

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2013

Prepared by:

DEPARTMENT OF FINANCE

CITY OF LAGRANGE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2013

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December 1, 2013

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, 2013 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This is the eleventh year the City of LaGrange is subject to the requirements of the Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34). The new GASB pronouncement requires management discussion and analysis of the statements, government-wide financial statements, budgetary comparison schedules, added infrastructure reporting requirements and changes to the statement of cash flows, to name a few. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The City of LaGrange, incorporated in 1828, operates under the Council-Manager form of government. The City is organized under 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 of LaGrange is located in the west central part of Georgia, approximately 70 miles southwest of the city of Atlanta with Interstate 85 and Interstate 185 adjacent on the east side of the city and West Point Lake adjacent on the west side. Hartsfield Atlanta International Airport is 45 minutes away via I-85 and Columbus is less than an hour away via I-185 south. CSX provides full-service rail facilities with east/west and north/south lines. Truck lines include interstate and intrastate carriers and local terminals. United Parcel Service, Federal Express, and several other national and local firms provide delivery services.

LaGrange is home to over 39 industries in three industrial parks. The 1,600 acre LaGrange Industrial Park and Jim Hamilton Industrial Park, 640 acre park, are home to a dozen Fortune 500 companies. A newer park, Callaway South Industrial Park, is currently developing, and is home to one major Kia supplier.

The economic environment in 2013 has been gradually improving. The local unemployment rate has consistently ticked down over the last year and there is currently no inventory of available industrial buildings in the area. The local building market remains sluggish with single family and multi-family housing developments remaining below average production.

Kia Motors Manufacturing Plant located in Troup County has been very successful. The employment and hiring statistics of the car plant, as well as associated manufacturers, has exceeded initial expectations. The plant is currently operating 24 hours a day with three shifts and producing three different models. There have been three new suppliers announced for the area related to the Kia business, and there have been several expansions necessary to keep pace with assembly line productions at Kia.

We have also announced that locally additional investments are being made at Milliken & Company, Proctor & Gamble, Trinidad Benham, and Jindal has purchased the Exxon Mobil facility and is planning an expansion next year.

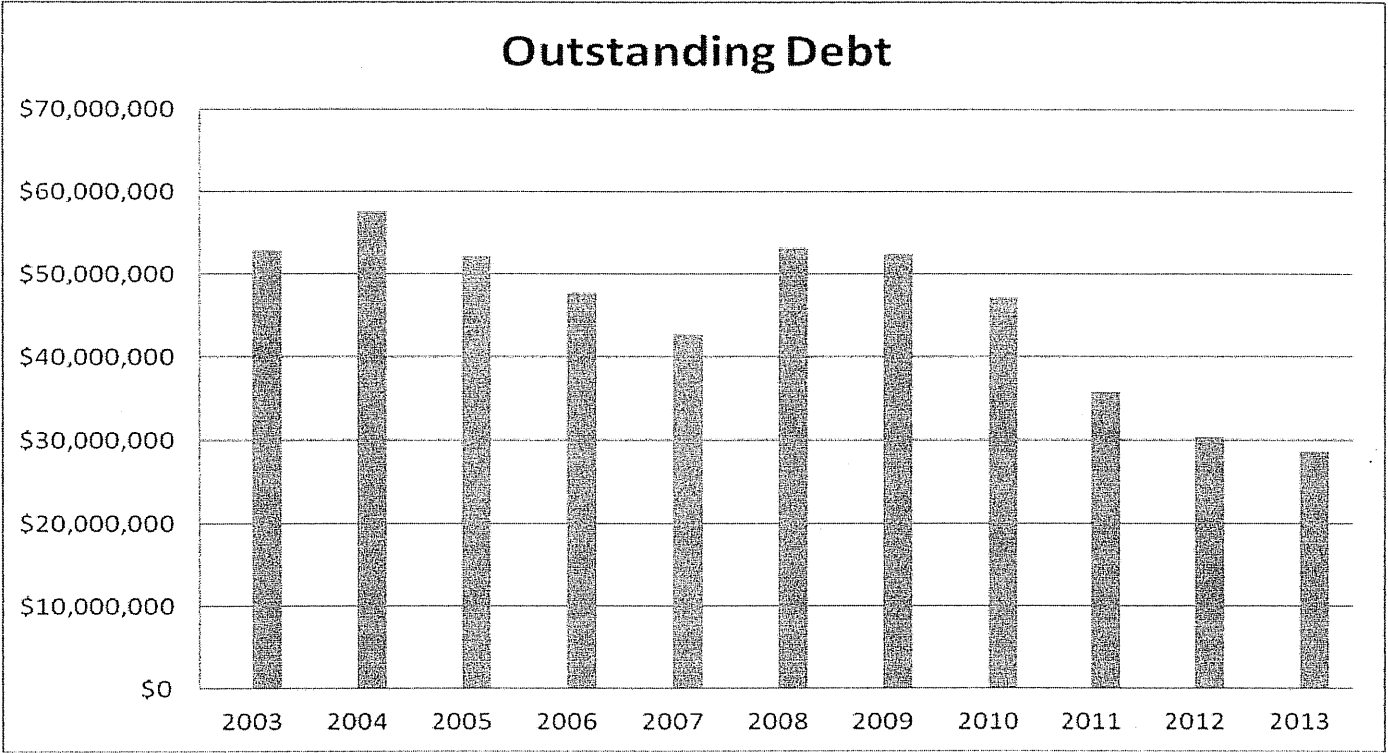
FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from losses, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and, 2) the valuation of costs and benefits requires estimates and judgments by management.

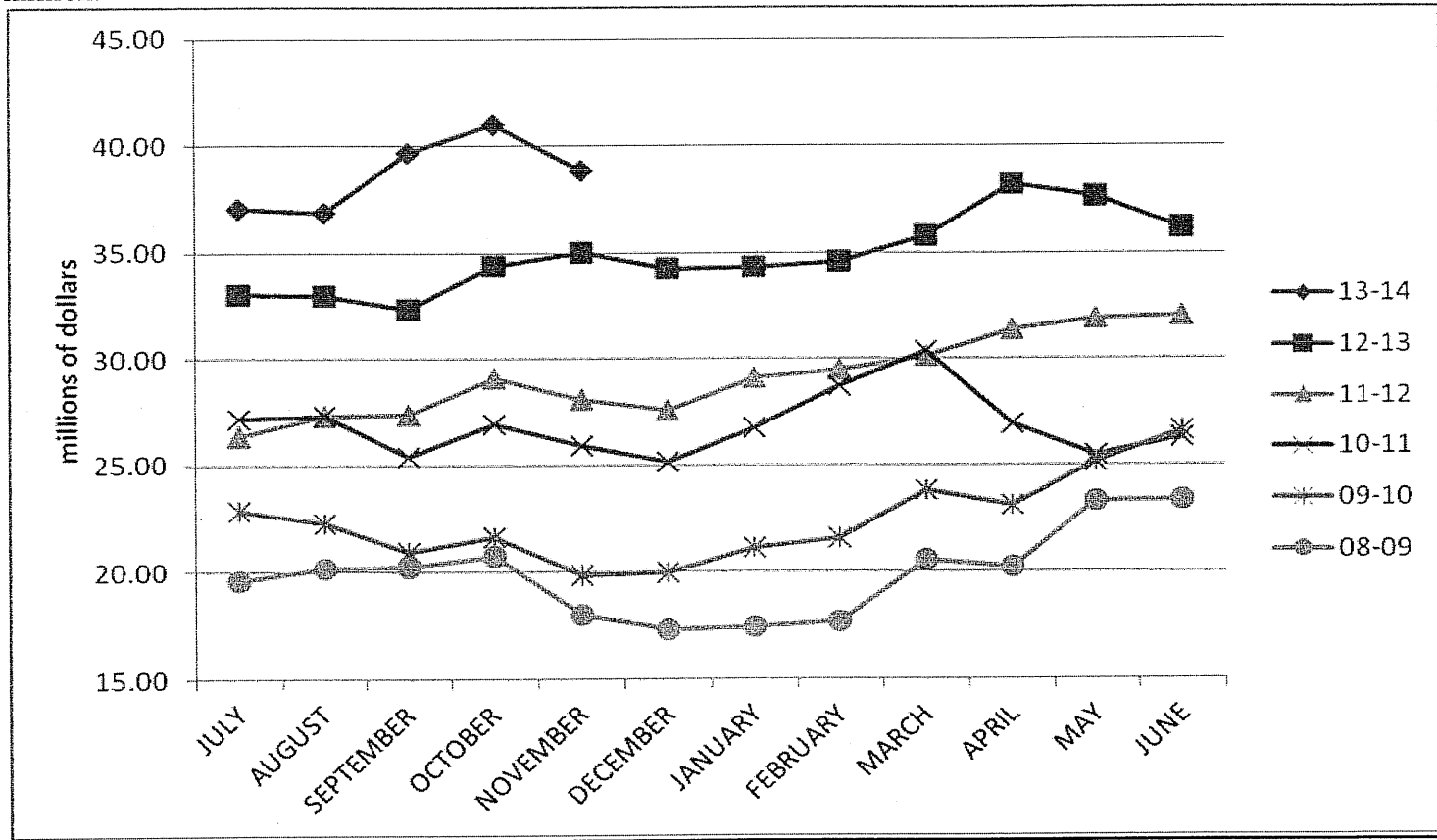
Although the American Economy remains sluggish, the City of LaGrange's financial condition is actually improving. As mentioned earlier, we have not seen significant improvements in building activity, although industrial sales and utility sales are relatively strong and the City has done significant cost cutting over the last several years that has improved the bottom line. We started cutting capital expenses five years ago and making changes to operating activities which has served us well through this economic downturn.

Our cash position is improving and that is expected to continue over the next two years. As can be seen from the chart below, the debt situation at the City has improved and we have been aggressively retiring debt at every opportunity. With the City making our final payment on most of our water and sewer debt in December of 2011, we have freed up cash flow in the water and sewer system substantially. Although we are in the process of making additional capital investments in the water and sewer system, the net free cash flow from the retired debt compared to the new debt is approximately \$3.4 million additional cash per year.

Also, sanitation revenue bonds issued in 1997 were paid off early to free up cash flow in the sanitation fund. All these factors coupled with low operating costs and, hopefully, a more robust economy should assure LaGrange a very bright future indeed.



Presented below is a five year history of the City's cash position by month. As you can see, during the 2013 Fiscal Year, the Cash Balance increased from July to June. Cash balance at the end of June was around \$36 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, 2013 and the amount and percentage of increases and decreases in relation to the prior year's revenue. Total Revenues and Total Expenses showed very small increases from 2012 to 2013. A 1.2% increase in revenue for General Government Funding and a 3.2% increase in expense. The governmental fund held relatively stable from 2012 to 2013.

Revenues	Amount	% of Total	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Taxes, Licenses and Permits	9,960,423	56.7%	192,122	1.9%
Intergovernmental	3,983,314	22.7%	-144,615	-3.5%
Charges for services	260,968	1.5%	-20,715	-7.3%
Fines	1,828,645	10.4%	53,847	3.0%
Investment Income	135,818	.7%	99,334	272%
Grants and Subsidies	0	0%	-50,954	-100%
Lease Income	1,083,639	6.2%	-1,943	-1.8%
Miscellaneous	313,802	1.8%	80,528	34.5%
TOTAL	17,566,609	100%	207,604	1.2%

Expenditures	Amount	% of Total	Increase (Decrease) from 2012	Percent of Increase (Decrease)
General Government	2,616,371	8.9%	-59,270	-2.2%
Public Safety	15,176,234	51.3%	931,838	6.5%
Public Services	2,439,588	8.2%	-168,052	-6.4%
Culture and Recreation	942,167	3.2%	-4,525	-.5%
Community Development	1,815,776	6.1%	141,419	8.4%
Debt Service	2,076,132	7%	313,215	17.76%
Capital Outlay	4,540,328	15.3%	-224,898	-4.7%
TOTAL	29,606,596	100%	929,726	3.2%

OTHER INFORMATION

Independent Audit

Georgia Law requires cities to be audited every two years by independent certified public accountants. The City chooses to have an annual audit and this year the Council selected the firm of Abbott, Jordan & Koon, LLC to perform the audit. The auditor's report on financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of LaGrange for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty sixth year that the City has received this award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principals and applicable legal requirements.

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

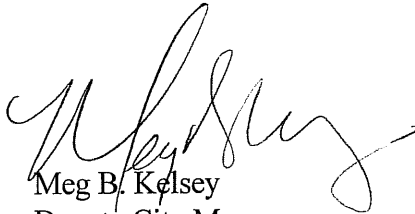
Acknowledgments

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

Respectfully submitted,



Thomas H. Hall
City Manager



Meg B. Kelsey
Deputy City Manager



Government Finance Officers Association

**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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

City of LaGrange, Georgia
LIST OF PRINCIPAL OFFICIALS

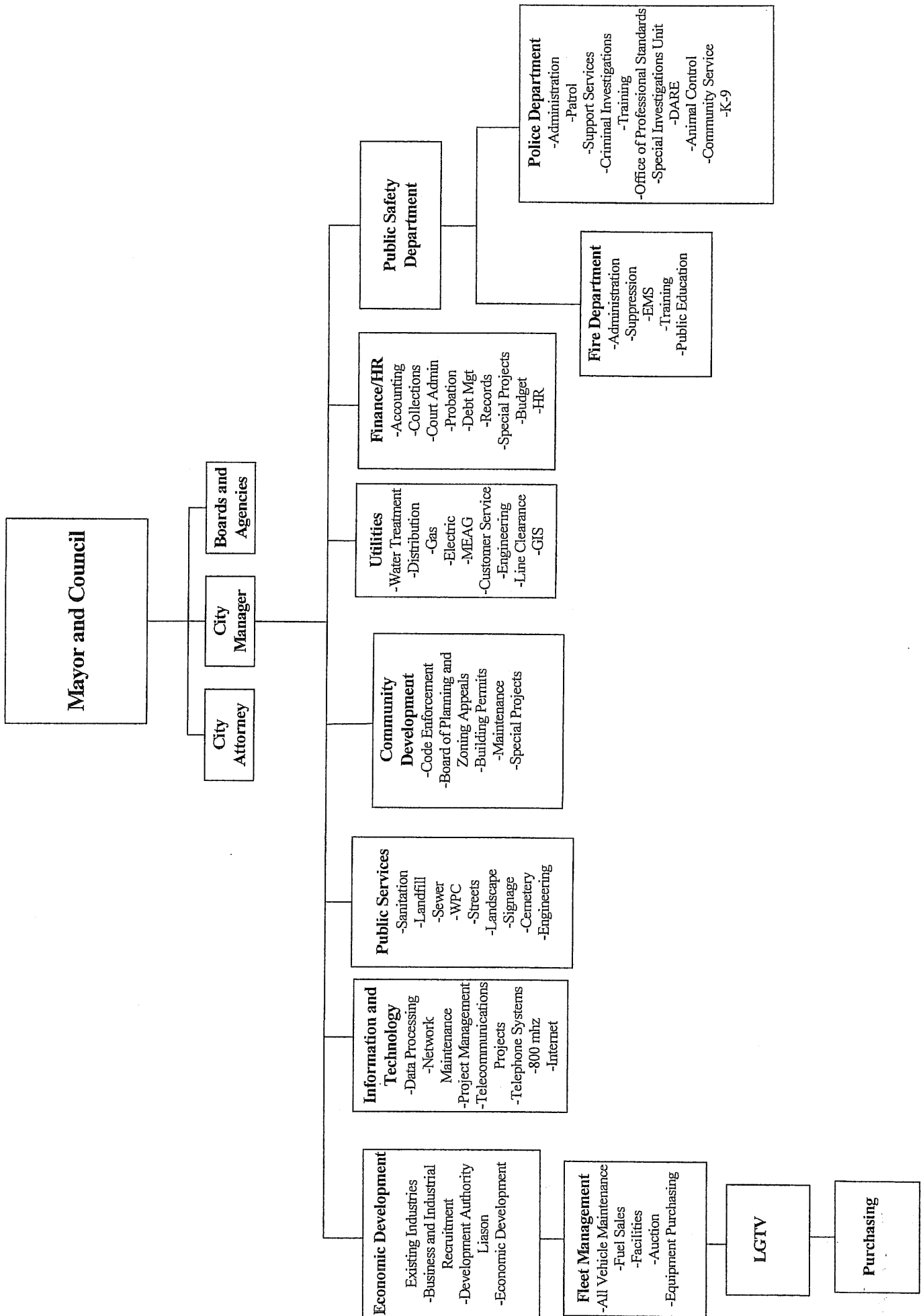
June 30, 2013

ELECTED OFFICIALS

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

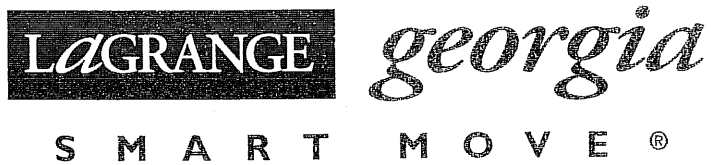
OTHER OFFICIALS

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



NOTICE

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



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 City of LaGrange, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 46 and 47 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaGrange, Georgia's basic financial statements. The introductory section, combining, comparative, budgetary comparative schedules and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, comparative, budgetary comparative schedules and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining, comparative, budgetary comparative schedules and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of LaGrange, Georgia's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of LaGrange, Georgia's basic financial statements as a whole. The individual fund financial statements, related to the 2012 financial statements are presented for purposes of additional analysis and are not a required part of the basic 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 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of the City of LaGrange, Georgia'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of LaGrange, Georgia's internal control over financial reporting and compliance.

ASK

Manchester, Georgia
December 19, 2013

AJK

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, 2013. 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 2013 by \$182,228,373. Of this amount, \$19,908,753 may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$2,653,219.
- As of the close of 2013, the City's governmental funds reported combined ending fund balances of \$6,501,886, a decrease of \$1,279,870 from the prior year.
- At the end of 2013, the fund balance for the General Fund was \$2,531,942 or 11.3 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 position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, Water and Sewerage, and Solid Waste operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Group Insurance, and Property and Casualty activities. These two services primarily benefit the City's general governmental operations and have been allocated to the governmental activities in the government-wide financial statements.

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

Notes to the basic financial statements

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$182,228,373 at the close of 2013.

