tex #2				339,164	6
	Troup County School System				221,330	9
		<u>\$ 7,697,140</u>		<u>57.2</u>	<u>\$ 6,860,831</u>	<u>46</u>

Data Source: City Utility Department

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

	2012			2003		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Exxon Mobil	\$ 3,632,023	1	7.3	\$ 2,448,739	1
	Duracell USA	2,343,777	2	4.7	1,187,330	4
	City of LaGrange	1,824,996	3	3.7	1,400,890	2
	West Ga Medical Park	1,732,095	4	3.5	1,159,962	5
	Wal-Mart	1,440,283	5	2.9	1,021,332	6
	Sewon America, Inc.	1,403,881	6	2.8		
	Interface Flooring Systems	1,390,208	7	2.8		
	Troup Co. School System	1,118,519	8	2.3	872,273	8
	SAFA	988,695	9	2.0		
	Mountville Mills, Inc.	924,805	10	1.9		
	Treadgear Films Division				1,343,229	3
	Federal Mogul				1,000,233	7
	Freudenberg NOK				853,378	9
	LaGrange College				810,158	10
		<u>\$ 16,799,282</u>		<u>33.9</u>	<u>\$ 12,097,524</u>	<u>35.6</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
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%	1,186
2012	5,647,500	1,787,282	2,155,000	10,140,000	4,080,000	2,565,141	3,988,148	30,363,071	6.02%	1,012

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 112 for personal income and population data.

City of LaGrange, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Overlapping debt:			
Troup County, Georgia	\$ 49,674,217	45%	\$ 22,353,398
Troup County Board of Public Education	12,168,975	45%	5,476,039
Subtotal, overlapping debt			<u>27,829,436</u>
Direct debt:			
City of LaGrange, Georgia governmental activities			10,633,616
LaGrange Development Authority			-
Subtotal, direct debt			<u>10,633,616</u>
Total direct and overlapping debt			<u>\$ 38,463,052</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 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	\$ 103,123,860
Total net debt applicable to limit										
Total net debt margin	\$ 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	\$ 103,123,860
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 2012										
										\$ 1,031,238,597
										-
										\$ 1,031,238,597
										\$ 103,123,860

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	
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
2012	16,383,600	9,613,720	6,769,880	3,595,000	89,875	3,684,875	1.84

* 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	
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	30,232	502,500,000	16,750	33.0	N/A	12,730		12,730	12.8%
2012	30,000	504,520,000	16,817	33.0	N/A	12,727		12,727	12.2%

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	2012			2003		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Troup County School System	Education	1,959	1	22.50%	*		
West Georgia Health Systems	Medical Services	1,272	2	14.60%	*		
Interface Flooring	Floor coverings	1,000	3	11.50%	*		
Wal-Mart Distribution Center	Warehousing	960	4	11.00%	*		
Milliken & Co.	Textiles	924	5	10.60%	*		
Sewon America, Inc.	Car Manufacturing Supplier	880	6	10.10%	*		
Troup County Board of Commissioners	Government	460	7	5.30%	*		
Duracell	Batteries	428	8	4.90%	*		
City of LaGrange	Government	420	9	4.80%	*		
American Home Shield	Home Warranties	400	10	4.60%	*		

