



CITY OF GRIFFIN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

Prepared by:
Griffin Finance Department

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION



CITY OF GRIFFIN

 SINCE 1840

Commission Members

Dick Morrow
Chairman

Rodney C. McCord
Chairman Pro-Tem

W.D. "Bill" Landrum

William Evans

Douglas S. Hollberg

Joanne Todd

Cynthia Reid Ward

City Manager
Kenny L. Smith

December 18, 2009

To the Honorable Members of the Board of Commissioners and Citizens of the City of Griffin:

Ladies and Gentlemen:

We are pleased to present the City of Griffin's (the City's) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. The financial statements included in this report conform with accounting principles generally accepted in the United States (U.S. GAAP) and as established by the Governmental Accounting Standards Board (GASB). State law requires that general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in conformance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Griffin. Consequently, management assumes full responsibility for the completeness and reliability of all of the information contained in this report. To provide a reasonable basis for making these representations, management of the City of Griffin has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Griffin's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh the benefits, the City of Griffin's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this report is reliable and complete in all material respects.

INDEPENDENT AUDIT

The City of Griffin's financial statements have been audited by Mauldin & Jenkins Certified Public Accountants, LLC. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



"The Iris City"

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Web Site: www.cityofgriffin.com

The independent audit of the financial statements of the City is sometimes part of a broader, federal and state mandated “single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. For fiscal year 2009, a single audit was not necessary as the City did not expend \$500,000 or more of federal funds.

In accordance with GAAP, this Comprehensive Annual Report (CAFR) includes a narrative introduction from management, that provides an overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors. The remainder of this letter provides an overview of local economic conditions and some of the City’s current and future initiatives.

PROFILE OF THE GOVERNMENT

The City of Griffin, was incorporated in 1843, is located in the central portion of the state and currently occupies a land area of 14.1 square miles and a population of just over 23,000 people. The City of Griffin is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by the State to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing Board.

The City of Griffin operates under a City Manager/Board of Commissioners form of government. Policy making and legislative authority are vested in the governing council, which consists of seven Commissioners. The governing council is responsible, among other things, for passing ordinances, adopting budgets, appointing committees, and hiring both the City’s manager and legal counsel. The City Manager is responsible for carrying out the day to day operations of government and for appointing the heads of the various departments. The Board is elected on a non-partisan basis, and serves staggered terms. Elections are held every two years with three Commissioners on one cycle and four Commissioners the next cycle. The Chairperson is elected by the Board and serves for one year.

The City of Griffin provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities, including an eighteen hole golf course; and a municipal airport. Also, the City provides water, wastewater, electric, sanitation and stormwater runoff services through its enterprise funds, which function, in essence, as departments of the City, and therefore have been included as an integral part of the City’s financial statements.

The annual budget serves as the foundation for the City of Griffin’s financial planning and control. All departments of the City of Griffin are required to submit requests for appropriations to the City Manager on or about March 2nd. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager then presents the proposed budget to the Board of Commissioners for review, prior to May 15. The Board of Commissioners is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30; (the close of the City’s fiscal year). The annual budget is prepared by fund, function, and department; for example: General Fund, Public Safety, Police. Department directors are not allowed to make transfers between appropriated accounts. Neither are appropriations between departments allowed, except by specific action of the Board of Commissioners. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted. For the general fund, this comparison extends to the department level. Budget to actual comparisons for all governmental and enterprise funds (business-type activities) are presented in the other Required Supplementary Information (RSI) section of the financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

THE CITY OF GRIFFIN'S ECONOMY IN 2009

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates. The City of Griffin enjoys a diverse economy and relatively stable unemployment rate that translate into a diverse portfolio of revenue streams. Because of the City's balanced revenues streams coming from its governmental and business-type activities, as such, the City is not dependent upon a single source of income. Diversified revenues come from two sources of activities: governmental and business-type activities. Governmental activities (or program revenues) include revenues from property taxes, sales taxes, charges for services, fines and forfeitures, and donations. Business-type activities (enterprise) are those functions that the City provides and operates for profit generation geared for reinvestment into infrastructure. Examples of infrastructure investment are electrical supply (power lines), water distribution (underground pipes), solid waste services (environmental cleanup), or a municipal airport.

Local Economy

The City of Griffin prides itself on an historic downtown that combines "old world charm" from an architectural perspective with contemporary amenities and services. The region has a varied manufacturing and industrial base. Major industries with corporate headquarters or divisions located within the City's boundaries or close proximity include medical, manufacturing, automotive parts, materials and packaging, as well as fine dining, retail (with specialty shops), and real estate development.