A substantial portion of the City's net position (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 position as of June 30, 2013 and June 30, 2012, is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$11,055,100	\$12,525,497	\$ 57,644,151	\$ 57,423,403	\$ 68,699,251	\$69,948,900
Capital assets	46,480,656	44,351,570	130,238,797	131,573,782	176,719,453	175,925,352
Total assets	57,535,756	56,877,067	187,882,948	188,997,185	245,418,704	245,874,252
Liabilities:						
Long-term liabilities	7,513,518	8,691,747	25,385,953	25,829,983	32,899,471	34,521,730
Other liabilities	4,875,840	4,708,693	25,415,020	27,068,675	30,290,860	31,777,368
Total liabilities	12,389,358	13,400,440	50,800,973	52,898,658	63,190,331	66,299,098
Net position:						
Net Investment in capital assets						
assets	43,576,398	40,409,288	113,861,863	114,889,792	157,438,261	155,299,080
Restricted	4,881,359	6,529,006	0	0	4,881,359	6,529,006
Unrestricted	(3,311,359)	(3,461,667)	23,220,112	21,208,735	19,908,753	17,747,068
Total net position	\$45,146,398	\$43,476,627	\$137,081,975	\$136,098,527	\$182,228,373	\$179,575,154

A portion of the City's net position (2.67%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position (\$19,908,753) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of 2013, the City is able to report positive balances in net position 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 Community Development Fund, Hotel/Motel Tax Fund, and Debt Service Fund. Monies expended from these funds are subsequently reimbursed by revenue resources and transfers from the General Fund.

Governmental activities

Governmental activities increased the City's net position by \$1,669,771. The majority of the increase in position for governmental activities comes from a new revenue for ad valorem title tax, increases in hotel/motel taxes, and insurance premium taxes. A sluggish economy has driven down building permit fees, franchise taxes, and sales taxes. Below is a breakdown of revenues and expenses by governmental and business type activities for 2013 and 2012.

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 3,606,881	\$ 3,497,446	\$ 90,534,820	\$ 90,663,571	\$94,141,701	\$94,161,017
Grants & contributions	3,986,753	4,220,025	0	151,268	3,986,753	4,371,293
General revenues:						
Other taxes	9,840,596	9,610,899	0	0	9,840,596	9,610,899
Other	132,379	30,635	15,114	91,097	147,493	121,732
Total revenues	17,566,609	17,359,005	90,549,934	90,905,936	108,116,543	108,264,941
Expenses:						
General government	3,351,184	3,328,187	0	0	3,351,184	3,328,187
Public safety	15,583,597	14,477,949	0	0	15,583,597	14,477,949
Public service	2,925,579	3,129,297	0	0	2,925,579	3,129,297
Culture and recreation	1,090,148	1,103,386	0	0	1,090,148	1,103,386
Community development	2,885,126	2,590,079	0	0	2,885,126	2,590,079
Interest on long-term debt	583,580	600,050	0	0	583,580	600,050
Utilities	0	0	69,718,397	66,766,154	69,718,397	66,766,154
Solid waste	0	0	9,325,713	8,672,057	9,325,713	8,672,057
Total expenses	26,419,214	25,228,948	79,044,110	75,438,211	105,463,324	100,667,159
Increase (decrease) in net position before transfers	(8,852,605)	(7,869,943)	11,505,824	15,467,725	2,653,219	7,597,782
Transfers	10,522,376	9,475,160	(10,522,376)	(9,475,160)	0	0
Increase (decrease) in net position	1,669,771	1,605,217	983,448	5,992,565	2,653,219	7,597,782
Net position-beginning of year	\$43,476,627	\$41,871,410	\$136,098,527	\$130,105,962	\$179,575,154	\$171,977,372
Net position-end of year	\$45,146,398	\$43,476,627	\$137,081,975	\$136,098,527	\$182,228,373	\$179,575,154

Business-type activities

Business-type activities increased the City's net position by \$993,448. Operating revenues decreased by \$356,002 due to decreases in water/sewer sales for fiscal year 2013. Expenses remained stable with a 4.8% 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 2013, unassigned fund balance of the General Fund was \$1,451,702, while total fund balances reached \$2,531,942. 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 6.6 percent of the total General Fund expenditures, while total fund balance represents 11.3 percent of that same amount. Transfers in from other funds to supplement the General Fund were \$785,900 from non-major governmental funds; \$38,443 from internal service funds, and \$10,494,400 from proprietary funds, for a total of \$11,318,743, 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, 2013. An increase of \$438,944 in fund balance occurred over the course of fiscal year 2013. Small increases in revenue and in expenses contribute to a positive increase in fund balance for 2013.

Other non-major governmental funds have a total fund balance of \$3,969,944. The City showed a net decrease of \$1,718,814 in the fund balance during the current year for non-major governmental funds. Negligible decreases in revenues and increases in expenses, increases 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 position of the Utility Fund at the end of 2013 amounted to \$19,859,319, Water and Sewer Fund \$8,319,495 and those for the Solid Waste Fund amounted to (\$4,958,702). The total change in net position for each fund was \$484,281, \$678,601, and \$(179,434), 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, 2013, amounts to \$157,438,261 (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	
	2013	2012	2013	2012	2013	2012
Land	\$ 9,265,080	\$ 8,784,600	\$ 3,510,561	\$ 2,010,561	\$ 12,775,641	\$ 10,795,161
Buildings	13,030,763	13,025,706	26,833,595	26,822,426	39,864,358	39,848,132
Machinery and equipment	7,888,643	7,649,156	20,154,714	17,889,035	28,043,357	25,538,191
Vehicles	3,312,414	3,227,083	1,658,364	1,626,367	4,970,778	4,853,450
Transmission and distribution	0	0	168,660,561	168,065,803	168,660,561	168,065,803
Other	38,847,156	35,256,142	0	0	38,847,156	35,256,142
Construction in progress	0	0	0	0	0	0
Total	72,344,056	67,942,687	220,817,795	216,414,192	293,161,851	284,356,879
Less accumulated depreciation	(25,863,400)	(23,591,117)	(90,578,998)	(84,840,410)	(116,442,398)	(108,431,527)
Total net of accumulated depreciation	\$ 46,480,656	\$ 44,351,570	\$130,238,797	\$131,573,782	\$176,719,453	\$175,925,352

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

Long-term debt

At the end of 2013, the City had total bonded debt outstanding of \$9,735,000. Of this amount, none is debt backed by the full faith and credit of the City. All of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

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

State statutes limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$104,653,160, 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.

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

BASIC FINANCIAL STATEMENTS

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown LaGrange Development Authority
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,335,884	\$ 18,129,233	\$ 25,465,117	\$ 209,069
Investments	229,067	11,197,521	11,426,588	
Receivables (net of allowance):				
Taxes	1,070,512		1,070,512	1,374
Accounts		11,461,656	11,461,656	4,293
Loans				213,249
Other	651,165		651,165	989
Internal balances	674,040	(674,040)		
Inventory	203,335	1,706,276	1,909,611	6,096
Prepaid assets	14,192	83,288	97,480	6,075
Restricted cash	88,257		88,257	40,417
Restricted investments	788,648	15,740,217	16,528,865	360,363
Capital assets:				
Land and construction in progress	9,265,080	3,510,561	12,775,641	1,399,710
Other capital assets, net of accumulated depreciation	37,215,576	126,728,236	163,943,812	11,837,706
Other assets				720,200
Total assets	<u>57,535,756</u>	<u>187,882,948</u>	<u>245,418,704</u>	<u>14,799,541</u>
<u>LIABILITIES</u>				
Accounts and claims payable	1,723,858	4,464,119	6,187,977	16,058
Accrued liabilities	303,420	89,313	392,733	53,768
Accrued interest	145,712		145,712	
Customer deposits		2,096,038	2,096,038	
Unearned revenue		15,740,217	15,740,217	18,115
Current liabilities payable from restricted assets		922,140	922,140	
Noncurrent liabilities:				
Due within one year	1,380,631	1,395,291	2,775,922	
Due in more than one year	7,513,518	25,385,953	32,899,471	
Net OPEB obligation	1,322,219	707,902	2,030,121	
Total liabilities	<u>12,389,358</u>	<u>50,800,973</u>	<u>63,190,331</u>	<u>87,941</u>
<u>NET POSITION</u>				
Net investment in capital assets	43,576,398	113,861,863	157,438,261	13,237,416
Restricted for:				
Perpetual care	793,216		793,216	
Public safety	83,689		83,689	
Community development	2,202,206		2,202,206	
Capital projects	1,802,248		1,802,248	
124 Main Street				400,000
Unrestricted	(3,311,359)	23,220,112	19,908,753	1,074,184
Total net position	<u>\$ 45,146,398</u>	<u>\$ 137,081,975</u>	<u>\$ 182,228,373</u>	<u>\$ 14,711,600</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Unit
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,374,352	\$ 119,827			\$(2,254,525)	\$(2,254,525)	
Public safety	15,583,597	2,089,613	\$ 140,069		(13,353,915)	(13,353,915)	
Public service	2,925,579		409,870	\$ 3,077,582	561,873	561,873	
Culture and recreation	1,090,148	148,511			(941,637)	(941,637)	
Community development	2,885,126	1,248,930	262,501	96,731	(1,276,964)	(1,276,964)	
Redevelopment and housing	577,942				(577,942)	(577,942)	
Telecommunications	398,890				(398,890)	(398,890)	
Interest on long-term debt	583,580				(583,580)	(583,580)	
Total governmental activities	26,419,214	3,606,881	812,440	3,174,313	\$(18,825,580)	\$(18,825,580)	
Business-type activities:							
Water and sewer	12,813,505	14,844,920			2,031,415	2,031,415	
Gas system	12,078,193	14,643,762			2,565,569	2,565,569	
Electric system	42,433,294	49,578,253			7,144,959	7,144,959	
Sanitation	9,325,713	8,533,923			(791,790)	(791,790)	
Telecommunications	2,393,405	2,933,962			540,557	540,557	
Total business-type activities	79,044,110	90,534,820	0	0	11,490,710	11,490,710	
Total primary government	\$ 105,463,324	\$ 94,141,701	\$ 812,440	\$ 3,174,313	\$(18,825,580)	\$(7,334,870)	
Component units:							
Downtown LaGrange Development Authority	\$ 910,418	\$ 453,524	\$ 8,975				\$(447,919)
Total component units	\$ 910,418	\$ 453,524	\$ 8,975				(447,919)
General revenues:							
Taxes:							
Franchise tax					1,057,342	1,057,342	
Insurance premium tax					1,474,077	1,474,077	
Alcoholic beverage tax					723,504	723,504	
Sales tax					4,950,107	4,950,107	
Other					1,635,566	1,635,566	
Investment earnings					15,114	15,114	8,905
Transfers					10,522,376	(10,522,376)	
Total general revenues and transfers					20,495,351	(10,507,262)	
Change in net position					1,669,771	983,448	8,905
Net position at beginning of year					43,476,627	136,098,527	8,905
Net position at end of year					\$ 45,146,398	\$ 137,081,975	(439,014)
							15,150,614
							\$ 14,711,600

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,454,378	\$ 3,659,900	\$ 5,114,278
Investments	229,067		229,067
Receivables (net of allowance):			
Taxes	1,070,512		1,070,512
Intergovernmental		506,082	506,082
Other	8,990	56,302	65,292
Due from other funds		210	210
Inventory	203,335		203,335
Restricted cash and cash equivalents	88,257		88,257
Restricted investments	<u>788,648</u>		<u>788,648</u>
Total assets	<u>\$ 3,843,187</u>	<u>\$ 4,222,494</u>	<u>\$ 8,065,681</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 508,132	\$ 89,533	\$ 597,665
Accrued liabilities	303,113	307	303,420
Due to other fund	<u>500,000</u>	<u>162,710</u>	<u>662,710</u>
Total liabilities	<u>1,311,245</u>	<u>252,550</u>	<u>1,563,795</u>
Fund Balances:			
Non-spendable:			
Inventory	203,335		203,335
Restricted for:			
Perpetual care	793,216		793,216
Public safety	83,689		83,689
Community development		2,202,206	2,202,206
Capital projects		1,802,248	1,802,248
Unassigned	1,451,702		1,451,702
Unassigned reported in nonmajor:			
Special revenue		(85)	(85)
Capital projects		<u>(34,425)</u>	<u>(34,425)</u>
Total fund balances	<u>2,531,942</u>	<u>3,969,944</u>	<u>6,501,886</u>
Total liabilities and fund balances	<u>\$ 3,843,187</u>	<u>\$ 4,222,494</u>	<u>\$ 8,065,681</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 POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
June 30, 2013

Total fund balance - all governmental funds	\$ 6,501,886
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,480,656
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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 position. Balances at June 30, 2013 are:

Accrued interest payable	\$(145,712)	
Compensated absences	(547,391)	
Notes payable	(1,875,000)	
Capital leases	(1,029,258)	
Intergovernmental agreements	(5,442,500)	
Net OPEB obligation	<u>(1,322,219)</u>	(10,362,080)

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 position.	<u>2,525,936</u>
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Net position of governmental activities	<u>\$ 45,146,398</u>
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CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
Sales	\$ 4,950,107		\$ 4,950,107
Franchise	1,057,342		1,057,342
Insurance premium	1,474,077		1,474,077
Alcoholic beverage	723,504		723,504
Other	849,666	\$ 785,900	1,635,566
Licenses and permits	119,827		119,827
Intergovernmental	591,893	3,391,421	3,983,314
Charges for services	260,968		260,968
Fines, forfeitures, and penalties	1,828,645		1,828,645
Investment income	27,339	108,479	135,818
Lease income		1,083,639	1,083,639
Miscellaneous	148,511	165,291	313,802
Total revenues	<u>12,031,879</u>	<u>5,534,730</u>	<u>17,566,609</u>
Expenditures:			
Current:			
General government	1,652,312		1,652,312
Public safety	15,176,234		15,176,234
Public service	2,439,588		2,439,588
Culture and recreation	942,167		942,167
Community development	1,329,455	486,321	1,815,776
Redevelopment and housing		577,942	577,942
Telecommunications and technology	386,117		386,117
Debt service:			
Principal retirements		1,478,499	1,478,499
Interest		597,633	597,633
Capital outlay:			
General government	67,043	20,608	87,651
Public safety	171,372	49,063	220,435
Public service	101,978	3,529,638	3,631,616
Community development	35,121	480,479	515,600
Culture and recreation	85,026		85,026
Total expenditures	<u>22,386,413</u>	<u>7,220,183</u>	<u>29,606,596</u>
Excess of revenues over (under) expenditures	(10,354,534)	(1,685,453)	(12,039,987)
Other financing sources (uses):			
Capital lease	235,475		235,475
Proceeds from sale of asset	2,266		2,266
Transfers in	11,318,743	2,855,093	14,173,836
Transfers out	(763,006)	(2,888,454)	(3,651,460)
Total other financing sources (uses)	<u>10,793,478</u>	<u>(33,361)</u>	<u>10,760,117</u>
Net change in fund balances	438,944	(1,718,814)	(1,279,870)
Fund balance, beginning of year	<u>2,092,998</u>	<u>5,688,758</u>	<u>7,781,756</u>
Fund balance, end of year	<u>\$ 2,531,942</u>	<u>\$ 3,969,944</u>	<u>\$ 6,501,886</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, 2013

Net change in fund balances - All governmental funds \$(1,279,870)

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	4,486,441
Depreciation	(2,341,379)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net position. (15,976)

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	(94,449)
Accrued interest payable	14,053
Net OPEB obligation	(284,062)

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

Principal retirements	1,478,499
Proceeds from capital leases	(235,475)

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.

(58,011)

Change in net position of governmental activities \$ 1,669,771

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes:			
Sales	\$ 5,075,000	\$ 4,950,107	\$(124,893)
Franchise	1,086,700	1,057,342	(29,358)
Insurance premium	1,490,000	1,474,077	(15,923)
Alcoholic beverage	722,000	723,504	1,504
Other	676,000	849,666	173,666
Licenses and permits	170,500	119,827	(50,673)
Intergovernmental	160,000	591,893	431,893
Fines, forfeitures and penalties	1,822,000	1,828,645	6,645
Charges for services	245,800	260,968	15,168
Investment income	6,000	27,339	21,339
Miscellaneous	205,900	148,511	(57,389)
Total revenues	<u>11,659,900</u>	<u>12,031,879</u>	<u>371,979</u>
Expenditures:			
Current:			
General government:			
Administrative	1,009,785	1,034,898	(25,113)
Finance	600,599	621,113	(20,514)
Garage	(182,052)	(224,031)	41,979
General government	38,000	46,999	(8,999)
City hall	150,718	173,333	(22,615)
Total general government	<u>1,617,050</u>	<u>1,652,312</u>	<u>(35,262)</u>
Public safety:			
Court administration	389,166	403,603	(14,437)
Probation	276,416	282,480	(6,064)
Police	8,410,146	8,911,566	(501,420)
Community service	102,140	112,350	(10,210)
Traffic control	829,266	798,820	30,446
Fire services	4,224,681	4,397,123	(172,442)
Animal control	279,847	270,292	9,555
Total public safety	<u>14,511,662</u>	<u>15,176,234</u>	<u>(664,572)</u>
Public service:			
Engineering and supervision	290,132	292,670	(2,538)
Streets	1,216,032	1,382,723	(166,691)
Street cleaning	100,844	104,718	(3,874)
Trash and refuse	634,879	659,477	(24,598)
Total public service	<u>2,241,887</u>	<u>2,439,588</u>	<u>(197,701)</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013
(Continued)

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
Culture and recreation:			
Landscaping and cemetery maintenance	854,815	942,167	(87,352)
Community development:			
Community development	601,091	553,469	47,622
DAL marketing	105,009	102,429	2,580
Other community support	710,383	673,557	36,826
Total community development	1,416,483	1,329,455	87,028
Telecommunications:			
Administration	206,021	211,345	(5,324)
LGTV	155,303	174,772	(19,469)
Total telecommunications	361,324	386,117	(24,793)
Capital outlay:			
General government	88,000	67,043	20,957
Public safety	89,000	171,372	(82,372)
Public service	245,000	101,978	143,022
Telecommunications	13,000		13,000
Culture and recreation	90,000	85,026	4,974
Community development	30,500	35,121	(4,621)
Total capital outlay	555,500	460,540	94,960
Total expenditures	21,558,721	22,386,413	(827,692)
Excess (deficiency) of revenues over (under) expenditures	(9,898,821)	(10,354,534)	(455,713)
Other financing sources (uses):			
Transfers in	10,573,200	11,318,743	745,543
Transfers out	(647,700)	(763,006)	(115,306)
Sale of capital assets	5,000	2,266	(2,734)
Capital leases		235,475	235,475
Total other financing sources (uses)	9,930,500	10,793,478	862,978
Net change in fund balance	31,679	438,944	407,265
Fund balance, beginning of year	2,092,998	2,092,998	0
Fund balance, end of year	\$ 2,124,677	\$ 2,531,942	\$ 407,265