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government										
Public safety:	27	28	29	29	19	19	18	16	16	16
Police	106	106	107	108	97	97	94	94	96	95
Fire	59	59	59	59	60	60	58	58	58	58
Animal control	3	3	3	3	3	3	3	3	3	4
Court services	3	3	3	3	2	3	3	3	3	3
Probation services	5	5	4	4	4	4	4	4	5	5
Public service:										
Landscaping & cemeteries	14	14	13	13	15	15	12	9	8	8
Highways & streets	20	20	20	20	20	20	19	19	18	17
Traffic control	3	3	3	3	2	2	2	2	3	3
Trash and refuse	9	9	9	9	9	9	8	8	8	8
Engineering	1	1	1	1	1	1	2	2	2	2
Community development:										
Life & building safety	0	7	7	7	0	0	0	0	0	0
Housing & inspections	2	2	2	2	2	2	2	1	1	1
Economic development	0	0	1	1	2	2	2	1	1	1
Community and economic development	12	3	4	3	9	9	9	8	7	7
Other governmental services:										
Vehicle maintenance	15	15	15	15	15	15	15	16	16	16
Local governmental television			2	2	2	2	2	2	2	2
Total governmental activities	279	278	282	282	262	263	253	246	247	246
Business-type activities:										
Water & sewerage	60	63	63	63	62	62	62	64	64	64
Electric	12	12	12	12	12	12	15	18	17	17
Gas	12	12	12	12	12	12	11	12	10	10
Telecommunications	3	5	5	5	4	4	6	6	6	6
Sanitation	28	33	32	32	33	33	33	32	32	32
Business-type activities support services	28	28	27	28	28	28	28	27	27	27
Total Business-type activities	143	153	151	152	151	151	155	159	156	156
Grand total	422	431	433	434	413	414	408	405	403	402

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

Function	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Physical arrests	3,521	4,319	4,537	4,489	5,042	5,417	5,826	5,795	4,769	5,451
Parking violations	1,155	689	1,253	1,158	1,205	571	564	639	215	185
Traffic violations	11,851	15,404	13,053	14,687	15,116	17,486	18,945	17,920	15,163	17,491
Fire:										
Number of calls answered	2,795	2,908	2,854	2,514	2,632	3,020	3,436	3,332	3,724	4,223
Inspections	125	901	1,235	2,197	2,763	3,201	2,842	2,427	3,242	2,925
Health and welfare:										
Animal control (captured animals-City)	1,359	1,431	1,128	908	600	1,329	1,464	1,616	1,370	1,448
Highways and streets:										
Street resurfacing (miles)	9	8	4	9	2	1	15	15	17	12
Potholes repaired	2,461	2,429	2,554	2,360	2,500	520	500	350	150	89
Water and sewerage:										
New water connections	352	351	295	198	383	114	93	116	166	57
New sewage connections	*	399	184	179	305	299	275	132	11	120
Average daily consumption (thousands of gallons)	6,170	5,877	5,869	6,022	6,590	6,195	5,719	5,760	5,992	5,688
Average daily sewage treatment (thousands of gallons)	6,990	5,740	6,310	5,150	5,320	5,280	5,465	5,870	4,710	4,550
Gas:										
Breaks on gas main	195	68	75	9	10	15	21	10	13	14
Solid waste:										
Refuse collected (tons/day)	307	325	359	386	441	480	485	392	392	412
Recyclables collected (tons/day)	5	6		7	7	8	7	9	9	11

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	53	68	75	81	77	83	86	86	83	86
Fire stations	3	3	3	3	3	4	5	5	5	5
Fire engines	9	9	9	9	8	10	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	207	207	207	207	207	207
Parks	12	12	12	12	14	14	14	14	14	14
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	3	3	3	3	3	3
Community centers	1	1	1	1	2	2	2	2	2	2
Highways and streets:										
Streets (miles)	192	192	194	198	205	207	207	207	207	207
Streetlights (additions)	93	84	202	176	106	87	138	138	155	25
Traffic signals (City owned)	15	15	15	15	9	9	9	9	9	9
Water and sewerage:										
Water mains (miles)	188	188	191	195	200	210	215	430	432	434
Fire hydrants	1,630	1,671	1,704	1,729	1,800	1,850	1,900	2,000	2,030	2,040
Maximum daily water capacity (thousands of gallons)	10,800	10,000	10,100	12,400	11,500	13,000	22,000	22,000	22,000	22,000
Sanitary sewers (miles)	192	192	194	198	210	215	215	215	215	215
Storm sewers (miles)	47	47	49	51	55	57	57	57	57	57
Maximum daily sewer treatment capacity (thousands of gallons)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Gas:										
Gas lines (miles)	228	241	248	250	260	310	324	351	309	326
Number of distribution stations	15	15	15	13	12	11	11	13	13	13
Sanitation:										
Collection trucks	28	30	32	33	35	34	35	35	38	41

Data Sources: Various City departments.
Note: No capital asset statistics are available for the general government function.

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