Cash Management Policies and Practices

The City invests idle unrestricted cash into certificates of deposit. Restricted cash for Water – Wastewater and Electric funds were invested in obligations of the general government and Local Government Investment Pool. Cemetery Trust Fund cash was held in treasury securities. The City has since moved the Cemetery Trust Fund investments to an investment firm offering full-service investment banking, securities brokerage, and asset management.

Pension and Other Post Employment Retirement Benefits

The City of Griffin has ongoing obligations to complete funding for its employees' pensions and retirees' health care obligations. Nevertheless, the City's overall financial position remains steady, despite various fiscal challenges in providing services to City residents.

The City of Griffin Retirement Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), and agent multiple-employer pension plan administered by the Georgia Municipal Association. The day-to-day management of those assets and activities are handled by internal staff and the Georgia Municipal Employees Benefits System. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary.

Post Employment Health Care Plan

The City also provides other post employment health care benefits (OPEB) to retirees on a pay-as-you-go basis. The OPEB plan provides a subsidy for medical and dental insurance benefits to eligible retirees. Benefit provisions and contribution requirements are established and may be amended by the City Commission. For the fiscal year 2009, the City contributed \$1,393,000 to the plan. Additional information on the City's pension plan and its funding progress can be found in the notes to the financial statements.

MAJOR INITIATIVES

During fiscal year 2009, the City of Griffin achieved many significant accomplishments in connection with goals established by the Board of City Commissioners. These broad-based goals are summarized as follows:

- The City improved its National Flood Insurance Program ranking to a Community Rating System 6.
- Received Gold Awards from Georgia Association of Water Professionals for permit compliance for Still Branch Regional Reservoir and Harry Simmons water treatment plants.
- Received Gold Awards from Georgia Association of Water Professionals for National Pollutant Discharge Elimination Systems permit compliance for Potato Creek and Cabin Creek Wastewater treatment plants.
- Received the Water Fluoridation Quality Award from the Centers for Disease Control for professional and consistent fluoridation of Regional drink water.
- The City of Griffin's stormwater program received the "Public Education Award Program of the Year" for small systems from the Georgia Association of Water Professionals; and received "Friend of 4-H Award" for watershed management programs.
- The Fire Department received its Class 2 ISO fire rating.
- The Police Department received its three year re-certification from the State of Georgia Law Enforcement Certification Commission.
- The Police Department received its national re-accreditation for three years from the Commission on Accreditation of Law Enforcement Agencies, Inc.

GFOA CERTIFICATE OF ACHIEVEMENT

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 Griffin, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 5th consecutive year that the City of Griffin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

The timely preparation and publication of this Comprehensive Annual Financial Report represents a significant effort of the Accounting and Finance Divisions of the Department of Administrative Services as well as the excellent cooperation and assistance of other City of Griffin employees and independent auditors, Mauldin & Jenkins, Certified Public Accountants, LLC, who contributed to its preparation. In particular we wish to express our appreciation to the Accounting and Finance staff who were responsible for assimilating and compiling the data comprising this report.

Sincere appreciation is also expressed to the Commissioners, City Manager, and Directors of Departments and Divisions for their assistance and leadership throughout the year in matters pertaining to the financial affairs of this great City.