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	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	\$ 13,219,574	\$ 3,124,049	\$ 1,785,610	\$ 18,129,233	\$ 2,221,606
Investments	7,721,802	3,475,719		11,197,521	
Receivables:					
Accounts	9,025,822	1,909,156	526,678	11,461,656	
Other					79,791
Due from other funds	580,500			580,500	82,000
Prepays	83,288			83,288	14,192
Inventory	947,970	758,306		1,706,276	
Restricted assets:					
Restricted investments	15,740,217			15,740,217	
Total current assets	<u>47,319,173</u>	<u>9,267,230</u>	<u>2,312,288</u>	<u>58,898,691</u>	<u>2,397,589</u>
Noncurrent assets:					
Capital assets, not being depreciated	1,574,303	498,525	1,437,733	3,510,561	
Capital assets, being depreciated	39,697,010	68,020,680	19,010,546	126,728,236	
Advances to other funds					1,254,540
Total noncurrent assets	<u>41,271,313</u>	<u>68,519,205</u>	<u>20,448,279</u>	<u>130,238,797</u>	<u>1,254,540</u>
Total assets	<u>88,590,486</u>	<u>77,786,435</u>	<u>22,760,567</u>	<u>189,137,488</u>	<u>3,652,129</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	4,199,831	114,512	149,776	4,464,119	1,193
Customer deposits	1,684,194	410,314	1,530	2,096,038	
Accrued liabilities	45,133	34,349	9,831	89,313	
Accrued compensated absences	108,376	44,661	30,735	183,772	
Unearned revenue	15,740,217			15,740,217	
Claims reserve					1,125,000
Notes payable, current		139,831	49,566	189,397	
Capital leases, current	318,648		488,474	807,122	
Intergovernmental agreement payable - Current	215,000			215,000	
Liabilities payable from restricted assets:					
Accrued interest	172,140			172,140	
Revenue bonds, current	750,000			750,000	
Total current liabilities	<u>23,233,539</u>	<u>743,667</u>	<u>729,912</u>	<u>24,707,118</u>	<u>1,126,193</u>
Noncurrent liabilities:					
Compensated absences	72,251	66,991	46,102	185,344	
Revenue bonds, long-term	8,985,000			8,985,000	
Notes payable, long-term		3,066,209	548,666	3,614,875	
Capital leases, long-term	770,393		1,260,147	2,030,540	
Intergovernmental agreement payable - Long-term	3,660,000			3,660,000	
Landfill postclosure liability			6,910,194	6,910,194	
Advances from other funds	1,254,540			1,254,540	
Net OPEB obligation	308,172	276,908	122,822	707,902	
Total noncurrent liabilities	<u>15,050,356</u>	<u>3,410,108</u>	<u>8,887,931</u>	<u>27,348,395</u>	<u>0</u>
Total liabilities	<u>38,283,895</u>	<u>4,153,775</u>	<u>9,617,843</u>	<u>52,055,513</u>	<u>1,126,193</u>
<u>NET POSITION</u>					
Net investment in capital assets	30,447,272	65,313,165	18,101,426	113,861,863	
Unrestricted	19,859,319	8,319,495	(4,958,702)	23,220,112	2,525,936
Total net position	<u>\$ 50,306,591</u>	<u>\$ 73,632,660</u>	<u>\$ 13,142,724</u>	<u>\$ 137,081,975</u>	<u>\$ 2,525,936</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2013

	Utility Fund	Business-Type Activities Major Enterprise Funds Water & Sewerage Fund	Sanitation Fund	Total	Internal Service Funds Governmental Activities
Operating revenues:					
Water and sewerage system		\$14,723,394		\$ 14,723,394	
Gas system	\$ 14,605,661			14,605,661	
Electric system	49,406,625			49,406,625	
Sanitation			\$ 8,294,522	8,294,522	
Premiums					\$ 7,129,416
Telecommunications	2,921,483			2,921,483	
Other sales	222,208	121,526	239,401	583,135	
Total operating revenues	<u>67,155,977</u>	<u>14,844,920</u>	<u>8,533,923</u>	<u>90,534,820</u>	<u>7,129,416</u>
Operating expenses:					
Water and sewerage system		9,736,005		9,736,005	
Gas system	10,078,573			10,078,573	
Electric system	41,207,271			41,207,271	
Sanitation			8,078,829	8,078,829	
Telecommunications	2,186,948			2,186,948	
Administrative services					259,307
Depreciation and amortization	1,952,202	2,973,060	1,130,817	6,056,079	
Risk management					7,005,791
Total operating expenses	<u>55,424,994</u>	<u>12,709,065</u>	<u>9,209,646</u>	<u>77,343,705</u>	<u>7,265,098</u>
Operating income (loss)	<u>11,730,983</u>	<u>2,135,855</u>	<u>(675,723)</u>	<u>13,191,115</u>	<u>(135,682)</u>
Nonoperating revenues (expenses):					
Investment income	13,489		1,625	15,114	77,671
Gain (loss) on sale of assets	(429,039)			(429,039)	
Interest expense	(1,050,859)	(104,440)	(116,067)	(1,271,366)	
Total nonoperating revenues (expenses)	<u>(1,466,409)</u>	<u>(104,440)</u>	<u>(114,442)</u>	<u>(1,685,291)</u>	<u>77,671</u>
Net income (loss) before contributions and transfers	10,264,574	2,031,415	(790,165)	11,505,824	(58,011)
Transfers in	1,873,113	1,132,186	618,820	3,624,119	1,655,816
Transfers out	<u>(11,653,406)</u>	<u>(2,485,000)</u>	<u>(8,089)</u>	<u>(14,146,495)</u>	<u>(1,655,816)</u>
Change in net position	484,281	678,601	(179,434)	983,448	(58,011)
Net position, beginning 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>
Net position, end of year	<u>\$50,306,591</u>	<u>\$73,632,660</u>	<u>\$13,142,724</u>	<u>\$137,081,975</u>	<u>\$ 2,525,936</u>

See the accompanying notes to the financial statements.

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013

	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 payments from other funds					\$ 1,035,373
Cash received from customers and users	\$65,526,715	\$14,853,104	\$ 8,114,901	\$88,494,720	7,116,065
Cash paid to employees	(2,346,436)	(3,713,526)	(2,043,489)	(8,103,451)	
Cash paid to suppliers	(50,398,087)	(5,856,671)	(5,687,581)	(61,942,339)	(7,268,662)
Cash payments to other funds					(1,117,373)
Net cash provided (used) by operating activities	<u>12,782,192</u>	<u>5,282,907</u>	<u>383,831</u>	<u>18,448,930</u>	<u>(234,597)</u>
Cash flow from noncapital financing activities:					
Repayment of advance to (from) other funds					73,808
Advances to other funds	(73,808)			(73,808)	
Transfers in	1,873,113	1,132,186	618,820	3,624,119	1,655,816
Transfers out	(11,653,406)	(2,485,000)	(8,089)	(14,146,495)	(1,655,816)
Net cash provided (used) by noncapital financing activities	<u>(9,854,101)</u>	<u>(1,352,814)</u>	<u>610,731</u>	<u>(10,596,184)</u>	<u>73,808</u>
Cash flows from capital and related financing activities:					
Proceeds from debt	265,000			265,000	
Principal payments on revenue bonds	(670,000)			(670,000)	
Proceeds from sale of assets	28,698			28,698	
Acquisition of capital assets	(2,041,286)	(1,534,040)	(432,042)	(4,007,368)	
Capital lease payments	(360,232)	(78,402)	(460,304)	(898,938)	
Payments on notes payable		(135,425)	(48,451)	(183,876)	
Payments on intergovernmental agreement	(205,000)			(205,000)	
Interest paid	(766,362)	(28,315)	(34,746)	(829,423)	
Net cash provided (used) by capital financing activities	<u>(3,749,182)</u>	<u>(1,776,182)</u>	<u>(975,543)</u>	<u>(6,500,907)</u>	<u>0</u>
Cash flows from investing activities:					
Sale (purchase) of investments	(1,696,428)	(3,475,719)		(5,172,147)	
Interest income	13,489		1,625	15,114	77,671
Net cash provided (used) by investing activities	<u>(1,682,939)</u>	<u>(3,475,719)</u>	<u>1,625</u>	<u>(5,157,033)</u>	<u>77,671</u>
Net increase (decrease) in cash	(2,504,030)	(1,321,808)	20,644	(3,805,194)	(83,118)
Cash, beginning 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>
Cash, end of year	<u>\$13,219,574</u>	<u>\$ 3,124,049</u>	<u>\$ 1,785,610</u>	<u>\$18,129,233</u>	<u>\$ 2,221,606</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2013
(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)	\$ 11,730,983	\$ 2,135,855	\$ (675,723)	\$ 13,191,115	\$ (135,682)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,952,202	2,973,060	1,130,817	6,056,079	
Changes in operating assets and liabilities:					
Accounts receivable	(986,552)	21,463	(419,022)	(1,384,111)	(13,351)
Other receivable	1,500,000			1,500,000	
Inventory	54,671	46,134		100,805	
Prepaid expense	4,951		8,089	13,040	(3,296)
Accounts payable	555,023	32,428	80,233	667,684	(268)
Accrued vacation	44,607	23,747	13,335	81,689	
Due from other funds					1,035,373
Due to other funds	622,000			622,000	(1,117,373)
Unearned revenue	(2,896,379)			(2,896,379)	
Other accrued expenses	(2,471)	3,606	(2,235)	(1,100)	
Customer deposits	131,669	(13,279)		118,390	
Closure/postclosure			223,654	223,654	
Net OPEB obligation	71,488	59,893	24,683	156,064	
Net cash provided (used) by operating activities	<u>\$ 12,782,192</u>	<u>\$ 5,282,907</u>	<u>\$ 383,831</u>	<u>\$ 18,448,930</u>	<u>\$ (234,597)</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2013, the City incurred debt of \$1,171,459 in the form of capital leases in connection with the acquisition of new equipment.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 200 Main Street, Suite 1-B, LaGrange, Georgia 30240.

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 position 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, 2013
(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, 2013
(Continued)

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

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

The City's net position are reported in three parts - (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. 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, 2013.

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

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

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

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

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

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

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

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

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

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

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

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

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

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

- J. Bond Discounts, Premiums and Issuance Costs - Bond discounts, premiums and issuance costs representing a prepayment of insurance related to the Water and Sewer Revenue Bonds are deferred and amortized over the term of the bonds using the interest method. Unamortized bond discounts are presented as a reduction of the face amount of bond payable whereas issuance costs are presented as other assets. Unamortized premiums are presented as an increase in the face amount of bonds payable.
- K. Accrued Vacation - A liability for accrued vacation pay is recorded by the City. A liability for unused sick leave pay is not recorded since these amounts do not vest.
- L. Fund Equity - The City has 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;

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

- ▶ **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. Deferred Outflows/Inflows of Resources - In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the form of expenditures until that time. Currently, the City has no items that qualify for reporting as a deferred outflow of resources.

Also, in addition to liabilities, the financial statement of the City will sometimes report a separate section for deferred inflows of resources, this separate element, deferred inflows in resources, represents an acquisition of net position that applies to a future period and so will not be recognized as in inflow of resources in the form of revenue until that time. Currently, the City has no items that qualify for reporting as a deferred inflow of resources.

- N. Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.
- O. 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.
- P. 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.
- Q. Subsequent Events - Subsequent events have been evaluated by management through December 19, 2013, which is the date the financial statements were available to be issued.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

- R. Recently Issued Accounting Principles - The Governmental Accounting Standards Board (GASB) has approved the following GASB Statements that have been adopted by the City for the year ended June 30, 2013, and have a direct and material impact on the City's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (effective for periods beginning after December 15, 2011)* requires governments to account for deferred outflows of resources, deferred inflows of resources, and net position elements in Concepts Statement No. 4 as it related to GASB Statements 53 (derivatives) and 60 (SCAs). Concepts Statement No. 4 indicates that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities (effective for periods beginning after December 15, 2012; however, the City chose to early adopt)* requires governments to adopt provisions of Concepts Statement No. 4 for all other items reported as assets and liabilities, which were not addressed as part of GASB 63. The Statement also revises the major fund calculation so that assets are combined with deferred outflows of resources and liabilities would be combined with deferred inflows of resources. GASB 65 also restricts the use of the term *deferred* to only deferred outflows of resources and deferred inflows of resources.

2. DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$25,553,374, which includes \$7,450 petty cash and the bank balance was \$25,999,274. Of the bank balance, \$515,135 was covered by federal deposit insurance paid, \$25,484,139 was covered by collateral held in the pledging bank's trust department or by its agent in the City's name. The City does not have a deposit policy for custodial credit risk.

As of June 30, 2013, the City had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Municipal Competitive Trust	January 2013 - September 2014	\$ 26,937,738
Coca Cola Stock		<u>788,648</u>
Total investments		27,726,386
Georgia fund 1 (State Investment Pool)	48 day WAM	<u>229,067</u>
Total pooled cash and investments		<u>\$ 27,955,453</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, 2013, 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 96.4% total investments.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

The City's investment of \$229,067 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

At June 30, 2013, there were no outstanding notes receivable.

Accounts receivable in the Utility Fund, the Water and Sewerage Fund, and the Sanitation Fund is reported net of an allowance for doubtful accounts of \$5,362,815, \$2,740,785 and \$210,932, respectively.

Component Unit

Note receivable from an individual, 3.25% per annum, to be paid in monthly installments of principal and interest in the amount of \$1,307 from October 1, 2012 through September 1, 2028. \$ 188,373

Due within one year \$ 9,705

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. \$ 24,876

Due within one year \$ 4,595

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2013, was as follows:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
<u>Primary Government</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,784,600	\$ 480,480		\$ 9,265,080
Total capital assets not being depreciated	<u>8,784,600</u>	<u>480,480</u>	<u>0</u>	<u>9,265,080</u>
Capital assets being depreciated:				
Buildings	13,025,706	5,057		13,030,763
Machinery and equipment	7,649,156	239,487		7,888,643
Vehicles	3,227,083	170,403	(85,072)	3,312,414
Infrastructure	35,256,142	3,591,014		38,847,156
Total capital assets being depreciated	<u>59,158,087</u>	<u>4,005,961</u>	<u>(85,072)</u>	<u>63,078,976</u>
Less, accumulated depreciation for:				
Buildings	(3,308,516)	(280,886)		(3,589,402)
Machinery and equipment	(5,288,031)	(402,145)		(5,690,176)
Vehicles	(2,510,687)	(256,248)	69,096	(2,697,839)
Infrastructure	(12,483,883)	(1,402,100)		(13,885,983)
Total accumulated depreciation	<u>(23,591,117)</u>	<u>(2,341,379)</u>	<u>69,096</u>	<u>(25,863,400)</u>
Total capital assets being depreciated, net	<u>35,566,970</u>	<u>1,664,582</u>	<u>(15,976)</u>	<u>37,215,576</u>
Governmental activities capital assets, net	<u>\$ 44,351,570</u>	<u>\$ 2,145,062</u>	<u>\$ (15,976)</u>	<u>\$ 46,480,656</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

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

Government activities:	
General government	\$ 573,354
Public safety	145,884
Public service	439,747
Culture and recreation	136,377
Community development	<u>1,046,017</u>
Total depreciation expense for governmental activities	<u>\$ 2,341,379</u>

A summary of business-type activities for property, plant and equipment at June 30, 2013 is presented below:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,010,561	1,500,000		\$ 3,510,561
Total capital assets, not being depreciated	<u>2,010,561</u>	<u>\$ 1,500,000</u>	<u>\$ 0</u>	<u>3,510,561</u>
Capital assets being depreciated:				
Buildings	26,822,426	11,169		26,833,595
Machinery and equipment	17,889,035	2,326,152	(60,473)	20,154,714
Vehicles	1,626,367	140,332	(108,335)	1,658,364
Infrastructure	168,065,803	1,201,177	(606,419)	168,660,561
Total capital assets being depreciated	<u>214,403,631</u>	<u>3,678,830</u>	<u>(775,227)</u>	<u>217,307,234</u>
Less, accumulated depreciation for:				
Buildings	(13,256,734)	(502,692)		(13,759,426)
Machinery and equipment	(10,654,872)	(1,138,340)	38,097	(11,755,115)
Vehicles	(1,375,314)	(115,303)	104,371	(1,386,246)
Infrastructure	(59,553,490)	(4,299,744)	175,023	(63,678,211)
Total accumulated depreciation	<u>(84,840,410)</u>	<u>(6,056,079)</u>	<u>317,491</u>	<u>(90,578,998)</u>
Total capital assets being depreciated, net	<u>129,563,221</u>	<u>(2,377,249)</u>	<u>(457,736)</u>	<u>126,728,236</u>
Business-type activities capital assets, net	<u>\$ 131,573,782</u>	<u>\$ (877,249)</u>	<u>\$ (457,736)</u>	<u>\$ 130,238,797</u>

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

Business-type activities:	
Water and sewerage	\$ 2,973,060
Electric system	518,644
Gas system	1,104,494
Telecommunications	329,064
Sanitation	<u>1,130,817</u>
Total depreciation expense for business-type activities	<u>\$ 6,056,079</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

Activity for the Downtown LaGrange Development Authority for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Discretely Presented Component Unit</u>				
Capital assets not being depreciated:				
Land - Property held for lease	\$ 1,166,750			\$ 1,166,750
Land - Event center	34,960			34,960
Land - Promenades	198,000			198,000
Total capital assets not being depreciated	<u>1,399,710</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>1,399,710</u>
Capital assets being depreciated:				
Buildings and improvements	13,125,734	30,262		13,155,996
Equipment	740,020	1,724		741,744
Total capital assets being depreciated	<u>13,865,754</u>	<u>31,986</u>	<u>0</u>	<u>13,897,740</u>
Less, accumulated depreciation	(1,649,322)	(410,712)	0	(2,060,034)
Total capital assets being depreciated, net	<u>12,216,432</u>	<u>(378,726)</u>	<u>0</u>	<u>11,837,706</u>
Total capital assets, net	<u>\$ 13,616,142</u>	<u>\$(378,726)</u>	<u>\$ 0</u>	<u>\$ 13,237,416</u>

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

Community development	<u>\$ 410,712</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:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and equipment	\$ 5,671,370	\$ 15,090,860
Less, accumulated depreciation	(4,535,867)	(9,498,873)
Total	<u>\$ 1,135,503</u>	<u>\$ 5,591,987</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Year ending June 30:		
2014	\$ 589,840	\$ 819,006
2015	468,191	777,426
2016	30,916	695,433
2017	1,449	391,824
2018	<u>1,280</u>	<u>180,633</u>
Total lease payments	1,091,676	2,864,322
Less, amount representing interest	<u>(62,418)</u>	<u>(26,660)</u>
	<u><u>\$ 1,029,258</u></u>	<u><u>\$ 2,837,662</u></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>\$ 1,875,000</u>

Loans payable currently outstanding are as follows:

	<u>Governmental Activities Principal</u>	<u>Interest</u>
Year ending June 30:		
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><u>\$ 1,875,000</u></u>	<u><u>\$ 289,302</u></u>

Business-Type Activities

The City's Water and Sewerage Fund borrowed funds for system improvements under notes payable. As of June 30, 2013, 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, 2013, the entire balance had been drawn.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(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%	\$ 598,232
Construction of water line -Water and Sewerage Fund	4.10%	536,050
Improvements at water pollution control plant - Water and Sewerage Fund	3.00%	<u>2,669,990</u>
		<u>\$ 3,804,272</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:		
2014	\$ 189,397	\$ 113,543
2015	195,113	107,826
2016	200,976	101,963
2017	207,115	95,825
2018	213,354	89,685
2019-2023	1,167,883	346,813
2024-2028	1,075,908	170,689
2029-2031	<u>554,526</u>	<u>25,850</u>
	<u>\$ 3,804,272</u>	<u>\$ 1,052,194</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 - Unrefunded portion	2.13% - 4.38%	\$ 375,000
Series 2009 Gas Authority Revenue Bonds	4.09%	4,360,000
Series 2012 Gas Authority Revenue Refunding Bonds	2.035%	<u>5,000,000</u>
		<u>\$ 9,735,000</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:		
2014	\$ 750,000	\$ 464,092
2015	770,000	265,867
2016	800,000	243,313
2017	825,000	219,840
2018	850,000	195,551
2019-2023	4,705,000	583,092
2024	<u>1,035,000</u>	<u>30,926</u>
	<u>\$ 9,735,000</u>	<u>\$ 2,002,681</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

During the year ended June 30, 2013, the City issued LaGrange Gas Authority Revenue Refunding Bonds of \$5,000,000 to currently refund \$4,735,000 of the Series 2003 Gas Authority Revenue Bonds. The current refunding met the requirements of an in substance current debt defeasance.

As a result of the current refunding the City reduced its total debt service by approximately \$477,746, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$416,080.

The following is a summary of the City's bond transactions for the year ended June 30, 2013:

	<u>Business-Type Activities</u>
Net bonds outstanding at July 1, 2012	\$ 10,130,701
Series 2003 Bonds defeased	(4,735,000)
Series 2012 Bonds issued	5,000,000
Bonds retired	(670,000)
Amortization of bond discount	<u>9,299</u>
Net bonds outstanding at June 30, 2013	<u>\$ 9,735,000</u>

- C. Compensated Absences - The City accrues compensated absences for their employees. Both governmental and business-type activities have accrued absences at June 30, 2013. 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. In the year ended June 30, 2013, the LDA refunded the 2007A and 2007B in full. 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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

Intergovernmental agreements outstanding at year end are as follows:

Business-Type Activities

<u>Purpose</u>	<u>Interest Rates</u>	<u>Balance</u>
Ridley Office Park - LaGrange Development Authority Series 2005A and 2005B Revenue Bonds	4.41% to 5.50%	<u>\$ 3,875,000</u>

Business-type activities intergovernmental agreements service requirements to maturity areas follows:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2014	\$ 215,000	\$ 182,605
2015	225,000	170,780
2016	240,000	158,405
2017	255,000	145,205
2018	270,000	131,180
2019-2023	1,555,000	457,758
2024-2026	<u>1,115,000</u>	<u>99,887</u>
	<u>\$ 3,875,000</u>	<u>\$ 1,345,820</u>

Governmental Activities

<u>Purpose</u>	<u>Interest Rates</u>	<u>Balance</u>
Callaway South Industrial Park - LaGrange Development Authority 2012 Series Revenue Bond Refunding	2.60%	\$ 2,962,500
Carmike Cinema - Downtown LaGrange Development Authority Series 2005 Revenue Bonds	5.85%	<u>2,480,000</u>
		<u>\$ 5,442,500</u>

Governmental activities intergovernmental agreements service requirements to maturity are as follows:

Year ending June 30:		
2014	\$ 302,500	\$ 238,303
2015	317,500	225,562
2016	332,500	212,108
2017	345,000	197,938
2018	357,500	183,118
2019-2023	2,052,500	668,556
2024-2028	<u>1,735,000</u>	<u>210,597</u>
	<u>\$ 5,442,500</u>	<u>\$ 1,936,182</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(Continued)

E. Changes in Long-Term Liabilities - Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Intergovernmental agreements	\$ 5,647,500		\$(205,000)	\$ 5,442,500	\$ 302,500
Capital leases	1,787,282	\$ 235,475	(993,499)	1,029,258	549,175
Notes payable	2,155,000		(280,000)	1,875,000	310,000
Compensated absences	<u>452,942</u>	<u>628,083</u>	<u>(533,634)</u>	<u>547,391</u>	<u>218,956</u>
Governmental activities long-term liabilities	<u>\$ 10,042,724</u>	<u>\$ 863,558</u>	<u>\$(2,012,133)</u>	<u>\$ 8,894,149</u>	<u>\$ 1,380,631</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 10,140,000	\$ 5,000,000	\$(5,405,000)	\$ 9,735,000	\$ 750,000
Less, unamortized discount	<u>(9,299)</u>		<u>9,299</u>		
Total bonds	10,130,701	5,000,000	(5,395,701)	9,735,000	750,000
Intergovernmental agreements	4,080,000		(205,000)	3,875,000	215,000
Capital leases	2,565,141	1,171,459	(898,938)	2,837,662	807,122
Notes payable	3,988,148		(183,876)	3,804,272	189,397
Compensated absences	287,427	497,818	(416,129)	369,116	183,772
Landfill closure/postclosure	<u>6,686,540</u>	<u>273,354</u>	<u>(49,700)</u>	<u>6,910,194</u>	
Business-type activities long-term liabilities	<u>\$ 27,737,957</u>	<u>\$ 6,942,631</u>	<u>\$(7,149,344)</u>	<u>\$ 27,531,244</u>	<u>\$ 2,145,291</u>

Also, the government-wide statement of net position includes \$750,000 of the long-term liabilities due within one year for business-type activities in liabilities "payable from restricted assets." The remaining amount of \$1,395,291 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, 2013 is as follows:

Due to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
General Fund	Utility Fund	\$ 500,000
Nonmajor Governmental Funds	Utility Fund	80,500
Nonmajor Governmental Funds	Nonmajor Governmental Funds	210
Nonmajor Governmental Funds	Internal Service Fund	<u>82,000</u>
		<u>\$ 662,710</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(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, 2013 consisted of the following:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Utility Fund	Internal Service Fund	\$ <u>1,254,540</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 Position. A reconciliation to the government-wide Statement of Net Position is as follows:

Total Enterprise Fund non-current liabilities per fund level Statement of Net Position	\$ 27,348,395
Advances from other funds	(1,254,540)
Net OPEB obligation	(707,902)
Non-current liabilities - Due in more than one year per government-wide Statement of Net Position	\$ <u>25,385,953</u>

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		\$ 491,450	\$ 233,113			\$ 38,443	\$ 763,006
Nonmajor governmental	\$ 785,900	1,323,479	185,000	\$ 365,895	\$ 228,180		2,888,454
Utility Fund	10,494,400	2,075		766,291	390,640		11,653,406
Water & Sewerage Fund		1,030,000	1,455,000				2,485,000
Sanitation Fund		8,089					8,089
Internal service	<u>38,443</u>					<u>1,617,373</u>	<u>1,655,816</u>
	<u>\$11,318,743</u>	<u>\$ 2,855,093</u>	<u>\$ 1,873,113</u>	<u>\$ 1,132,186</u>	<u>\$ 618,820</u>	<u>\$ 1,655,816</u>	<u>\$19,453,771</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, 2013
(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, 2013.

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 \$4,837,323 for the year ended June 30, 2013. 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, 2013. 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, 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	525,000	600,000
Claims and changes in estimate	5,833,596	265,286
Claims payments	(5,833,596)	(265,286)
Liability balance, June 30, 2013	<u>\$ 525,000</u>	<u>\$ 600,000</u>

The liability is an estimate of claims at June 30, 2013 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 for employees and immediate vesting for officials. 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, 2013

(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 \$1,737,262 for the year ended June 30, 2013. The participant data and the asset values used in the actuarial valuation are as of January 1, 2013.

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, 2013
(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). Amortization periods are closed for this plan year.

The annual recommended contribution is the greater of 1) the minimum contribution described above or 2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to insure that contributions are not required if a plan's assets exceed the present value of future benefits.

Listed below is a summary of the key valuation results:

Contributions for plan year beginning January 1, 2013:		
Recommended	\$	1,824,212
Recommended as a percent of payroll		11.07%
State minimum requirement	\$	1,298,440
Funding elements for plan year beginning January 1, 2013:		
Normal cost, including administrative expenses	\$	896,773
Market value of assets	\$	23,725,117
Actuarial value of assets	\$	27,812,417
Actuarial accrued liability	\$	33,874,966
Unfunded (surplus) actuarial accrued liability	\$	6,062,549
Actuarial value of assets as a percentage of actuarial accrued liability (funded ratio)		82.10%
Annual covered payroll	\$	16,199,101
Ratio of unfunded (surplus) to annual covered payroll		37.43%
GASB 25/27 for plan year beginning January 1, 2013:		
Annual required contributions	\$	1,298,440
Funded ratio		82.10%
Demographic data for plan year beginning January 1, 2013:		
Number of retired participants and beneficiaries		189
Number of vested former participants		79
Number of active employees, including 7 elected officials:		
Fully vested		199
Not vested		147
Total number of membership in the plan		<u>614</u>
Total payroll	\$	<u>16,199,101</u>
Average payroll	\$	<u>47,785</u>

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(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>
06/30/13	\$ 1,737,262	100%	\$ 0
06/30/12	\$ 1,663,188	100%	\$ 0
06/30/11	\$ 1,521,239	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, 2013, the City contributed \$101,415 and employees contributed \$328,778. 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, 2013, 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 \$317 million at June 30, 2013.

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, 2013, \$26,937,738 has been placed into the Trust for the benefit of the City, of which \$11,197,521 is available without restriction and \$15,740,217 is subject to restrictions. Due to the restricted nature of the \$15,740,217, the amount is reported as unearned revenue at June 30, 2013.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(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, 2013, the City paid \$29,902 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, 2013, the City levied a 5% lodging tax and received \$785,900 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 \$486,321 of lodging tax received from the City during the year ended June 30, 2013 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 \$6,910,194 reported as the landfill closure and post-closure care liability at June 30, 2013 includes \$1,712,977, 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 \$5,197,217 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 2026. As of June 30, 2013, approximately 45% of this landfill's capacity had been utilized and accordingly, a liability of \$5,197,217 has been recognized. The City will recognize the remaining estimated closure and post-closure care of \$4,648,568 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, 2013
(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 16 and 17 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	\$ 328,371	\$ 357,996	\$(29,625)
Debt Service Fund	General Government:			
	Debt service	\$ 1,626,488	\$ 2,076,132	\$(449,644)
Hotel/Motel Tax Fund	Community Development	\$ 381,200	\$ 486,321	\$(105,121)

17. DEFICIT FUND BALANCE

The Capital Projects Fund, a nonmajor fund of the primary government had a deficit fund balance of \$34,425 at June 30, 2013. The Grant Fund, a nonmajor Special Revenue Fund of the primary government, had a deficit fund balance of \$85 at June 30, 2013. 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, 2013
(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 January 1, 2013, the last valuation date:

Retirees, beneficiaries, and dependents currently receiving benefits	30
Active plan participants	<u>346</u>
Total	<u><u>376</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:

	15-20 Years of Service and Over Age 60	20-25 Years of Service	More Than 25 Years of Service
Healthcare:			
Single	\$ 255	\$ 204	\$ 128
Family	\$ 610	\$ 488	\$ 305

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 \$65,905.

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, 2013 the City contributed \$341,401 or 2.1% of the covered payroll for employees of \$16,199,101 under the plan.

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.

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(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, 2013 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, 2013	\$ 781,527	43.68%	\$ 2,030,121
June 30, 2012	\$ 728,446	22.77%	\$ 1,589,995
June 30, 2011	\$ 728,446	18.45%	\$ 1,027,385

The net OPEB obligation for the fiscal year ended June 30, 2013 was developed as follows, based on an actuarial valuation date of January 1, 2013:

Annual required contribution	\$ 826,903
Interest on the net OPEB obligation	63,600
Adjustment of ARC	(108,976)
Annual OPEB cost	781,527
Actual contribution	(341,401)
Increase in OPEB obligation	440,126
Net OPEB obligation at beginning of year	<u>1,589,995</u>
Net OPEB obligation at year end	<u><u>\$ 2,030,121</u></u>

D. Funded Status and Funding Progress

Schedule of Funding Progress

	January 1, 2013	January 1, 2011	January 1, 2009
Actuarial valuation date	January 1, 2013	January 1, 2011	January 1, 2009
Actuarial value of assets	\$ 0	\$ 0	\$ 0
Actuarial accrued liability	\$ 6,879,030	\$ 6,212,999	\$ 3,538,714
Total unfunded actuarial liability	\$ 6,879,030	\$ 6,212,999	\$ 3,538,714
Funded ratio	0%	0%	0%
Annual covered payroll	\$ 15,915,617	\$ 15,689,991	\$ 15,042,574
Ratio of the unfunded actuarial liability to annual covered payroll	43.22%	39.60%	23.52%

CITY OF LAGRANGE, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(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	21 years as of July 1, 2012
Asset Valuation Method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	3.50%
Salary growth	3.50%
Medical and drug cost trend rate	7.75% graded to 5.00% over 11 years

Of the employees eligible to retire and receive subsidized post-retirement welfare coverage, 75% were assumed to participate in the plan. 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.

19. SUBSEQUENT EVENTS

On September 8, 2013, the City entered into a loan agreement with the Clean Water State Revolving Loan Fund administered by the Georgia Environmental Finance Authority to borrow \$7,791,500 for repair and rehabilitation of the Long Cane effluent pump station.

On October 1, 2013, the City entered into a loan agreement with the Clean Water State Revolving Loan Fund administered by the Georgia Environmental Finance Authority to borrow \$6,255,515 for the Yellow Jacket Creek pump station project.

The two notes are scheduled to be repaid over a 20 year period and are secured by the revenue raising power of the City.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
DEFINED BENEFIT PENSION PLAN
Year Ended June 30, 2013

	<u>Actuarial Valuation Date</u>		
	<u>January 1, 2013</u>	<u>January 1, 2012</u>	<u>January 1, 2011</u>
Actuarial value of plan assets	\$ 27,812,417	\$ 26,353,170	\$ 25,294,223
Actuarial accrued liability	\$ 33,874,966	\$ 32,087,353	\$ 30,648,230
Total unfunded actuarial liability (or funding excess)	\$ 6,062,549	\$ 5,734,183	\$ 5,354,007
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	82.10%	82.13%	82.53%
Annual covered payroll	\$ 16,199,101	\$ 16,310,763	\$ 16,070,885
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	37.43%	35.16%	33.31%

CITY OF LAGRANGE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
Year Ended June 30, 2013

	<u>Actuarial Valuation Date</u>		
	<u>January 1, 2013</u>	<u>January 1, 2011</u>	<u>January 1, 2009</u>
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Actuarial accrued liability	\$ 6,879,030	\$ 6,212,999	\$ 3,538,714
Total unfunded actuarial liability (or funding excess)	\$ 6,879,030	\$ 6,212,999	\$ 3,538,714
Actuarial value of plan assets as a percentage of the actuarial accrued liability (funded ratio)	0%	0%	0%
Annual covered payroll	\$ 15,915,617	\$ 15,689,991	\$ 15,042,574
Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll	43.22%	39.60%	23.52%
Employer contributions	\$ 341,401	\$ 300,293	\$ 372,692

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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, 2013

	Capital Projects		Special Revenue				Debt Service Fund	Hotel/Motel Tax Fund	Total Nonmajor Governmental Funds
	Capital Projects Fund	SPLOST Fund	Community Development Fund	Grant Fund					
<u>ASSETS</u>									
Cash and cash equivalents	\$ 75,194	\$ 1,381,778	\$ 2,202,303	\$ 625					\$ 3,659,900
Receivables:									
Intergovernmental		490,239	15,843						506,082
Other	56,302								56,302
Due from other funds			210						210
Total assets	<u>\$ 131,496</u>	<u>\$ 1,872,017</u>	<u>\$ 2,218,356</u>	<u>\$ 625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,222,494</u>
<u>LIABILITIES AND FUND BALANCE</u>									
Liabilities:									
Accounts payable	\$ 3,921	\$ 69,769	\$ 15,843						\$ 89,533
Accrued payroll			307						307
Due to other funds	<u>162,000</u>			\$ 710					<u>162,710</u>
Total liabilities	<u>165,921</u>	<u>69,769</u>	<u>16,150</u>	<u>710</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>252,550</u>
Fund balance:									
Restricted for:									
Capital projects		1,802,248							1,802,248
Community development			2,202,206	(85)					2,202,206
Unassigned	(34,425)								(34,510)
Total fund balance	(34,425)	<u>1,802,248</u>	<u>2,202,206</u>	(85)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,969,944</u>
Total liabilities and fund balance	<u>\$ 131,496</u>	<u>\$ 1,872,017</u>	<u>\$ 2,218,356</u>	<u>\$ 625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,222,494</u>

CITY OF LAGRANGE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Capital Projects		Special Revenue		Hotel/Motel Tax Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Capital Projects Fund	SPLOST Fund	Community Development Fund	Grant Fund			
Revenues:							
Hotel/Motel tax	\$ 1,083,639				\$ 785,900		\$ 785,900
Lease income	601	\$ 3,074,143	\$ 96,731	\$ 219,946			1,083,639
Intergovernmental	2,238	3,439	102,190				3,391,421
Investment income (loss)	41,779		21,000			\$ 612	108,479
Miscellaneous						102,512	165,291
Total revenues	<u>1,128,257</u>	<u>3,077,582</u>	<u>219,921</u>	<u>219,946</u>	<u>785,900</u>	<u>103,124</u>	<u>5,534,730</u>
Expenditures:							
Current:							
Redevelopment and housing			357,996	219,946			577,942
Community development					486,321		486,321
Debt service:							
Principal retirement						1,478,499	1,478,499
Interest						597,633	597,633
Capital outlay:							
General government	20,608						20,608
Public safety		49,063					49,063
Public service	33,145	3,496,493					3,529,638
Community development	480,479						480,479
Total expenditures	<u>534,232</u>	<u>3,545,556</u>	<u>357,996</u>	<u>219,946</u>	<u>486,321</u>	<u>2,076,132</u>	<u>7,220,183</u>
Excess of revenues over (under) expenditures	<u>594,025</u>	<u>(467,974)</u>	<u>(138,075)</u>	<u>0</u>	<u>299,579</u>	<u>(1,973,008)</u>	<u>(1,685,453)</u>
Other financing sources (uses):							
Transfers in	1,062,298		2,075		486,321	1,304,399	2,855,093
Transfers out	<u>(1,712,450)</u>	<u>(271,772)</u>	<u>(94,123)</u>		<u>(785,900)</u>	<u>(24,209)</u>	<u>(2,888,454)</u>
Total other financing sources	<u>(650,152)</u>	<u>(271,772)</u>	<u>(92,048)</u>	<u>0</u>	<u>(299,579)</u>	<u>1,280,190</u>	<u>(33,361)</u>
Net change in fund balance	<u>(56,127)</u>	<u>(739,746)</u>	<u>(230,123)</u>	<u>0</u>	<u>0</u>	<u>(692,818)</u>	<u>(1,718,814)</u>
Fund balance, beginning of year	21,702	2,541,994	2,432,329	(85)	0	692,818	5,688,758
Fund balance, end of year	<u><u>\$(34,425)</u></u>	<u><u>\$ 1,802,248</u></u>	<u><u>\$ 2,202,206</u></u>	<u><u>\$(85)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 3,969,944</u></u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash	\$ 75,194	\$ 214,670
Receivables:		
Other	<u>56,302</u>	<u>20,699</u>
Total assets	<u>\$ 131,496</u>	<u>\$ 235,369</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 3,921	\$ 11,667
Unearned revenue		
Due to other funds	<u>162,000</u>	<u>202,000</u>
Total liabilities	<u>165,921</u>	<u>213,667</u>
Fund balance:		
Restricted for:		
Capital projects		21,702
Unassigned	(34,425)	<u>21,702</u>
Total fund balance	(34,425)	<u>21,702</u>
Total liabilities and fund balance	<u>\$ 131,496</u>	<u>\$ 235,369</u>