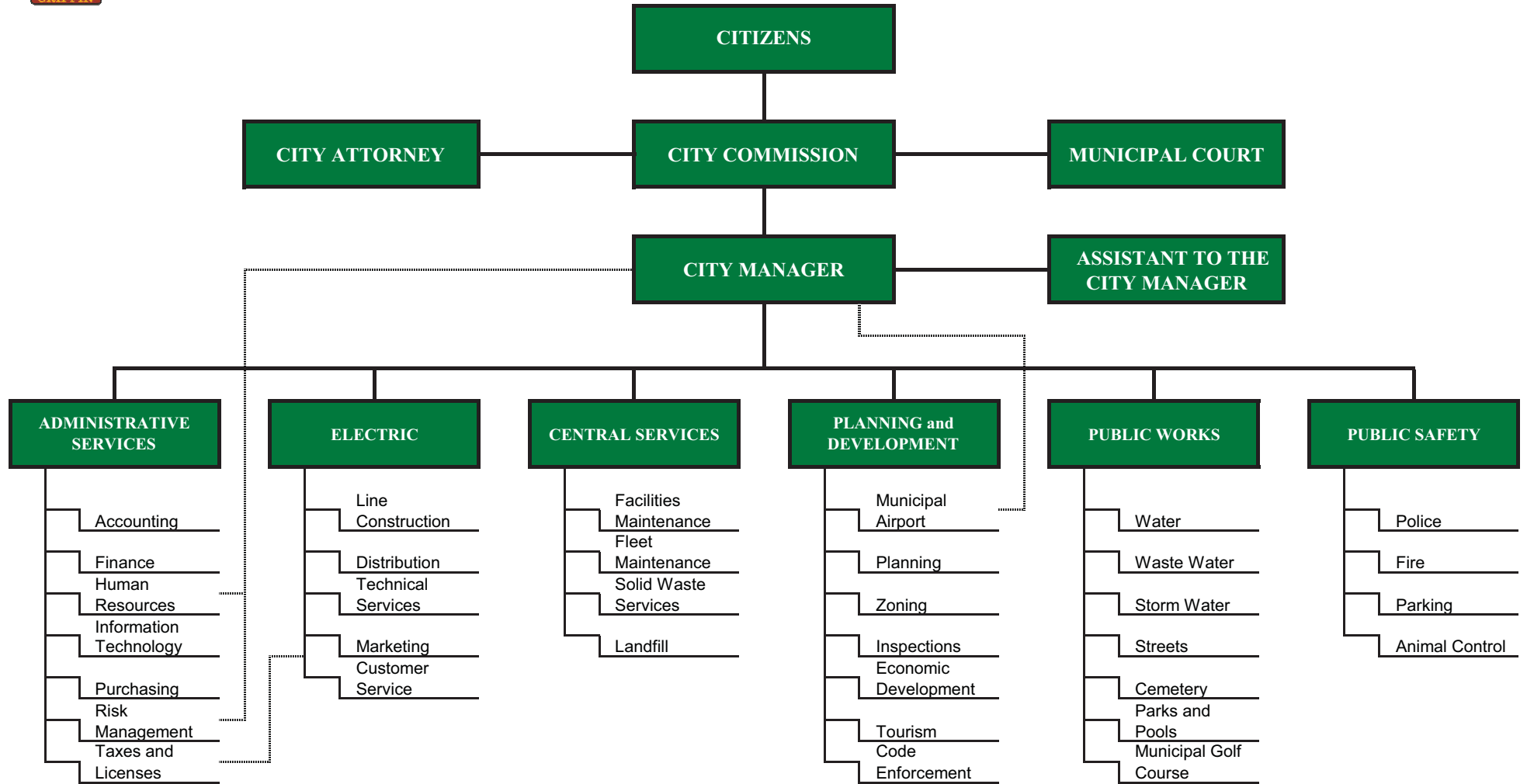
Respectfully submitted,

A handwritten signature in black ink that reads "Dick Morrow". The signature is written in a cursive style with a large, sweeping initial "D".

Dick Morrow,
Chairman, City of Griffin



CITY OF GRIFFIN Organization Chart



CITY OF GRIFFIN, GEORGIA

PRINCIPAL OFFICIALS JUNE 30, 2009

Commission Member – District I	Cynthia Reid Ward
Commission Member – District II	William H. Evans
Commission Member – District III	William D. Landrum
Commission Member – District IV	Joann Todd
Commission Member – District V	Dick Morrow
Commission Member – District VI	Rodney McCord
Commission Member – At Large	Douglas S. Hollberg
Chairman	Dick Morrow
Chairman Pro-Tem	Rodney McCord
City Manager & City Clerk	Kenny Smith
City Attorney	Andrew Whalen, Esq.
Municipal Court Judge	A. Ronald Cook
Municipal Court Solicitor	E. Carl Touchstone, Esq.
Director of Administrative Services	Markus Schwab, CPA.CITP
Fire Chief	Tommy Jones
Police Chief	Frank Strickland
Water/Wastewater Director	Brant Keller, PhD
Electric Director - Acting	Tom Ridgway
Central Services Director	Phil Francis
Airport Manager	Robert Mohl
Developmental Services Director	Frederick Gardiner

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Griffin
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Commission
Griffin, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Griffin, Georgia** (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Griffin, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Griffin, Georgia, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009, on our consideration of the City of Griffin, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress (on page 64) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Griffin, Georgia's basic financial statements. The introductory section, combining and individual nonmajor 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 of the City of Griffin, Georgia. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
December 17, 2009

CITY OF GRIFFIN, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Griffin, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Griffin, Georgia for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 80,812,076 (*net assets*). Of this amount, \$20.8 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1,716,332.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$ 3,125,589, a decrease of \$664,437 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the General Fund was \$922,345, or 3.9% of total General Fund expenditures.
- The City's total debt decreased by \$2,698,801 during the current fiscal year. This decrease was mostly due to scheduled principle payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Griffin's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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 of Griffin's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the 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 taxes and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judicial, public safety, public works, parks and recreation, and housing and development. The business-type activities of the City include water and wastewater, electric, solid waste, stormwater, welcome center operations, airport operations, and golf course operations.