CITY OF LAGRANGE, GEORGIA
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Lease income	\$ 1,083,639	\$ 1,085,582
Interest	2,238	1,586
Grants and subsidies	601	50,954
Miscellaneous	<u>41,779</u>	<u>35,293</u>
Total revenues	<u>1,128,257</u>	<u>1,173,415</u>
Expenditures:		
Capital outlay:		
General government	20,608	60,711
Public service	33,145	77,670
Community development	<u>480,479</u>	<u></u>
Total expenditures	<u>534,232</u>	<u>138,381</u>
Excess of revenues over expenditures	<u>594,025</u>	<u>1,035,034</u>
Other financing sources (uses):		
Transfers in	1,062,298	582,500
Transfers out	<u>(1,712,450)</u>	<u>(1,589,322)</u>
Total other financing sources	<u>(650,152)</u>	<u>(1,006,822)</u>
Net change in fund balance	<u>(56,127)</u>	<u>28,212</u>
Fund balance, beginning of year	<u>21,702</u>	<u>(6,510)</u>
Fund balance, end of year	<u><u>\$ (34,425)</u></u>	<u><u>\$ 21,702</u></u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,381,778	\$ 2,233,020
Receivables:		
Intergovernmental	490,239	525,869
Other		<u>999</u>
Total assets	<u>\$ 1,872,017</u>	<u>\$ 2,759,888</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 69,769	\$ 217,894
Total liabilities	<u>69,769</u>	<u>217,894</u>
Fund balance:		
Restricted for capital project	<u>1,802,248</u>	<u>2,541,994</u>
Total fund balance	<u>1,802,248</u>	<u>2,541,994</u>
Total liabilities and fund balance	<u>\$ 1,872,017</u>	<u>\$ 2,759,888</u>

CITY OF LAGRANGE, GEORGIA
SPLOST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Intergovernmental	\$ 3,074,143	\$ 3,283,649
Investment income (loss)	<u>3,439</u>	<u>5,849</u>
Total revenues	<u>3,077,582</u>	<u>3,289,498</u>
Expenditures:		
Capital outlay:		
Public safety	49,063	68,553
Public service	<u>3,496,493</u>	<u>3,749,804</u>
Total expenditures	<u>3,545,556</u>	<u>3,818,357</u>
Excess of revenues over (under) expenditures	(<u>467,974</u>)	(<u>528,859</u>)
Other financing sources:		
Transfer out	(<u>271,772</u>)	<u> </u>
Total other financing sources	(<u>271,772</u>)	<u>0</u>
Net change in fund balance	(739,746)	(528,859)
Fund balance, beginning of year	<u>2,541,994</u>	<u>3,070,853</u>
Fund balance, end of year	<u><u>\$ 1,802,248</u></u>	<u><u>\$ 2,541,994</u></u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,202,303	\$ 1,449,975
Receivables:		
Notes		982,442
Intergovernmental	15,843	
Due from other funds	<u>210</u>	<u>210</u>
Total assets	<u>\$ 2,218,356</u>	<u>\$ 2,432,627</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 15,843	\$ 5
Accrued payroll	<u>307</u>	<u>293</u>
Total liabilities	<u>16,150</u>	<u>298</u>
Fund balance:		
Restricted for:		
Long-term receivables		982,442
Community development	<u>2,202,206</u>	<u>1,449,887</u>
Total fund balance	<u>2,202,206</u>	<u>2,432,329</u>
Total liabilities and fund balance	<u>\$ 2,218,356</u>	<u>\$ 2,432,627</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Intergovernmental	\$ 96,731	\$ 270,515
Investment income (loss)	102,190	3,808
Miscellaneous	<u>21,000</u>	<u>18,800</u>
Total revenues	<u>219,921</u>	<u>293,123</u>
Expenditures:		
Current:		
Redevelopment and housing	357,996	326,574
Capital outlay:		
Redevelopment and housing	<u> </u>	<u>270,404</u>
Total expenditures	<u>357,996</u>	<u>596,978</u>
Excess of revenues over (under) expenditures	(138,075)	(303,855)
Other financing sources (uses):		
Transfer in	2,075	
Transfer out	(94,123)	(160)
Total other financing sources	(92,048)	(160)
Net change in fund balance	(230,123)	(304,015)
Fund balance, beginning of year	<u>2,432,329</u>	<u>2,736,344</u>
Fund balance, end of year	<u>\$ 2,202,206</u>	<u>\$ 2,432,329</u>

CITY OF LAGRANGE, GEORGIA
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2013

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 106,500	\$ 96,731	\$(9,769)
Interest	3,000	102,190	99,190
Miscellaneous	<u>18,400</u>	<u>21,000</u>	<u>2,600</u>
Total revenues	<u>127,900</u>	<u>219,921</u>	<u>92,021</u>
Expenditures:			
Current:			
Redevelopment and housing	328,371	357,996	(29,625)
Capital outlay:			
Redevelopment and housing	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>328,371</u>	<u>357,996</u>	<u>(29,625)</u>
Excess of revenue over (under) expenditures	<u>(200,471)</u>	<u>(138,075)</u>	<u>62,396</u>
Other financing sources (uses):			
Transfer in		2,075	2,075
Transfer out	<u> </u>	<u>(94,123)</u>	<u>(94,123)</u>
Total other financing sources (uses)	<u>0</u>	<u>(92,048)</u>	<u>(92,048)</u>
Net change in fund balance	<u>(200,471)</u>	<u>(230,123)</u>	<u>(29,652)</u>
Fund balance, beginning of year	<u>2,432,329</u>	<u>2,432,329</u>	<u>0</u>
Fund balance, end of year	<u>\$ 2,231,858</u>	<u>\$ 2,202,206</u>	<u>\$(29,652)</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 625	\$ 625
Grants receivable		<u>21,771</u>
Total assets	<u>\$ 625</u>	<u>\$ 22,396</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 710	\$ 21,771
Due to other funds		<u>710</u>
Total liabilities	<u>710</u>	<u>22,481</u>
Fund balance:		
Unassigned	(85)	(85)
Total fund balance	(85)	(85)
Total liabilities and fund balance	<u>\$ 625</u>	<u>\$ 22,396</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Intergovernmental	\$ <u>219,946</u>	\$ <u>176,764</u>
Total revenues	<u>219,946</u>	<u>176,764</u>
Expenditures:		
Current:		
Redevelopment and housing	<u>219,946</u>	<u>176,704</u>
Total expenditures	<u>219,946</u>	<u>176,704</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>60</u>
Net change in fund balance		60
Fund balance, beginning of year	(<u>85</u>)	(<u>145</u>)
Fund balance, end of year	<u>\$(<u>85</u>)</u>	<u>\$(<u>85</u>)</u>

CITY OF LAGRANGE, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2013

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 225,000	\$ 219,946	\$ (5,054)
Total revenues	<u>225,000</u>	<u>219,946</u>	<u>(5,054)</u>
Expenditures:			
Current:			
Redevelopment and housing	<u>225,000</u>	<u>219,946</u>	<u>5,054</u>
Total expenditures	<u>225,000</u>	<u>219,946</u>	<u>5,054</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	0	0	0
Fund balance, beginning of year	(85)	(85)	0
Fund balance, end of year	<u><u>\$ (85)</u></u>	<u><u>\$ (85)</u></u>	<u><u>\$ 0</u></u>

CITY OF LAGRANGE, GEORGIA
HOTEL/MOTEL TAX FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Hotel/Motel tax	\$ 785,900	\$ 644,444
Total revenues	<u>785,900</u>	<u>644,444</u>
Expenditures:		
Current:		
Community development	<u>486,321</u>	<u>415,242</u>
Total expenditures	<u>486,321</u>	<u>415,242</u>
Excess of revenues over expenditures	<u>299,579</u>	<u>229,202</u>
Other financing sources (uses):		
Transfers in	486,321	415,242
Transfers out	(785,900)	(644,444)
Total other financing sources (uses)	<u>(299,579)</u>	<u>(229,202)</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, 2013

	Original and Final Budgeted Amount	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Hotel/Motel tax	\$ 610,000	\$ 785,900	\$ 175,900
Total revenues	<u>610,000</u>	<u>785,900</u>	<u>175,900</u>
Expenditures:			
Current:			
Community development	<u>381,200</u>	<u>486,321</u>	(105,121)
Total expenditures	<u>381,200</u>	<u>486,321</u>	(105,121)
Excess of revenues over (under) expenditures	<u>228,800</u>	<u>299,579</u>	<u>70,779</u>
Other financing sources (uses):			
Transfers in	381,200	486,321	105,121
Transfers out	(610,000)	(785,900)	(175,900)
Total other financing sources (uses)	(228,800)	(299,579)	(70,779)
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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash		\$ 692,818
Total assets	<u>\$ 0</u>	<u>\$ 692,818</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Total liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Fund balance:		
Restricted:		
Debt service		692,818
Total fund balance	<u>0</u>	<u>692,818</u>
Total liabilities and fund balance	<u>\$ 0</u>	<u>\$ 692,818</u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Interest	\$ 612	\$ 2,030
Other	<u>102,512</u>	
Total revenues	<u>103,124</u>	<u>2,030</u>
Expenditures:		
Principal retirement	1,478,499	1,220,330
Interest	<u>597,633</u>	<u>542,588</u>
Total expenditures	<u>2,076,132</u>	<u>1,762,918</u>
Excess of revenues over (under) expenditures	(<u>1,973,008</u>)	(<u>1,760,888</u>)
Other financing sources:		
Transfers in	1,304,399	1,525,411
Transfers out	(<u>24,209</u>)	
Total other financing sources	<u>1,280,190</u>	<u>1,525,411</u>
Net change in fund balance	(692,818)	(235,477)
Fund balance, beginning of year	<u>692,818</u>	<u>928,295</u>
Fund balance, end of year	<u><u>\$ 0</u></u>	<u><u>\$ 692,818</u></u>

CITY OF LAGRANGE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income		\$ 612	\$ 612
Other		<u>102,512</u>	<u>102,512</u>
Total revenues	<u>\$ 0</u>	<u>103,124</u>	<u>103,124</u>
Expenditures:			
Debt service:			
Principal retirement	1,134,084	1,478,499	(344,415)
Interest and fiscal charges	<u>492,404</u>	<u>597,633</u>	<u>(105,229)</u>
Total expenditures	<u>1,626,488</u>	<u>2,076,132</u>	<u>(449,644)</u>
Excess of revenues over (under) expenditures	(1,626,488)	(1,973,008)	(346,520)
Other financing sources (uses):			
Transfers in	1,626,488	1,304,399	(322,089)
Transfers out		(24,209)	(24,209)
Total other financing sources (uses)	<u>1,626,488</u>	<u>1,280,190</u>	<u>(346,298)</u>
Net change in fund balance	0	(692,818)	(692,818)
Fund balance, beginning of year	<u>692,818</u>	<u>692,818</u>	<u>0</u>
Fund balance, end of year	<u>\$ 692,818</u>	<u>\$ 0</u>	<u>\$(692,818)</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,454,378	\$ 1,621,819
Investments	229,067	16,140
Receivables:		
Taxes	1,070,512	1,126,006
Other	8,990	63,180
Inventory	203,335	185,692
Restricted cash and cash equivalents	88,257	101,614
Restricted investments	<u>788,648</u>	<u>760,250</u>
Total assets	<u>\$ 3,843,187</u>	<u>\$ 3,874,701</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 508,132	\$ 509,981
Due to other funds	500,000	1,000,000
Other accrued liabilities	<u>303,113</u>	<u>271,722</u>
Total liabilities	<u>1,311,245</u>	<u>1,781,703</u>
Fund balance:		
Nonspendable:		
Inventory	203,335	185,692
Restricted for:		
Perpetual care	793,216	764,800
Public safety	83,689	97,065
Unassigned	<u>1,451,702</u>	<u>1,045,441</u>
Total fund balance	<u>2,531,942</u>	<u>2,092,998</u>
Total liabilities and fund balance	<u>\$ 3,843,187</u>	<u>\$ 3,874,701</u>

CITY OF LAGRANGE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Revenues:		
Taxes:		
Sales	\$ 4,950,107	\$ 5,067,756
Franchise	1,057,342	1,082,666
Insurance premium	1,474,077	1,387,802
Alcoholic beverage	723,504	725,536
Other	849,666	702,695
Licenses and permits	119,827	157,402
Intergovernmental	591,893	397,001
Charges for services	260,968	281,683
Fines and forfeitures	1,828,645	1,774,798
Investment income (loss)	27,339	23,211
Miscellaneous	<u>148,511</u>	<u>179,181</u>
Total revenues	<u>12,031,879</u>	<u>11,779,731</u>
Expenditures:		
Current:		
General government	1,652,312	1,805,045
Public safety	15,176,234	14,244,396
Public service	2,439,588	2,607,640
Culture and recreation	942,167	946,692
Community development	1,329,455	1,259,115
Telecommunications	386,117	367,318
Capital outlay:		
General government	67,043	16,355
Public safety	171,372	261,219
Public service	101,978	86,881
Telecommunications		56,369
Culture and recreation	85,026	69,051
Community development	<u>35,121</u>	<u>48,209</u>
Total expenditures	<u>22,386,413</u>	<u>21,768,290</u>
Excess of expenditures over (under) revenues	<u>(10,354,534)</u>	<u>(9,988,559)</u>
Other financing sources (uses):		
Sale of assets	2,266	20,099
Capital lease	235,475	176,496
Transfers in	11,318,743	9,925,187
Transfers out	<u>(763,006)</u>	<u>(739,254)</u>
Total other financing sources	<u>10,793,478</u>	<u>9,382,528</u>
Net change in fund balance	438,944	(606,031)
Fund balance, beginning of year	<u>2,092,998</u>	<u>2,699,029</u>
Fund balance, end of year	<u>\$ 2,531,942</u>	<u>\$ 2,092,998</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 POSITION
June 30, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 13,219,574	\$ 15,723,604
Investments	7,721,802	3,128,995
Receivables:		
Accounts	9,025,822	8,039,270
Loans		1,500,000
Due from other funds	580,500	1,202,500
Prepays	83,288	88,239
Inventory	947,970	1,002,641
Restricted assets:		
Restricted investments	15,740,217	18,636,596
Total current assets	<u>47,319,173</u>	<u>49,321,845</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,574,303	74,303
Capital assets, being depreciated	39,697,010	40,995,784
Other assets		210,833
Total noncurrent assets	<u>41,271,313</u>	<u>41,280,920</u>
Total assets	<u>88,590,486</u>	<u>90,602,765</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	4,199,831	3,644,808
Customer deposits	1,684,194	1,552,525
Accrued liabilities	45,133	47,604
Accrued compensated absences	108,376	54,408
Unearned revenue	15,740,217	18,636,596
Capital leases - Current	318,648	288,499
Intergovernmental agreement payable - Current	215,000	205,000
Liabilities payable from restricted assets:		
Accrued interest payable	172,140	107,771
Revenue bonds - Current	750,000	670,000
Total current liabilities	<u>23,233,539</u>	<u>25,207,211</u>
Non-current liabilities:		
Compensated absences	72,251	81,612
Revenue bonds - Long-term	8,985,000	9,460,701
Capital leases - Long-term	770,393	590,899
Intergovernmental agreement payable - Long-term	3,660,000	3,875,000
Advances from other funds	1,254,540	1,328,348
Net OPEB obligation	308,172	236,684
Total noncurrent liabilities	<u>15,050,356</u>	<u>15,573,244</u>
Total liabilities	<u>38,283,895</u>	<u>40,780,455</u>
<u>NET POSITION</u>		
Net investment in capital assets	30,447,272	30,059,988
Unrestricted	<u>19,859,319</u>	<u>19,762,322</u>
Total net position	<u>\$ 50,306,591</u>	<u>\$ 49,822,310</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Gas system	\$ 14,605,661	\$ 13,338,185
Electric system	49,406,625	49,334,249
Telecommunications	2,921,483	2,853,129
Other sales	<u>222,208</u>	<u>539,935</u>
Total operating revenues	<u>67,155,977</u>	<u>66,065,498</u>
Operating expenses:		
Gas system	10,078,573	9,547,418
Electric system	41,207,271	39,741,572
Telecommunications	2,186,948	2,153,428
Depreciation and amortization	<u>1,952,202</u>	<u>1,917,400</u>
Total operating expenses	<u>55,424,994</u>	<u>53,359,818</u>
Operating income	<u>11,730,983</u>	<u>12,705,680</u>
Non-operating revenues (expenses):		
Gain (loss) on sale of assets	(429,039)	(10,289)
Investment income	13,489	85,953
Interest expense	<u>(1,050,859)</u>	<u>(665,149)</u>
Total nonoperating revenues (expenses)	<u>(1,466,409)</u>	<u>(589,485)</u>
Net income before transfers	10,264,574	12,116,195
Transfers in	1,873,113	1,618,321
Transfers out	<u>(11,653,406)</u>	<u>(15,306,145)</u>
Change in net position	484,281	(1,571,629)
Net position, beginning of year	<u>49,822,310</u>	<u>51,393,939</u>
Net position, end of year	<u>\$ 50,306,591</u>	<u>\$ 49,822,310</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 65,526,715	\$ 63,206,112
Cash paid to employees	(2,346,436)	(3,364,736)
Cash paid to suppliers	(50,398,087)	(47,731,850)
Net cash provided (used) by operating activities	<u>12,782,192</u>	<u>12,109,526</u>
Cash flow from noncapital financing activities:		
Repayment of advance to (from) other funds		3,505,265
Advances to other funds	(73,808)	
Transfers in	1,873,113	1,618,321
Transfers out	(11,653,406)	(15,306,145)
Net cash provided (used) by noncapital financing activities	<u>(9,854,101)</u>	<u>(10,182,559)</u>
Cash flows from capital and related financial activities:		
Proceeds from debt	265,000	
Payments on intergovernmental agreement	(205,000)	(195,000)
Principal payments on revenue bonds	(670,000)	(640,000)
Proceeds from sale of assets	28,698	2,382
Acquisition of capital assets	(2,041,286)	(751,528)
Capital lease payments	(360,232)	(304,119)
Interest paid	(766,362)	(648,565)
Net cash provided (used) by capital and related financing activities	<u>(3,749,182)</u>	<u>(2,536,830)</u>
Cash flows from investing activities:		
Sale (Purchase) of investments	(1,696,428)	8,368,958
Investment income	13,489	85,953
Net cash provided (used) by investing activities	<u>(1,682,939)</u>	<u>8,454,911</u>
Net increase (decrease) in cash	(2,504,030)	7,845,048
Cash, beginning of year	<u>15,723,604</u>	<u>7,878,556</u>
Cash, end of year	<u>\$ 13,219,574</u>	<u>\$ 15,723,604</u>

(Continued...)