The government-wide financial statements can be found on pages 12 and 13 of this report.

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 three categories: governmental funds, proprietary funds, and fiduciary 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 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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund only, because it is considered to be a major fund. Data from the other seven governmental funds (four special revenue funds, one capital projects funds, and two permanent funds) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 budget.

The basic governmental fund financial statements can be found on pages 14 and 15 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City maintains two 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 Water/Wastewater Utility Fund, Electric Utility Fund, Solid Waste Fund, Stormwater Utility Fund, Airport Fund, Welcome Center Fund, and the Golf Course Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally amount the City's various functions. The City uses internal service funds to account for its motor vehicle fleet. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Wastewater Utility Fund, Electric Utility Fund, and Solid Waste Fund, all of which are considered to be major funds of the City. Conversely, the nonmajor enterprise funds and the internal service funds are combined into single, aggregated presentations in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 19 - 26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 27 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 28 - 63 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 65 – 82 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$80,812,076 at the close of the most recent fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

By far the largest portion of the City's net assets (73.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment 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.

City of Griffin's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 9,799,858	\$ 9,386,784	\$ 25,499,423	\$ 24,519,212	\$ 35,299,281	\$ 33,905,996
Capital assets	17,717,329	18,396,909	118,064,339	119,729,871	135,781,668	138,126,780
Total assets	<u>27,517,187</u>	<u>27,783,693</u>	<u>143,563,762</u>	<u>144,249,083</u>	<u>171,080,949</u>	<u>172,032,776</u>
Other liabilities	1,288,030	703,396	8,673,121	9,058,241	9,961,151	9,761,637
Long-term liabilities outstanding	5,580,445	6,426,361	74,727,277	76,749,034	80,307,722	83,175,395
Total liabilities	<u>6,868,475</u>	<u>7,129,757</u>	<u>83,400,398</u>	<u>85,807,275</u>	<u>90,268,873</u>	<u>92,937,032</u>
Net assets:						
Invested in capital assets, net of related debt	12,975,572	12,991,539	46,056,274	47,793,223	59,031,846	60,784,762
Restricted	-	-	995,921	1,025,014	995,921	1,025,014
Unrestricted	7,673,140	7,662,397	13,111,169	9,623,571	20,784,309	17,285,968
Total net assets	<u>\$ 20,648,712</u>	<u>\$ 20,653,936</u>	<u>\$ 60,163,364</u>	<u>\$ 58,441,808</u>	<u>\$ 80,812,076</u>	<u>\$ 79,095,744</u>