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012
(Continued)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Operating income	\$ 11,730,983	\$ 12,705,680
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,952,202	1,917,400
Changes in operating assets and liabilities:		
Accounts receivable	(986,552)	79,046
Inventory	54,671	(11,409)
Prepays	4,951	(2,901)
Accounts payable	555,023	330,353
Accrued vacation	44,607	3,203
Other receivable	1,500,000	(140,699)
Due to other funds	622,000	(70,127)
Unearned revenue	(2,896,379)	(2,873,392)
Customer deposits	131,669	75,659
Other accrued expenses	(2,471)	13,109
Net OPEB obligation	<u>71,488</u>	<u>83,604</u>
Net cash provided by operating activities	<u>\$ 12,782,192</u>	<u>\$ 12,109,526</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2013 and 2012, the City incurred debt of \$569,875 and \$341,006, 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, 2013

	<u>Electric System</u>	<u>Gas System</u>	<u>Telecom- munications</u>	<u>Total</u>
Operating revenues	<u>\$ 49,578,253</u>	<u>\$ 14,643,762</u>	<u>\$ 2,933,962</u>	<u>\$ 67,155,977</u>
Operating expenses:				
Electricity and natural gas purchase	37,837,919	8,419,432		46,257,351
Depreciation	518,644	1,104,494	329,064	1,952,202
Other operating	<u>3,923,079</u>	<u>1,659,141</u>	<u>1,633,221</u>	<u>7,215,441</u>
	<u>42,279,642</u>	<u>11,183,067</u>	<u>1,962,285</u>	<u>55,424,994</u>
Operating income	<u>\$ 7,298,611</u>	<u>\$ 3,460,695</u>	<u>\$ 971,677</u>	<u>\$ 11,730,983</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
SCHEDULE OF CHANGES IN UTILITY PLANT IN SERVICE
Year Ended June 30, 2013

	Historical Cost			Allowance for Depreciation				Net Asset Value	
	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013	Balance June 30, 2012	Expense	Deletions		
Gas system	\$ 33,907,442	\$ 186,275	\$(79,485)	\$ 34,014,232	\$(9,544,732)	\$(1,104,494)	\$ 53,784	\$(10,595,442)	\$ 23,418,790
Electric system	20,597,128	1,891,920	(89,323)	22,399,725	(10,007,068)	(518,644)	88,686	(10,437,026)	11,962,699
Tele-communications	8,884,349	532,966	(606,419)	8,810,896	(2,767,032)	(329,064)	175,024	(2,921,072)	5,889,824
	<u>\$ 63,388,919</u>	<u>\$ 2,611,161</u>	<u>\$(775,227)</u>	<u>\$ 65,224,853</u>	<u>\$(22,318,832)</u>	<u>\$(1,952,202)</u>	<u>\$ 317,494</u>	<u>\$(23,953,540)</u>	<u>\$ 41,271,313</u>

CITY OF LAGRANGE, GEORGIA
UTILITY FUND
COMPARATIVE SCHEDULES OF REVENUES
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Gas system:		
Gas sales	\$ 14,605,661	\$ 13,338,185
Miscellaneous	<u>38,101</u>	<u>121,813</u>
	<u>14,643,762</u>	<u>13,459,998</u>
Electric system:		
Electricity sales	48,296,194	48,237,750
Street and security lights	1,110,431	1,096,499
Miscellaneous	<u>171,628</u>	<u>410,073</u>
	<u>49,578,253</u>	<u>49,744,322</u>
Telecommunications:		
Internet services	1,506,009	1,415,762
Other telecommunications services	<u>1,427,953</u>	<u>1,445,416</u>
	<u>2,933,962</u>	<u>2,861,178</u>
Total operating revenues	<u>\$ 67,155,977</u>	<u>\$ 66,065,498</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 3,124,049	\$ 4,445,857
Investments	3,475,719	
Receivables:		
Accounts	1,909,156	1,930,619
Inventory	758,306	804,440
Total current assets	<u>9,267,230</u>	<u>7,180,916</u>
Noncurrent assets:		
Capital assets, not being depreciated	498,525	498,525
Capital assets, being depreciated	68,020,680	69,459,699
Other assets		76,126
Total noncurrent assets	<u>68,519,205</u>	<u>70,034,350</u>
Total assets	<u>77,786,435</u>	<u>77,215,266</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	114,512	82,084
Customer deposits	410,314	423,593
Accrued liabilities	34,349	30,743
Accrued compensated absences	44,661	35,162
Notes payable - Current	139,831	135,462
Capital leases - Current		38,548
Total current liabilities	<u>743,667</u>	<u>745,592</u>
Non-current liabilities:		
Compensated absences	66,991	52,743
Notes payable - Long-term	3,066,209	3,206,003
Capital leases - Long-term		39,854
Net OPEB obligation	276,908	217,015
Total noncurrent liabilities	<u>3,410,108</u>	<u>3,515,615</u>
Total liabilities	<u>4,153,775</u>	<u>4,261,207</u>
<u>NET POSITION</u>		
Net investment in capital assets	65,313,165	66,538,357
Unrestricted	<u>8,319,495</u>	<u>6,415,702</u>
Total net position	<u>\$ 73,632,660</u>	<u>\$ 72,954,059</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Water and sewerage system	\$ 14,723,394	\$ 15,845,277
Other sales	<u>121,526</u>	<u>384,025</u>
Total operating revenues	<u>14,844,920</u>	<u>16,229,302</u>
Operating expenses:		
Water and sewerage system	9,736,005	9,613,720
Depreciation and amortization	<u>2,973,060</u>	<u>2,912,212</u>
Total operating expenses	<u>12,709,065</u>	<u>12,525,932</u>
Operating income	<u>2,135,855</u>	<u>3,703,370</u>
Non-operating revenues (expenses):		
Investment income		3,030
Interest expense	(104,440)	(204,966)
Bond premium		<u>151,268</u>
Total nonoperating revenues (expenses)	<u>(104,440)</u>	<u>(50,668)</u>
Net income before contributions and transfers	2,031,415	3,652,702
Transfers in	1,132,186	687,895
Transfers out	<u>(2,485,000)</u>	<u>(1,369,409)</u>
Change in net position	678,601	2,971,188
Net position, beginning of year	<u>72,954,059</u>	<u>69,982,871</u>
Net position, end of year	<u>\$ 73,632,660</u>	<u>\$ 72,954,059</u>

CITY OF LAGRANGE, GEORGIA
WATER AND SEWERAGE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 14,853,104	\$ 16,238,099
Cash paid to employees	(3,713,526)	(3,690,381)
Cash paid to suppliers	(5,856,671)	(5,094,769)
Net cash provided (used) by operating activities	<u>5,282,907</u>	<u>7,452,949</u>
Cash flow from noncapital financing activities:		
Transfers in	1,132,186	687,895
Transfers out	(2,485,000)	(1,369,409)
Net cash provided (used) by noncapital financing activities	<u>(1,352,814)</u>	<u>(681,514)</u>
Cash flows from capital and related financial activities:		
Proceeds from sale of assets		2,244
Principal payments on revenue bonds	(1,534,040)	(3,595,000)
Acquisition of capital assets	(78,402)	(656,599)
Capital lease payments		(80,078)
Payments on notes payable	(135,425)	(131,161)
Interest paid	(28,315)	(202,862)
Net cash provided (used) by capital and related financing activities	<u>(1,776,182)</u>	<u>(4,663,456)</u>
Cash flows from investing activities:		
Purchase of investments	(3,475,719)	
Investment income		3,030
Net cash provided (used) by investing activities	<u>(3,475,719)</u>	<u>3,030</u>
Net increase (decrease) in cash	(1,321,808)	2,111,009
Cash, beginning of year	<u>4,445,857</u>	<u>2,334,848</u>
Cash, end of year	<u>\$ 3,124,049</u>	<u>\$ 4,445,857</u>
Cash flows from operating activities:		
Operating income	\$ 2,135,855	\$ 3,703,370
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,973,060	2,912,212
Changes in operating assets and liabilities:		
Accounts receivable	21,463	(24,575)
Inventory	46,134	76,264
Accounts payable	32,428	(248,544)
Accrued vacation	23,747	4,687
Due from other funds		1,076,000
Due to other funds		(166,478)
Customer deposits	(13,279)	33,372
Other accrued expenses	3,606	10,070
Net OPEB obligation	<u>59,893</u>	<u>76,571</u>
Net cash provided by operating activities	<u>\$ 5,282,907</u>	<u>\$ 7,452,949</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 1,785,610	\$ 1,764,966
Receivables:		
Accounts receivable	526,678	107,656
Prepays		8,089
Total current assets	<u>2,312,288</u>	<u>1,880,711</u>
Noncurrent assets:		
Capital assets, not being depreciated	1,437,733	1,437,733
Capital assets, being depreciated	19,010,546	19,107,738
Other assets		81,320
Total noncurrent assets	<u>20,448,279</u>	<u>20,626,791</u>
Total assets	<u>22,760,567</u>	<u>22,507,502</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	149,776	69,543
Customer deposits	1,530	1,530
Accrued liabilities	9,831	12,066
Accrued compensated absences	30,735	25,401
Notes payable, current	49,566	48,427
Capital leases, current	<u>488,474</u>	<u>407,067</u>
Total current liabilities	<u>729,912</u>	<u>564,034</u>
Noncurrent liabilities:		
Compensated absences	46,102	38,101
Notes payable, long-term	548,666	598,256
Capital leases, long-term	1,260,147	1,200,274
Landfill postclosure liability	6,910,194	6,686,540
Net OPEB obligation	<u>122,822</u>	<u>98,139</u>
Total noncurrent liabilities	<u>8,887,931</u>	<u>8,621,310</u>
Total liabilities	<u>9,617,843</u>	<u>9,185,344</u>
<u>NET POSITION</u>		
Net investment in capital assets	18,101,426	18,291,447
Unrestricted	<u>(4,958,702)</u>	<u>(4,969,289)</u>
Total net position	<u>\$ 13,142,724</u>	<u>\$ 13,322,158</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Sanitation	\$ 8,294,522	\$ 8,033,804
Other sales	<u>239,401</u>	<u>334,967</u>
Total operating revenues	<u>8,533,923</u>	<u>8,368,771</u>
Operating expenses:		
Sanitation	8,078,829	7,578,706
Depreciation and amortization	<u>1,130,817</u>	<u>1,066,282</u>
Total operating expenses	<u>9,209,646</u>	<u>8,644,988</u>
Operating income	(<u>675,723</u>)	(<u>276,217</u>)
Nonoperating revenues (expenses):		
Investment income	1,625	2,114
Gain (loss) on sale of assets		1,984
Interest expense	(<u>116,067</u>)	(<u>29,053</u>)
Total nonoperating revenues (expenses)	(<u>114,442</u>)	(<u>24,955</u>)
Income before transfers	(<u>790,165</u>)	(<u>301,172</u>)
Transfers in	618,820	4,899,370
Transfers out	(<u>8,089</u>)	(<u>5,192</u>)
Change in net position	(<u>179,434</u>)	4,593,006
Net position, beginning of year	<u>13,322,158</u>	<u>8,729,152</u>
Net position, end of year	<u>\$ 13,142,724</u>	<u>\$ 13,322,158</u>

CITY OF LAGRANGE, GEORGIA
SANITATION FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 8,114,901	\$ 8,363,516
Cash paid to employees	(2,043,489)	(1,915,913)
Cash paid to suppliers	(5,687,581)	(5,049,920)
Net cash provided (used) by operating activities	<u>383,831</u>	<u>1,397,683</u>
Cash flows from noncapital financing activities:		
Transfers in	618,820	4,899,370
Transfers out	(8,089)	(5,192)
Repayment of advance to (from) other funds	<u></u>	<u>(4,480,787)</u>
Net cash provided (used) by noncapital financing activities	<u>610,731</u>	<u>413,391</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets		3,552
Capital lease payments	(460,304)	(375,566)
Payments on notes payable	(48,451)	(47,290)
Acquisition of capital assets	(432,042)	(215,742)
Interest paid	(34,746)	(24,097)
Net cash provided (used) by capital and related financing activities	<u>(975,543)</u>	<u>(659,143)</u>
Cash flows from investing activities:		
Investment income	<u>1,625</u>	<u>2,144</u>
Net cash provided (used) by investing activities	<u>1,625</u>	<u>2,144</u>
Net (decrease) increase in cash	20,644	1,154,075
Cash, beginning of year	<u>1,764,966</u>	<u>610,891</u>
Cash, end of year	<u>\$ 1,785,610</u>	<u>\$ 1,764,966</u>
Cash flows from operating activities:		
Operating income	\$(675,723)	\$(276,217)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,130,817	1,066,282
Changes in operating assets and liabilities:		
Accounts receivable	(419,022)	(5,255)
Prepays	8,089	(8,089)
Accounts payable	80,233	(84,087)
Accrued vacation	13,335	(6,217)
Due from other funds		58,769
Other accrued expenses	(2,235)	4,829
Closure/postclosure care	223,654	613,124
Net OPEB obligation	<u>24,683</u>	<u>34,544</u>
Net cash provided by operating activities	<u>\$ 383,831</u>	<u>\$ 1,397,683</u>

Supplemental disclosure of non-cash investing and financing activities:

In 2013 and 2012, the City incurred debt of \$601,584 and \$584,037, respectively, in the form of capital leases in connection with the acquisition of new equipment.

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 POSITION
June 30, 2013

	<u>Group Insurance Fund</u>	<u>Property and Casualty Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 219,501	\$ 2,002,105	\$ 2,221,606
Receivables-other	27,801	51,990	79,791
Due from other funds		82,000	82,000
Prepaid expense	14,192		14,192
Advances to other funds		<u>1,254,540</u>	<u>1,254,540</u>
Total assets	<u>261,494</u>	<u>3,390,635</u>	<u>3,652,129</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities:			
Accounts payable		1,193	1,193
Claims reserve	<u>525,000</u>	<u>600,000</u>	<u>1,125,000</u>
Total liabilities	<u>525,000</u>	<u>601,193</u>	<u>1,126,193</u>
Net position:			
Unrestricted	(263,506)	<u>2,789,442</u>	<u>2,525,936</u>
Total net position	<u>\$(263,506)</u>	<u>\$ 2,789,442</u>	<u>\$ 2,525,936</u>

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2013

	Group Insurance Fund	Property and Casualty Fund	Total
Operating revenues:			
Charges for services	\$ 6,128,742	\$ 1,000,674	\$ 7,129,416
Operating expenses:			
Administrative services	213,850	45,457	259,307
Risk management	6,320,160	685,631	7,005,791
Total operating expenses	6,534,010	731,088	7,265,098
Operating income (loss)	(405,268)	269,586	(135,682)
Nonoperating revenues:			
Investment income	702	76,969	77,671
Total nonoperating revenues	702	76,969	77,671
Income (loss) before transfers	(404,566)	346,555	(58,011)
Transfers in	1,655,816		1,655,816
Transfers out	(38,443)	(1,617,373)	(1,655,816)
Change in net position	1,212,807	(1,270,818)	(58,011)
Net position, beginning of year	(1,476,313)	4,060,260	2,583,947
Net position, end of year	\$(263,506)	\$ 2,789,442	\$ 2,525,936

CITY OF LAGRANGE, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2013

	Group Insurance Fund	Property and Casualty Fund	Total
Cash flows from operating activities:			
Cash payments from other funds		\$ 1,035,373	\$ 1,035,373
Cash received from customers and users	\$ 6,115,391	1,000,674	7,116,065
Cash paid to suppliers	(6,537,306)	(731,356)	(7,268,662)
Cash payments to other funds	(1,117,373)		(1,117,373)
Net cash provided (used) by operating activities	(1,539,288)	1,304,691	(234,597)
Cash flows from non-capital financing activities:			
Repayments of advances to other funds		73,808	73,808
Transfers in	1,655,816		1,655,816
Transfers out	(38,443)	(1,617,373)	(1,655,816)
Net cash provided (used) by non-capital financing activities	1,617,373	(1,543,565)	73,808
Cash flows from investing activities:			
Investment income	702	76,969	77,671
Net cash provided (used) by investing activities	702	76,969	77,671
Net increase (decrease) in cash	78,787	(161,905)	(83,118)
Cash, beginning of year	140,714	2,164,010	2,304,724
Cash, end of year	<u>\$ 219,501</u>	<u>\$ 2,002,105</u>	<u>\$ 2,221,606</u>
Cash flows from operating activities:			
Operating income	\$(405,268)	\$ 269,586	\$(135,682)
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:			
(Increase) decrease in accounts receivable	(13,351)		(13,351)
(Increase) decrease in interfund receivable		1,035,373	1,035,373
(Increase) decrease in prepaid expense	(3,296)		(3,296)
Increase (decrease) in accounts payable		(268)	(268)
Increase (decrease) in interfund payable	(1,117,373)		(1,117,373)
Net cash provided (used) by operating activities	<u>\$(1,539,288)</u>	<u>\$ 1,304,691</u>	<u>\$(234,597)</u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 219,501	\$ 140,714
Receivables-other	27,801	14,450
Prepaid expense	<u>14,192</u>	<u>10,896</u>
Total assets	<u>261,494</u>	<u>166,060</u>
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Claims reserve	525,000	525,000
Due to other funds		<u>1,117,373</u>
Total current liabilities	<u>525,000</u>	<u>1,642,373</u>
Net position:		
Unrestricted	<u><u>\$ (263,506)</u></u>	<u><u>\$ (1,476,313)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 6,128,742	\$ 4,923,675
Operating expenses:		
Administrative services	213,850	220,308
Risk management	<u>6,320,160</u>	<u>4,815,246</u>
Total operating expenses	<u>6,534,010</u>	<u>5,035,554</u>
Operating income (loss)	(405,268)	(111,879)
Nonoperating revenues:		
Investment income	<u>702</u>	<u>1,117</u>
Total nonoperating revenues	<u>702</u>	<u>1,117</u>
Income (loss) before transfers	(404,566)	(110,762)
Transfers in	1,655,816	38,048
Transfers out	<u>(38,443)</u>	<u>(38,048)</u>
Change in net position	1,212,807	(110,762)
Net position, beginning of year	(1,476,313)	(1,365,551)
Net position, end of year	<u><u>\$ (263,506)</u></u>	<u><u>\$ (1,476,313)</u></u>

CITY OF LAGRANGE, GEORGIA
GROUP INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 6,115,391	\$ 4,931,189
Cash paid to suppliers	(6,537,306)	(4,935,554)
Cash payments to other funds	(1,117,373)	
Net cash provided (used) by operating activities	<u>(1,539,288)</u>	<u>(4,365)</u>
Cash flows from non-capital financing activities:		
Transfers in	1,655,816	38,048
Transfers out	(38,443)	(38,048)
Net cash provided (used) by non-capital financing activities	<u>1,617,373</u>	<u>0</u>
Cash flows from investing activities:		
Investment income	<u>702</u>	<u>1,117</u>
Net cash provided (used) by investing activities	<u>702</u>	<u>1,117</u>
Net increase (decrease) in cash	78,787	(3,248)
Cash, beginning of year	<u>140,714</u>	<u>143,962</u>
Cash, end of year	<u><u>\$ 219,501</u></u>	<u><u>\$ 140,714</u></u>
Cash flows from operating activities:		
Operating income (loss)	\$(405,268)	\$(111,879)
Adjustments to reconcile operating loss to net cash used for operating activities:		
(Increase) decrease in receivables	(13,351)	(4,341)
(Increase) decrease in interfund receivable		
(Increase) decrease in prepaid expense	(3,296)	11,854
Increase (decrease) in accounts payable		
Increase (decrease) in interfund payable	(1,117,373)	100,001
Net cash provided (used) by operating activities	<u><u>\$(1,539,288)</u></u>	<u><u>\$(4,365)</u></u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,002,105	\$ 2,164,010
Due from other funds	82,000	1,117,373
Receivables-other	51,990	51,990
Advances to other funds	<u>1,254,540</u>	<u>1,328,348</u>
Total assets	<u>3,390,635</u>	<u>4,661,721</u>
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	1,193	1,461
Claims reserve	<u>600,000</u>	<u>600,000</u>
Total liabilities	<u>601,193</u>	<u>601,461</u>
Net position:		
Unrestricted	<u><u>\$ 2,789,442</u></u>	<u><u>\$ 4,060,260</u></u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Charges for services	\$ 1,000,674	\$ 1,018,569
Operating expenses:		
Administrative services	45,457	56,971
Risk management	<u>685,631</u>	<u>623,822</u>
Total operating expenses	<u>731,088</u>	<u>680,793</u>
Operating income (loss)	<u>269,586</u>	<u>337,776</u>
Nonoperating revenues:		
Investment income	<u>76,969</u>	<u>83,280</u>
Total nonoperating revenues	<u>76,969</u>	<u>83,280</u>
Income (loss) before transfers	346,555	421,056
Transfers out	(1,617,373)	
Change in net position	(1,270,818)	421,056
Net position, beginning of year	<u>4,060,260</u>	<u>3,639,204</u>
Net position, end of year	<u>\$ 2,789,442</u>	<u>\$ 4,060,260</u>

CITY OF LAGRANGE, GEORGIA
PROPERTY AND CASUALTY FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash payments from other funds	\$ 1,035,373	
Cash received from customers and users	1,000,674	\$ 526,568
Cash paid to suppliers	(731,356)	(685,247)
Net cash provided (used) by operating activities	<u>1,304,691</u>	<u>(158,679)</u>
Cash flows from non-capital financing activities:		
Repayment of advances to other funds	73,808	70,127
Transfers out	(1,617,373)	
Net cash provided (used) by non-capital financing activities	<u>(1,543,565)</u>	<u>70,127</u>
Cash flows from investing activities:		
Investment income	76,969	83,280
Net cash provided (used) by investing activities	<u>76,969</u>	<u>83,280</u>
Net increase (decrease) in cash	(161,905)	(5,272)
Cash, beginning of year	<u>2,164,010</u>	<u>2,169,282</u>
Cash, end of year	<u>\$ 2,002,105</u>	<u>\$ 2,164,010</u>
Cash flows from operating activities:		
Operating income	\$ 269,586	\$ 337,776
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) decrease in interfund receivable	1,035,373	(492,001)
Increase (decrease) in accounts payable	(268)	(4,454)
Net cash provided by operating activities	<u>\$ 1,304,691</u>	<u>\$ (158,679)</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Governmental fund capital assets:		
Land	\$ 9,265,080	\$ 8,784,600
Buildings and improvements	13,030,763	13,025,706
Machinery and equipment	7,888,643	7,649,156
Vehicles	3,312,414	3,227,083
Infrastructure	<u>38,847,156</u>	<u>35,256,142</u>
Total governmental fund capital assets	<u>\$ 72,344,056</u>	<u>\$ 67,942,687</u>
Investment in governmental fund capital assets by source:		
General fund revenues	\$ 11,337,426	\$ 10,961,959
General obligation bonds	3,000,000	3,000,000
Capital projects fund	50,074,309	46,048,407
Special revenues fund	4,429,256	4,429,256
Donations	<u>3,503,065</u>	<u>3,503,065</u>
Total governmental fund capital assets	<u>\$ 72,344,056</u>	<u>\$ 67,942,687</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, 2013

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>
General government	\$ 15,067,012	\$ 5,513,501	\$ 6,364,488	\$ 2,756,438	\$ 432,585	
Public safety	6,693,054	21,465	2,266,959	2,263,142	2,018,428	\$ 123,060
Public service	10,776,053	371,261		1,390,238	443,775	8,570,779
Culture and recreation	5,036,216	1,737,735	206,943	412,701	337,508	2,341,329
Community development	<u>34,771,721</u>	<u>1,621,118</u>	<u>4,192,373</u>	<u>1,066,124</u>	<u>80,118</u>	<u>27,811,988</u>
Total governmental funds capital assets	<u>\$ 72,344,056</u>	<u>\$ 9,265,080</u>	<u>\$ 13,030,763</u>	<u>\$ 7,888,643</u>	<u>\$ 3,312,414</u>	<u>\$ 38,847,156</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, 2013

<u>Function and Activity</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
General government	\$ 14,999,970	\$ 67,042	\$ 0	\$ 15,067,012
Public safety	6,562,660	171,373	40,979	6,693,054
Public service	10,690,178	101,977	16,102	10,776,053
Culture and recreation	4,965,401	85,026	14,211	5,036,216
Community development	<u>30,724,478</u>	<u>4,061,023</u>	<u>13,780</u>	<u>34,771,721</u>
Total governmental funds capital assets	<u>\$ 67,942,687</u>	<u>\$ 4,486,441</u>	<u>\$ 85,072</u>	<u>\$ 72,344,056</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, 2013

CHIP 05m-x-141-2-2921

Total grant	\$ 298,950
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2013	(134,119)
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>\$ 0</u>
Total program funds drawn down by recipient for the year ended June 30, 2013	\$ 134,119
Add, program income applicable to the year ended June 30, 2013	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2013	<u>\$ 134,119</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, 2013	(83,234)
June 30, 2012	(109,671)
June 30, 2011	(107,095)
Program funds available for future draw down	<u>\$ 0</u>
Total program funds drawn down by recipient for the year ended June 30, 2013	\$ 83,234
Add, program income applicable to the year ended June 30, 2013	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2013	<u>\$ 83,234</u>

CITY OF LAGRANGE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY HOME INVESTMENT PROGRAM GRANT
Year Ended June 30, 2013

Activity	Budgeted Expenditures	Actual Expenditures		Questioned Cost
		Year Ended June 30, 2013	Prior Years	
CHIP 05m-x-141-2-2921:				
H-013-00	\$ 284,000	\$ 119,169	\$ 164,831	None
A-21A-00	<u>14,950</u>	<u>14,950</u>	<u>0</u>	None
	<u>\$ 298,950</u>	<u>\$ 134,119</u>	<u>\$ 164,831</u>	
CHIP 09m-x-141-2-6021:				
H-14-A-01	\$ 285,000	\$ 213,016	\$ 71,984	None
A-21A-00	<u>15,000</u>	<u>3,750</u>	<u>11,250</u>	None
	<u>\$ 300,000</u>	<u>\$ 216,766</u>	<u>\$ 83,234</u>	

CITY OF LAGRANGE, GEORGIA
SOURCE AND APPLICATION OF FUNDS STATUS REPORT
COMMUNITY DEVELOPMENT BLOCK GRANTS
Year Ended June 30, 2013

CDBG 10p-x-141-2-526

Total grant	\$ 378,670
Less, total program funds drawn down by recipient for the year ended:	
June 30, 2013	(94,123)
June 30, 2012	(240,022)
June 30, 2011	(44,525)
	<u>\$ 0</u>
Total program funds drawn down by recipient for the year ended June 30, 2013	\$ 94,123
Add, program income applicable to the year ended June 30, 2013	<u>0</u>
Total program funds drawn by recipient and program income for the year ended June 30, 2013	<u>\$ 94,123</u>

CITY OF LAGRANGE, GEORGIA
PROJECT COST SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANTS
Year Ended June 30, 2013

	<u>Budgeted Expenditures</u>	<u>Actual Year Ended June 30, 2013</u>	<u>Expenditures Prior Years</u>	<u>Questioned Cost</u>
<u>CDBG 10p-x-141-2-5265</u>				
P-03J-01	<u>\$ 378,670</u>	<u>\$ 284,547</u>	<u>\$ 94,123</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, 2013

<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	\$ 11,357,968	\$ 3,496,492	\$ 14,854,460
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	1,680,959	271,773	1,952,732
Public safety facilities and equipment	2,880,000	2,984,228	49,063	3,033,291
Special Local Option Sales Tax - 2011:				
Road and bridge improvements	\$ 10,550,000	\$ 0	\$ 0	\$ 0
Utility relocation	3,000,000	0	0	0
Bicycle and sidewalk facilities and neighborhood parks	3,000,000	0	0	0
Public safety facilities and equipment	3,400,000	0	0	0

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.	97
<u>Revenue Capacity</u> - These schedules present information to help the reader assess the City's most significant local revenue source, utility revenue.	104
<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.	109
<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.	113
<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.	115

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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 43,576,398
Restricted	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	4,881,359
Unrestricted	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)	(3,311,359)
Total governmental activities net position	\$ 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	\$ 45,146,398
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 113,861,863
Unrestricted	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	23,220,112
Total business-type activities net position	\$ 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	\$ 137,081,975
Primary government:										
Net investment in capital assets	\$ 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	\$ 157,438,261
Restricted	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	4,881,359
Unrestricted	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	19,908,753
Total primary government net position	\$ 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	\$ 182,228,373

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

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

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,374,352
Public safety	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	15,583,597
Public service	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	2,925,579
Culture and recreation	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	1,090,148
Community development	1,576,977	1,588,303	1,849,841	2,216,201	5,320,867	2,151,152	2,480,853	2,317,269	2,590,079	2,885,126
Redevelopment and housing									503,278	577,942
Miscellaneous		510,577	640,300	1,068,017	818,825	890,116	748,224	817,226	377,065	398,890
Interest on long-term debt.	372,771	423,878	511,415	388,276	874,110	615,455	621,623	502,255	600,050	583,580
Total governmental activities expenses	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	26,419,214
Business-type activities:										
Water and sewerage	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	12,813,505
Gas	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	12,078,193
Electric system	29,680,370	30,592,415	32,588,379	32,919,187	33,811,521	33,019,620	35,065,463	37,470,631	40,414,968	42,433,294
Sanitation	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	9,325,713
Telecommunications	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	2,393,405
Total business-type activities expenses	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	79,044,110
Total primary government expenses	\$ 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	\$ 105,463,324
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 170,880	\$ 276,231	\$ 588,084	\$ 427,172	\$ 404,484	\$ 165,722	\$ 100,601	\$ 152,279	\$ 270,308	\$ 119,827
Public safety	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	2,089,613
Public service		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	148,511
Community development	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	1,248,930
Redevelopment and housing					56,702	77,150	64,071			
Operating grants and contributions	31,878	137,954	104,999	103,647	120,626	8,000	259,664	459,031	660,012	812,440
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	3,174,313
Total government activities program revenues	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	7,593,634
Business-type activities:										
Charges for services:										
Water and sewerage	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	14,844,920
Gas system	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	14,643,762
Electric system	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	49,578,253
Sanitation	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	8,533,923
Telecommunications	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	2,933,962
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	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	90,534,820
Total primary government program revenues	\$ 73,828,734	\$ 81,876,181	\$ 89,612,657	\$ 87,246,473	\$ 93,699,049	\$ 92,612,733	\$ 96,350,606	\$ 101,906,957	\$ 98,532,310	\$ 98,128,454

Fiscal Year Ended June 30

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (18,825,580)
Business-type activities	12,263,265	10,670,684	9,715,465	12,241,406	15,385,844	17,803,993	18,962,734	21,162,694	15,376,628	11,490,710
Total primary government net expense	\$ (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)	\$ (7,334,870)

General Revenues and Other Changes

Net Position

Governmental activities:

Taxes:

General purpose taxes	\$ 2,494,787	\$ 2,640,202	\$ 2,763,775	\$ 2,882,297	\$ 2,981,632	\$ 3,294,587	\$ 3,203,491	\$ 3,322,394	\$ 3,460,477	\$ 3,833,147
Sales tax	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	4,960,107
Franchise taxes	994,855	912,312	987,147	1,047,832	1,097,656	1,240,566	1,010,406	1,099,653	1,082,666	1,057,342
Grants and contributions not restricted	122,866			293,122	233,222	147,708	106,833	48,205	30,635	132,379
Unrestricted investment earnings	219,154	266,186	333,920	881,881	(24,291)					
Gain on sale of capital assets	178,178	(680,722)	478,230							
Miscellaneous	1,645,214									
Transfers	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	10,522,376
Total government activities	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	20,495,351

Business-type activities:

Unrestricted investment earnings	303,275	500,828	917,203	1,111,623	646,735	271,041	121,858	116,453	91,097	15,114
Gain on sale of capital assets	39,516	26,347	5,961	66,425	(90,650)					
Miscellaneous	103,832									
Transfers	(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)	(10,522,376)
Total business-type activities	(6,880,101)	(6,800,820)	(6,921,546)	(8,249,911)	(8,161,222)	(8,810,088)	(7,788,382)	(10,370,876)	(9,384,063)	(10,507,262)
Total primary government	\$ 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	\$ 9,988,089

Change in Net Position

Government activities	(216,661)	(887,861)	1,756,865	2,311,017	2,677,161	3,318,101	273,793	3,952,741	1,605,217	1,669,771
Business-type activities	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	983,448
Total primary government	\$ 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	\$ 2,653,219

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

	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:										
Nonspendable	\$ 189,925	\$ 206,050	\$ 194,759	\$ 251,157	\$ 223,642	\$ 212,344	\$ 223,439	\$ 248,238	\$ 185,692	\$ 203,335
Restricted	592,675				619,478	580,738	628,958	776,590	861,865	876,905
Unassigned	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	1,451,702
Total general fund	\$ 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	\$ 2,531,942
All other governmental funds										
Nonspendable, reported in:										
Debt service	\$ 48,147	\$ 52,143	\$ 46,028	\$ 30,683	\$ 36,482					
Capital projects	5,500		14,688							
Restricted, reported in:										
Special revenue	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	2,202,206
Debt service	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	2,745,169	1,231,130	1,032,902		888,077	2,597,721	2,245,208	3,070,853	2,563,696	1,802,248
Unassigned				(751,407)				(6,510)	(85)	(34,510)
Total all other government funds	\$ 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	\$ 3,969,944

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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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes, licenses and permits	\$ 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	\$ 9,960,423
Intergovernmental	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	3,983,314
Charges for services	251,220	267,242	339,184	373,674	389,462	386,410	402,548	284,338	281,683	260,968
Fines and forfeitures	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	1,828,645
Investment income	219,154	266,186	333,920	293,122	233,222	147,708	106,833	52,899	36,484	135,818
Grants and subsidies								187,920	50,954	
Lease income					410,000				1,085,582	1,083,639
Miscellaneous	1,645,214	1,372,690	1,271,448	925,648	1,441,823	297,696	1,204,796	310,939	233,274	313,802
Total revenues	11,005,703	13,271,130	13,998,340	13,746,127	20,021,082	17,066,309	16,330,103	16,885,255	17,359,005	17,566,609
Expenditures										
General government	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	1,652,312
Public safety	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	15,176,234
Public service	1,902,134	3,763,165	2,798,923	2,318,629	2,308,335	2,156,083	2,207,494	2,306,871	2,759,983	2,493,475
Culture and recreation	819,841	755,436	852,432	857,379	1,003,840	884,840	885,939	818,368	946,692	942,167
Community development	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	1,815,776
Redevelopment and housing	247,774	388,976	387,302	807,255	519,307	599,055	436,144	480,592	503,278	577,942
Telecommunications and technology		116,714	258,735	262,935	294,671	276,701	296,011	326,362	367,318	386,117
Administrative and management	80,196	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	875,391	820,092	814,269	881,339	1,285,445	1,290,625	1,304,204	1,272,643	1,220,330	1,478,499
Interest	372,771	423,878	408,951	420,630	736,547	626,348	633,156	585,208	542,588	597,633
Capital outlay	1,701,653	3,250,998	2,909,976	5,761,421	4,619,200	3,477,743	3,910,773	4,917,057	4,612,883	4,486,441
Total expenditures	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	29,606,596
Excess of revenues over (under) expenditures	(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)	(12,039,987)

Fiscal Year Ended June 30

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses)										
Capital lease	525,419	150,586	398,688	800,953	1,268,232	257,752	195,276	214,753	176,496	235,475
Proceeds from sale of assets	178,178	20,183	495,421	907,147	81,855	30,144	13,823	6,153	20,099	2,266
Transfers in	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	14,173,836
Transfers out	(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)	(3,651,460)
Total other financing sources (uses)	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	10,760,117
Net change in fund balances	\$ 86,552	\$ (2,344,442)	\$ (450,880)	\$ (2,382,360)	\$ 3,704,083	\$ 1,646,365	\$ (1,790,160)	\$ 436,706	\$ (1,646,110)	\$ (1,279,870)
Debt service as a percentage of noncapital expenditures	7.25%	6.27%	6.04%	6.05%	9.23%	8.94%	8.59%	8.32%	7.33%	8.26%