An additional portion of the City's net assets (1.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$20,784,309) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities during the fiscal year ended June 30, 2009, decreased the City of Griffin's net assets by \$5,224. Business-type activities during the same period increased net assets by \$1,721,556 for a total increase in net assets of \$1,716,332. Key elements of this decrease are as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Griffin's Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 7,029,516	\$ 6,876,019	\$ 66,536,925	\$ 62,150,777	\$ 73,566,441	\$ 69,026,796
Operating grants and contributions	406,984	338,472	206,103	157,276	613,087	495,748
Capital grants and contributions	-	394,613	642,931	127,333	642,931	521,946
General revenues:						
Property taxes	4,721,865	4,843,964	-	-	4,721,865	4,843,964
Sales taxes	3,249,639	3,786,058	-	-	3,249,639	3,786,058
Insurance premium tax	1,312,511	1,281,805	-	-	1,312,511	1,281,805
Other taxes	1,195,767	1,270,444	-	-	1,195,767	1,270,444
Franchise taxes	621,589	612,240	-	-	621,589	612,240
Unrestricted investment earnings	(158,665)	73,214	372,215	619,561	213,550	692,775
Gain on sale of capital assets	50,012	82,281	-	(4,567)	50,012	77,714
Total revenues	18,429,218	19,559,110	67,758,174	63,050,380	86,187,392	82,609,490
Expenses:						
General government	4,145,149	4,651,126	-	-	4,145,149	4,651,126
Judicial	154,801	155,443	-	-	154,801	155,443
Public safety	14,735,107	14,438,842	-	-	14,735,107	14,438,842
Public works	4,255,794	4,760,853	-	-	4,255,794	4,760,853
Parks and recreation	535,047	464,517	-	-	535,047	464,517
Housing and development	574,377	811,268	-	-	574,377	811,268
Interest on long-term debt	232,108	254,579	-	-	232,108	254,579
Water and wastewater	-	-	15,291,525	15,366,591	15,291,525	15,366,591
Electric	-	-	34,862,574	34,439,453	34,862,574	34,439,453
Solid Waste	-	-	6,321,731	6,786,941	6,321,731	6,786,941
Stormwater	-	-	1,754,685	1,602,906	1,754,685	1,602,906
Airport operations	-	-	911,534	974,200	911,534	974,200
Welcome Center	-	-	101,039	103,441	101,039	103,441
Golf Course	-	-	595,589	319,360	595,589	319,360
Total expenses	24,632,383	25,536,628	59,838,677	59,592,892	84,471,060	85,129,520
Change in net assets before transfers	(6,203,165)	(5,977,518)	7,919,497	3,457,488	1,716,332	(2,520,030)
Transfers	6,197,941	4,825,307	(6,197,941)	(4,825,307)	-	-
Change in net assets	(5,224)	(1,152,211)	1,721,556	(1,367,819)	1,716,332	(2,520,030)
Net assets, beginning	20,653,936	21,806,147	58,441,808	59,809,627	79,095,744	81,615,774
Net assets, ending	<u>\$ 20,648,712</u>	<u>\$ 20,653,936</u>	<u>\$ 60,163,364</u>	<u>\$ 58,441,808</u>	<u>\$ 80,812,076</u>	<u>\$ 79,095,744</u>

As can be seen above, the governmental activities show a deficit of revenues under expenses before transfers of \$6,203,165 and \$5,977,518 for 2009 and 2008, respectively. These deficiencies are normal and consistent throughout all fiscal years. The reason for this is that the City relies on the superior earnings of the enterprise funds (specifically the Water/Wastewater and Electric Funds) to subsidize the operation of the general fund. The transfer from those funds can be thought of as dividends paid to stockholders or return of equity to the owners of a business, and they can be used for whatever purpose the City Commission decides is best for the City. Traditionally, the City has relied upon those transfers to maintain the ad valorem tax rates at a reasonable level. In the absence of those transfers, the City would either have to raise the shortfall in revenues through increases in user fees or taxes, or to cut back the level of services it provides to the citizens.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. The City's business-type activities which include the Water/Wastewater Fund, Electric Utility Fund, Solid Waste Fund, and four non-major funds increased net assets by \$2,161,619 in 2009 and decreased net assets by \$694,487 in 2008.

City of Griffin Enterprise Net Operating Income (Loss) Nonoperating Revenues (Expenses) and Transfers (Fund level)

	2009	2008
Net operating income (loss):		
Water / Wastewater Fund	\$ 4,158,923	\$ 3,346,450
Electric Utility Fund	7,777,357	4,883,385
Solid Waste Fund	(633,617)	(1,284,939)
Nonmajor Enterprise Funds	(491,299)	(388,078)
Total net operating income	10,811,364	6,556,818
Nonoperating revenues (expenses)	(2,329,239)	(2,595,928)
Income (loss) before transfers	8,482,125	3,960,890
Net transfers out	(6,320,506)	(4,655,377)
Changes in net assets	\$ 2,161,619	\$ (694,487)

Financial Analysis of the City'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. This 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.

At the end of 2009 and 2008, the combined ending fund balances of the City's governmental funds were a positive \$3,125,589 and a positive \$3,790,026 respectively. A positive \$797,297 at June 30, 2009 of the ending fund balance consists of unreserved/undesignated fund balance, which is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance at June 30, 2009, \$2,328,292 is reserved to indicate that it is not available for new spending because it is committed for prepaid items and capital projects.

The City of Griffin has only one major governmental fund which is the General Fund. The General Fund is the primary operating fund of the City. It accounts for many of the City's core services such as law enforcement, fire protection, planning, roads and streets, and administration. At the end of 2009 the General Fund had a positive fund balance of \$922,345. This is a decrease of \$428,191 from the beginning fund balance. As noted earlier, this decrease was due mostly to transfers in from other funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net assets of the City's enterprise funds increased by \$1,721,556 in 2009 and decreased by \$694,487 in 2008, as a result of operations in the enterprise funds.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year ending June 30, 2009, governmental activities and business-type activities had capital assets of \$135,781,668 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 1.7% (a 3.7% decrease for governmental activities and a 1.4% decrease for business-type activities). The major decrease in capital assets for governmental activities and business-type activities was from the sale of capital assets and scheduled depreciation expense.