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
2004	\$ -	\$ 3,937,371		\$ 994,855	-	\$ 622,572	\$ 294,059	\$ 5,848,857
2005	-	4,012,504		912,312	-	656,983	307,464	5,889,263
2006	-	4,536,174		987,147	-	646,261	369,341	6,538,923
2007	-	4,575,193	\$ 656,088	1,047,832	-	650,917	383,507	7,313,537
2008	-	5,097,403	4,493,720	1,097,656	-	673,950	441,436	11,804,165
2009	-	4,807,415	3,377,101	1,240,566	-	703,676	422,387	10,551,145
2010	-	4,777,940	3,016,067	1,010,406	-	696,307	396,511	9,897,231
2011	-	4,871,868	2,985,768	1,099,653	-	725,737	517,277	10,200,303
2012	-	5,067,756	3,117,039	1,082,666	-	725,536	644,444	10,637,441
2013		4,950,107	3,074,143	1,057,342		723,504	785,900	10,590,996

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

	<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>	<u>2013</u>
WATER & SEWER FUND:*										
FINANCIAL RATIOS:										
Water & sewer profit margin (%)	21.9	9.4	4.8	19.0	26.0	27.0	25.0	25.0	21.0	14.0
Return on total assets (%)							8.0	6.0	5.0	3.0
Return on equity (%)							9.0	6.0	5.0	3.0
Liabilities/Assets (%)							17.0	11.0	6.0	5.0
Current ratio (x)							1.3	1.2	9.6	12.5
Receivables avg. days outstanding							54.4	43.5	44.5	46.9
General fund transfer (% of Income)							22.0	9.0	19.0	67.0
General fund transfer (% of Revenue)							8.0	2.0	4.0	9.0
Cash and investments(\$)							3,590	2,133	4,446	6,600
Net Equity Transfers Out (\$)							1,250	388	681	1,353
Capital investment versus depreciation (x)							1.4	1.0	0.2	0.5
Capitalization (\$)							73,941	73,403	76,200	76,699
Working Capital (\$)							1,732	1,097	6,435	8,523
OPERATING INFORMATION:										
Water MMGAL sales	2,145	2,142	2,198	2,406	2,261	2,087	2,102	2,187	2,076	1,913
Sewer MMGAL sales	1,145	1,395	1,434	1,524	1,462	1,288	1,179	1,144	1,088	1,073
Revenues \$/MGAL sold	3.45	3.48	3.60	3.89	4.09	4.75	4.64	4.81	5.01	4.97
Water and Sewer Operating/MGAL	2.69	3.15	3.42	3.13	3.02	3.46	3.46	3.62	3.97	4.29
Divisional operating expenses \$/Kgal sold	1.78	2.11	2.48	2.30	2.10	2.46	2.56	2.70	3.04	3.26
Installed Water meters	18,207	18,502	18,700	19,002	19,262	19,324	19,342	19,544	19,584	19,607
Water distribution employees	16	16	16	17	17	17	17	17	17	17
Water production employees	14	14	13	13	13	13	13	13	13	13
meters/distribution employee	1,138	1,156	1,169	1,118	1,133	1,137	1,138	1,150	1,152	1,153
meters/production employee	1,349	1,322	1,438	1,462	1,482	1,486	1,488	1,503	1,506	1,508
MMGAL/distribution employee	134	134	137	142	133	123	124	129	122	112
MMGAL/production employee	159	153	169	185	174	160	162	168	160	147
UTILITY FUND:										
FINANCIAL RATIOS:										
Gas profit margin (%)	20.7	10.0	8.2	12.0	13.0	9.0	9.0	15.0	15.0	16.0
Electric profit margin (%)	14.1	14.7	14.3	15.0	14.0	19.9	25.0	25.0	18.0	16.0
Telecom profit margin (%)	(2.1)	55.3	15.3	13.0	43.0	8.0	27.0	13.0	13.0	14.0
Return on total assets (%)	8.3	7.6	6.9	9.0	10.0	11.3	17.0	18.0	14.0	13.0
Return on equity (%)	14.2	12.3	10.5	14.0	16.0	17.7	34.0	32.0	24.0	20.0
Liabilities/Assets (%)	46.8	45.1	42.8	40.0	42.0	40.7	52.0	46.0	45.0	43.0
Current ratio (x)	3.2	2.5	2.1	2.2	2.4	1.9	3.4	4.2	3.8	3.6
Receivables avg. days outstanding	45.8	43.5	45.4	45.3	48.4	42.4	49.4	49.9	53.1	49.2
General fund transfer (% of Income)	64.1	73.2	68.1	61.0	51.0	62.0	58.0	62.0	113.0	95.0

General fund transfer (% of Revenue)	11.1	10.7	7.9	10.0	9.0	13.0	11.0	12.0	17.0	12.0
Cash & Investments (\$)	18,822	13,838	8,759	9,629	10,728	14,422	15,268	16,504	18,853	20,942
Net Equity Transfers Out (\$)	7,342	7,504	6,141	7,668	7,600	10,927	8,984	10,136	13,688	9,780
Capital investment versus depreciation (x)	2.5	2.2	2.0	1.2	1.2	1.5	2.4	0.5	0.4	1.0
Capitalization (\$)	117,957	116,899	115,637	118,204	122,009	127,250	60,618	66,172	63,749	63,722
Working Capital (\$)	20,177	14,924	10,525	12,073	15,172	12,354	18,289	24,186	22,705	22,831
OPERATING INFORMATION:										
Electric MWH purchases	535,310	525,129	513,354	502,517	497,201	485,857	515,880	532,868	515,529	525,329
Electric MWH sales	509,969	506,029	492,641	482,332	477,031	462,132	494,628	511,050	492,216	505,156
Electric \$/MWH sold	67.79	70.58	77.15	80.09	82.45	88.72	93.78	98.07	100.23	97.81
Electric operating \$/MWH sold	58.20	60.21	66.15	68.25	70.84	71.55	70.70	73.51	81.75	82.60
Electric purchases expense \$/MWH sold	54,250	55,020	61,450	62,190	64,310	64.66	63.83	67.68	74.46	74.16
Electric divisional operating expenses \$/MWH sold	3,380	44,560	4,010	5,350	5,800	6.14	6.13	4.90	6.28	7.41
Installed electric meters	12,654	12,754	12,873	12,919	13,127	13,288	13,369	13,499	13,581	13,561
Electric distribution employees	12	12	12	12	12	12	12	12	12	12
Electric right-of-way employees	1,055	1,063	1,073	1,077	1,094	1,107	1,114	1,125	1,132	1,130
meters/employee	42,497	42,169	41,053	40,194	39,753	38,511	41,219	42,588	41,018	42,096
MWHs/employee										
Gas Dth purchases	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	2,157,212
Gas Dth sales	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	2,145,567
Gas revenue \$/Dth sold	8.54	10.00	13.12	9.82	10.81	10.17	7.49	7.45	6.81	6.81
Gas operating expense \$/Dth sold	6.77	9.00	12.04	8.60	9.37	9.22	6.80	6.33	5.78	5.70
Gas purchases expense \$/Dth sold	5.91	7.69	11.05	7.46	7.98	7.39	5.11	4.76	4.05	3.92
Gas divisional operating expenses \$/Dth sold	0.68	1.05	0.71	0.77	0.80	1.18	0.89	0.76	0.83	0.77
Installed Gas meters	9,538	9,545	9,580	9,567	9,560	9,552	9,543	9,497	9,444	9,460
Gas employees	12	12	12	12	12	12	12	11	10	10
meters/employee	795	795	798	797	797	796	795	863	944	946
Dth/employee	167,201	159,564	151,141	166,499	164,004	151,086	180,348	201,017	195,793	214,557
Customer Service Reps	6	6	6	6	6	6	6	6	6	6
Meters/CSR	6,733	6,800	6,859	6,915	6,992	7,027	7,042	7,090	7,102	7,105
Utility Service Workers	9	9	9	9	9	9	9	9	9	9
Service Orders Completed	22,140	25,110	28,008	27,801	25,841	26,730	25,188	25,473	26,759	26,188
Meters/Service Worker	4,489	4,533	4,573	4,610	4,661	4,685	4,695	4,727	4,734	4,736
Orders per USW	2,460	2,790	3,112	3,089	2,871	2,970	2,808	2,725	2,725	2,910

* 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

	2013			2004		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Milliken & Co.	\$ 585,194	1	4.0	\$ 739,312	1
	City of Greenville	220,045	2	1.5	146,637	3
	Troup County Commissioners	199,240	3	1.4	209,016	2
	West Ga Health	156,689	4	1.1	136,872	4
	City of Hogansville	145,350	5	1.0	135,672	
	Kimberly Clark	132,503	6	1.0	96,074	6
	Lee Crossing Rent Office	96,856	7	0.7	61,160	8
	Troup Co. School System	80,722	8	0.6	68,196	7
	City of West Point	79,924	9	0.5	57,250	
	Duracell	67,774	10	0.5		
	West Point Home, Inc.				134,026	5
	Whispering Pines				46,085	10
	LaGrange College				50,789	9
		<u>\$ 1,764,297</u>		<u>12.3</u>	<u>\$ 1,881,089</u>	<u>15.4</u>

Data Source: City Utility Department

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

	2013			2004		
	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank	Percentage of Total Customer Charges
KIA Motor Corporation	\$ 3,157,510	1	21.5			
Milliken & Co.	2,465,092	2	16.8	\$ 4,072,354	1	23.8
Kimberly Clark	620,796	3	4.2	976,517	2	5.8
Mountville Mills	618,800	4	4.2	226,929	10	1.4
Exxon Mobil	524,520	5	3.6	674,092	3	4.0
Interface Flooring Systems	520,036	6	3.5	377,287	6	2.2
West Ga Health	348,090	7	2.4	442,158	5	2.6
Custom Organics	291,550	8	2.0			
Troup Co. School System	154,377	9	1.1	288,889	8	1.7
Glovis Georgia	122,509	10	0.8	252,982	9	1.5
West Point Home, Inc.				568,439	4	3.3
Kleen Tex #2				336,119	7	2.0
Emerson Network				242,243	9	1.4
	<u>\$ 8,823,280</u>		<u>60.1</u>	<u>\$ 8,458,009</u>		<u>49.7</u>

Data Source: City Utility Department

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

	2013			2004		
	Customer	Customer Charges	Rank	Percentage of Total Customer Charges	Customer Charges	Rank
	Exxon Mobil	\$ 3,524,627	1	7.1	\$ 2,516,320	1
	Duracell USA	2,392,673	2	4.8	1,335,753	3
	West Ga Health	1,641,427	3	3.3	1,365,838	2
	Sewon America, Inc	1,561,874	4	3.1		
	Wal-Mart	1,419,237	5	2.9	1,072,784	5
	Interface Flooring Systems	1,234,829	6	2.5		
	Troup Co. School System	1,071,210	7	2.2	884,747	7
	SAFA	993,175	8	2.0		
	Mountville Mills, Inc	873,589	9	1.8		
	LaGrange College	737,184	10	1.5	839,594	8
	Federal Mogul				904,469	6
	Freudenberg NOK				795,171	9
	Treadgear Films Division				1,236,334	4
	Inflation Systems Inc				793,853	10
		<u>\$ 15,449,825</u>		<u>31.2</u>	<u>\$ 11,744,863</u>	<u>34.1</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
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	10,130,701	4,080,000	2,565,141	3,988,148	30,353,772	6.02%	1,012
2013	5,442,500	1,029,258	1,875,000	9,735,000	3,875,000	2,837,662	3,804,272	28,598,692	5.66%	953

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 113 for personal income and population data.

City of LaGrange, Georgia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt:			
Troup County, Georgia	\$ 15,852,804	45%	\$ 7,133,762
Troup County Board of Public Education	1,936,734	45%	871,530
Subtotal, overlapping debt			<u>8,005,292</u>
Direct debt:			
City of LaGrange, Georgia governmental activities			8,346,758
LaGrange Development Authority			-
Subtotal, direct debt			<u>8,346,758</u>
Total direct and overlapping debt			<u>\$ 16,352,050</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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 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	\$ 104,653,160
Total net debt applicable to limit										
Total net debt margin	\$ 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	\$ 104,653,160

Total net debt applicable to the limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
as a percentage of debt limit										

Legal Debt Margin Calculation for Fiscal Year		2013
Assessed value		\$ 1,046,531,601
Add Back: Exempt real property		
Total assessed value		\$ 1,046,531,601
Debt limit (10% of total assessed value)		\$ 104,653,160
Debt applicable to limit:		
General obligation bonds		
Less: Amount set aside for repayment of general obligation debt		
Total net debt applicable to limit		-
Legal debt margin		\$ 104,653,160

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 Debt
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	
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
2013	14,844,920	9,736,005	5,108,915	135,462	104,403	239,865	21.30

* 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 in Years of Formal Schooling	City / County Consolidated School Enrollment **	Unemployment Rate ***
2004	27,045	\$ 487,107,495	\$ 18,011	32.8	N/A	12,049	8.5%
2005	27,362	502,667,302	18,371	32.8	N/A	12,240	6.6%
2006	27,635	517,824,630	18,738	32.8	N/A	12,400	7.3%
2007	27,911	533,359,369	19,113	32.8	N/A	12,359	6.1%
2008	27,977	545,411,615	19,495	32.8	N/A	12,395	9.2%
2009	28,401	472,592,640	16,640	32.8	N/A	12,646	9.5%
2010	29,588	494,119,600	16,700	33.0	N/A	12,572	13.5%
2011	30,232	502,500,000	16,750	33.0	N/A	12,730	12.8%
2012	30,000	504,520,000	16,817	33.0	N/A	12,727	12.2%
2013	30,000	504,900,000	16,830	33.0	N/A	12,755	10.0%

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	2013			2004		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Troup County School System	Education	1,939	1	22.20%	*		
West Georgia Health Systems	Medical Services	1,300	2	14.90%	*		
Interface Flooring	Floor coverings	1,000	3	11.50%	*		
Milliken & Co.	Textiles	924	4	10.60%	*		
Wal-Mart Distribution Center	Warehousing	880	5	10.10%	*		
Sewon America, Inc.	Car Manufacturing Supplier	880	6	10.10%	*		
Troup County Board of Commissioners	Government	552	7	6.30%	*		
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

Function	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	28	29	29	19	19	18	16	16	16	16
Public safety:										
Police	106	107	108	97	97	94	94	96	95	95
Fire	59	59	59	60	60	58	58	58	58	57
Animal control	3	3	3	3	3	3	3	3	4	4
Court services	3	3	3	2	3	3	3	3	3	3
Probation services	5	4	4	4	4	4	4	5	5	5
Public service:										
Landscaping & cemeteries	14	13	13	15	15	12	9	8	8	8
Highways & streets	20	20	20	20	20	19	19	18	17	17
Traffic control	3	3	3	2	2	2	2	3	3	3
Trash and refuse	9	9	9	9	9	8	8	8	8	8
Engineering	1	1	1	1	1	2	2	2	2	2
Community development:										
Life & building safety	7	7	7	0	0	0	0	0	0	0
Housing & inspections	2	2	2	2	2	2	1	1	1	1
Economic development	0	1	1	2	2	2	1	1	1	1
Community and economic development	3	4	3	9	9	9	8	7	7	7
Other governmental services:										
Vehicle maintenance	15	15	15	15	15	15	16	16	16	16
Local governmental television		2	2	2	2	2	2	2	2	2
Total governmental activities	278	282	282	262	263	253	246	247	246	245
Business-type activities:										
Water & sewerage	63	63	63	62	62	62	64	64	64	64
Electric	12	12	12	12	12	15	18	17	17	17
Gas	12	12	12	12	12	11	12	10	10	10
Telecommunications	5	5	5	4	4	6	6	6	6	5
Sanitation	33	32	32	33	33	33	32	32	32	32
Business-type activities support services	28	27	28	28	28	28	27	27	27	27
Total Business-type activities	153	151	152	151	151	155	159	156	156	155
Grand total	431	433	434	413	414	408	405	403	402	400

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

Function	Fiscal Year Ended June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Physical arrests	4,319	4,537	4,489	5,042	5,417	5,826	5,795	4,769	5,451	6,111
Parking violations	689	1,253	1,158	1,205	571	564	639	215	185	424
Traffic violations	15,404	13,053	14,687	15,116	17,486	18,945	17,920	15,163	17,491	20,060
Fire:										
Number of calls answered	2,908	2,854	2,514	2,632	3,020	3,436	3,332	3,724	4,223	4,723
Inspections	901	1,235	2,197	2,763	3,201	2,842	2,427	3,242	2,925	2,715
Health and welfare:										
Animal control (captured animals-City)	1,431	1,128	908	600	1,329	1,464	1,616	1,370	1,448	1,446
Highways and streets:										
Street resurfacing (miles)	8	4	9	2	1	15	15	17	12	23
Potholes repaired	2,429	2,554	2,360	2,500	520	500	350	150	89	57
Water and sewerage:										
New water connections	351	295	198	383	114	93	116	166	57	7
New sewage connections	399	184	179	305	299	275	132	11	120	22
Average daily consumption (thousands of gallons)	5,877	5,869	6,022	6,590	6,195	5,719	5,760	5,992	5,688	5,242
Average daily sewage treatment (thousands of gallons)	5,740	6,310	5,150	5,320	5,280	5,465	5,870	4,710	4,550	4,370
Gas:										
Breaks on gas main	68	75	9	10	15	21	10	13	14	1
Solid waste:										
Refuse collected (tons/day)	325	359	386	441	480	485	392	392	412	412
Recyclables collected (tons/day)	6	7	7	7	8	7	9	9	11	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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	68	75	81	77	83	86	86	83	86	82
Fire stations	3	3	3	3	4	5	5	5	5	5
Fire engines	9	9	9	8	10	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	207	207	207	207	207	207	207
Parks	12	12	12	14	14	14	14	14	14	14
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	3	3	3	3	3	3	3
Community centers	1	1	1	2	2	2	2	2	2	2
Highways and streets:										
Streets (miles)	192	194	198	205	207	207	207	207	207	207
Streetlights (additions)	84	202	176	106	87	138	138	155	25	25
Traffic signals (City owned)	15	15	15	9	9	9	9	9	9	8
Water and sewerage:										
Water mains (miles)	188	191	195	200	210	215	430	432	434	435
Fire hydrants	1,671	1,704	1,729	1,800	1,850	1,900	2,000	2,030	2,040	2,060
Maximum daily water capacity (thousands of gallons)	10,000	10,100	12,400	11,500	13,000	22,000	22,000	22,000	22,000	22,000
Sanitary sewers (miles)	192	194	198	210	215	215	215	215	215	215
Storm sewers (miles)	47	49	51	55	57	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)	241	248	250	260	310	324	351	309	326	326
Number of distribution stations	15	15	13	12	11	11	13	13	13	14
Sanitation:										
Collection trucks	30	32	33	35	34	35	35	38	41	41

Data Sources: Various City departments.

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

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