City of Griffin's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,494,880	\$ 1,227,025	\$ 7,650,221	\$ 7,650,221	\$ 9,145,101	\$ 8,877,246
Land improvements	-	-	3,605,844	3,382,473	3,605,844	3,382,473
Buildings and improvements	6,823,637	6,974,379	22,939,342	23,727,561	29,762,979	30,701,940
Improvements other than buildings	-	-	75,483,416	76,569,110	75,483,416	76,569,110
Machinery and equipment	2,367,956	2,955,953	6,825,031	7,650,191	9,192,987	10,606,144
Infrastructure	6,121,745	6,715,648	-	-	6,121,745	6,715,648
Construction in progress	909,111	523,901	1,560,485	750,315	2,469,596	1,274,216
Total	\$ 17,717,329	\$ 18,396,906	\$ 118,064,339	\$ 119,729,871	\$ 135,781,668	\$ 138,126,777

Additional information on the City's capital assets can be found in Note 5 on pages 43 - 45 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration. At the end of June 30, 2009, the City had \$5,580,445 of outstanding long-term liabilities related to governmental activities and \$74,727,277 of long-term liabilities related to business-type activities for a total of \$80,307,722 compared to the previous year's total of \$83,175,395. This is a decrease of \$2,867,640 due mostly to scheduled principle payments on long term debt. At the end of 2009, the City had total bonded debt outstanding of \$69,472,000 as compared to \$71,209,000 in 2008. The debt is secured solely by specified revenue sources (i.e. revenue bonds). The majority of the bonded debt outstanding is from the issuance of \$64,385,000 of Combined Public Utility Revenue Refunding and Improvement Bonds (Series 2002) in 2003. These bonds, along with other available funds were used to refund \$6,210,000 in of the Series 1993A bonds, initially fund approximately 33 months of interest on the Series 2002 bonds, and construct improvements and a new regional water supply system for the water and wastewater fund.

Additional information on the City's debt can be found in Note 6 on pages 45 - 52 of this report.

Currently Known Conditions Affecting Future Operations

The governor of the State of Georgia decided to eliminate the Homeowners Tax Relief Grant for fiscal year 2010. The effect on the City is a reduction of approximately \$200,000 of general fund revenue. This along with the downturn in the economy will affect the City's operations in the area of reduced sales tax receipts and other general fund revenues. We will be monitoring this closely and amending our forecasts accordingly.

Factors affecting the FY 2009-10 Budget:

The Commission of the City of Griffin considered many factors when approving the City's 2010 budget and are very aware of present economic conditions and their effect on its citizens. The Commission chose to continue to use transfers from the business-type activities to the governmental activities instead of increasing taxes or rates within the governmental activities. There were no contemplated increases to the rates of the business-type activities.

Annually, the City Manager submits to the Commission a proposed operating budget for the coming fiscal year which is required to be approved prior to June 30. Public hearings are held prior to adoption to allow citizens the opportunity to comment on the proposed budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgets are adopted for the General Fund, the Hotel / Motel Tax Fund, the Multiple Grant Fund, the Confiscated Assets Fund, the Police Technology Fund, the Court Technology Fund, the Business and Tourism Association Fund, the Police Donations Fund, the Water/Wastewater Fund, Electric Utility Fund, Solid Waste Fund, Stormwater Utility Fund, Airport Fund, Welcome Center Fund, and Golf Course Fund. Budgets for the Enterprise Funds are prepared for planning and control purposes only. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget. During the year there was an approximate \$443 thousand increase in appropriations between the original budget and the final amended budget for the City's General Fund. This increase was due mostly to additional appropriations needed within the public safety function.

Requests for Information

This financial report is designed to provide a general overview of the City of Griffin's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Kenny Smith, City Manager, at the City of Griffin, P.O. Box T, Griffin, Georgia, 30224.

CITY OF GRIFFIN, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2009

ASSETS	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Griffin Main Street	Griffin Downtown Development
Cash and cash equivalents	\$ 1,169,456	\$ 1,619,452	\$ 2,788,908	\$ 17,550	\$ -
Investments	1,937,905	4,124,113	6,062,018	-	-
Taxes receivable	924,748	-	924,748	-	-
Accounts receivable, net of allowances	128,636	9,364,409	9,493,045	-	-
Due from other governments	16,197	286,020	302,217	-	-
Due from component units	157,603	-	157,603	-	-
Internal balances	2,463,951	(2,463,951)	-	-	-
Inventories	182,484	2,227,916	2,410,400	-	-
Prepaid expenses	189,960	154,296	344,256	1,005	1,005
Restricted assets:					
Cash and cash equivalents	-	1,476,569	1,476,569	-	-
Investments	-	6,764,081	6,764,081	-	-
Deferred charges	-	1,574,589	1,574,589	-	-
Assets held for resale	189,247	-	189,247	-	-
Other noncurrent asset - OPEB	-	371,929	371,929	-	-
Other noncurrent asset - pension	2,439,671	-	2,439,671	-	-
Capital assets:					
Nondepreciable	2,403,991	9,210,706	11,614,697	-	-
Depreciable, net of accumulated depreciation	15,313,338	108,853,633	124,166,971	-	-
Total assets	27,517,187	143,563,762	171,080,949	18,555	1,005
LIABILITIES					
Accounts payable	926,470	5,207,205	6,133,675	158	79
Accrued liabilities	361,560	646,994	1,008,554	1,183	2,717
Due to primary government	-	-	-	64,904	92,699
Customer deposits payable	-	2,818,922	2,818,922	-	-
Capital leases due within one year	593,725	165,901	759,626	-	-
Capital leases due in more than one year	4,148,032	254,056	4,402,088	-	-
Notes payable due within one year	-	177,221	177,221	-	-
Notes payable due in more than one year	-	1,938,887	1,938,887	-	-
Bonds payable due within one year	-	1,795,000	1,795,000	-	-
Bonds payable due in more than one year	-	67,677,000	67,677,000	-	-
Compensated absences due within one year	712,885	507,132	1,220,017	-	-
Compensated absences due in more than one year	125,803	89,494	215,297	-	-
Due to Pike County due in more than one year	-	238,327	238,327	-	-
Landfill postclosure care costs due within one year	-	77,960	77,960	-	-
Landfill postclosure care costs due in more than one year	-	1,806,299	1,806,299	-	-
Total liabilities	6,868,475	83,400,398	90,268,873	66,245	95,495
NET ASSETS					
Invested in capital assets, net of related debt	12,975,572	46,056,274	59,031,846	-	-
Restricted for debt service	-	995,921	995,921	-	-
Unrestricted	7,673,140	13,111,169	20,784,309	(47,690)	(94,490)
Total net assets	\$ 20,648,712	\$ 60,163,364	\$ 80,812,076	\$ (47,690)	\$ (94,490)

The accompanying notes are an integral part of these financial statements.

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total	Griffin Main Street	Griffin Downtown Development
			Grants and Contributions	Grants and Contributions					
Primary government:									
Governmental activities:									
General government	\$ 4,145,149	\$ 5,053,915	\$ 207,939	\$ -	\$ 1,116,705	\$ -	\$ 1,116,705	\$ -	\$ -
Judicial	154,801	-	-	-	(154,801)	-	(154,801)	-	-
Public safety	14,735,107	1,483,436	199,045	-	(13,052,626)	-	(13,052,626)	-	-
Public works	4,255,794	181,713	-	-	(4,074,081)	-	(4,074,081)	-	-
Parks and recreation	535,047	183,146	-	-	(351,901)	-	(351,901)	-	-
Housing and economic development	574,377	127,306	-	-	(447,071)	-	(447,071)	-	-
Interest on long-term debt	232,108	-	-	-	(232,108)	-	(232,108)	-	-
Total governmental activities	<u>24,632,383</u>	<u>7,029,516</u>	<u>406,984</u>	<u>-</u>	<u>(17,195,883)</u>	<u>-</u>	<u>(17,195,883)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water and Wastewater	15,291,525	15,916,076	-	-	-	624,551	624,551	-	-
Electric	34,862,574	42,584,904	-	-	-	7,722,330	7,722,330	-	-
Solid Waste	6,321,731	5,294,230	-	411,622	-	(615,879)	(615,879)	-	-
Stormwater	1,754,685	1,845,721	-	-	-	91,036	91,036	-	-
Airport	911,534	486,881	206,103	323,564	-	105,014	105,014	-	-
Welcome Center	101,039	-	-	-	-	(101,039)	(101,039)	-	-
Golf Course	595,589	316,858	-	-	-	(278,731)	(278,731)	-	-
Total business-type activities	<u>59,838,677</u>	<u>66,444,670</u>	<u>206,103</u>	<u>735,186</u>	<u>-</u>	<u>7,547,282</u>	<u>7,547,282</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 84,471,060</u>	<u>\$ 73,474,186</u>	<u>\$ 613,087</u>	<u>\$ 735,186</u>	<u>(17,195,883)</u>	<u>7,547,282</u>	<u>(9,648,601)</u>	<u>-</u>	<u>-</u>
Component units:									
Griffin Main Street	\$ 66,095	\$ 18,384	\$ -	\$ -	-	-	-	(47,711)	-
Griffin Downtown Development Authority	106,633	12,143	-	-	-	-	-	-	(94,490)
Total component units	<u>172,728</u>	<u>30,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,711)</u>	<u>(94,490)</u>
General revenues:									
Property taxes					4,721,865	-	4,721,865	-	-
Sales taxes					3,249,639	-	3,249,639	-	-
Insurance premium tax					1,312,511	-	1,312,511	-	-
Alcoholic beverage taxes					644,810	-	644,810	-	-
Business occupational taxes					384,289	-	384,289	-	-
Franchise taxes					621,589	-	621,589	-	-
Other taxes					166,668	-	166,668	-	-
Unrestricted investment earnings					(158,665)	372,215	213,550	21	-
Gain on sale of capital assets					50,012	-	50,012	-	-
Transfers					6,197,941	(6,197,941)	-	-	-
Total general revenues and transfers					<u>17,190,659</u>	<u>(5,825,726)</u>	<u>11,364,933</u>	<u>21</u>	<u>-</u>
Change in net assets					(5,224)	1,721,556	1,716,332	(47,690)	(94,490)
Net assets, beginning of year					20,653,936	58,441,808	79,095,744	-	-
Net assets, end of year					<u>\$ 20,648,712</u>	<u>\$ 60,163,364</u>	<u>\$ 80,812,076</u>	<u>\$ (47,690)</u>	<u>\$ (94,490)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRIFFIN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

ASSETS	General	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	\$ 447,870	\$ 640,971	\$ 1,088,841
Investments	446,666	1,491,239	1,937,905
Taxes receivable, net	919,184	5,564	924,748
Accounts receivable, net	125,626	2,510	128,136
Due from other governments	16,197	-	16,197
Due from other funds	269,545	3,531	273,076
Due from component units	157,603	-	157,603
Prepaid expenditures	180,051	27	180,078
Assets held for resale	-	189,247	189,247
Total assets	<u>\$ 2,562,742</u>	<u>\$ 2,333,089</u>	<u>\$ 4,895,831</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 795,966	\$ 6,311	\$ 802,277
Accrued liabilities	316,459	2,112	318,571
Deferred revenues	333,955	-	333,955
Due to other funds	194,017	121,422	315,439
Total liabilities	<u>1,640,397</u>	<u>129,845</u>	<u>1,770,242</u>
FUND BALANCES			
Fund balances:			
Reserved for:			
Prepaid expenditures	180,051	27	180,078
Special projects	-	2,148,214	2,148,214
Unreserved, reported in:			
General fund	742,294	-	742,294
Special revenue funds	-	138,022	138,022
Capital projects funds	-	(83,019)	(83,019)
Total fund balances	<u>922,345</u>	<u>2,203,244</u>	<u>3,125,589</u>
Total liabilities and fund balances	<u>\$ 2,562,742</u>	<u>\$ 2,333,089</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,578,584
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	333,955
Net pension asset that is not a financial asset in governmental fund activities and therefore not reported in governmental funds	2,439,671
Internal service funds are used by management to charge the costs of certain functions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	3,776,539
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	<u>(5,605,626)</u>
Net assets of governmental activities	<u>\$ 20,648,712</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRIFFIN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Property taxes	\$ 4,682,938	\$ -	\$ 4,682,938
Other taxes	5,600,313	71,759	5,672,072
Charges for services	5,043,464	31,956	5,075,420
Licenses and permits	300,540	-	300,540
Intergovernmental	406,382	602	406,984
Franchise taxes	621,589	-	621,589
Fines and forfeitures	1,228,003	81,883	1,309,886
Interest revenue	15,966	(174,993)	(159,027)
Rental income	191,521	-	191,521
Contributions and donations	883	3,431	4,314
Other revenues	14,884	132,951	147,835
Total revenues	18,106,483	147,589	18,254,072
EXPENDITURES			
Current:			
General government	4,144,099	-	4,144,099
Judicial	154,315	-	154,315
Public safety	14,164,931	164,276	14,329,207
Public works	3,521,905	13,712	3,535,617
Parks and recreation	543,691	-	543,691
Housing and economic development	544,637	22,102	566,739
Capital outlay	-	300,440	300,440
Debt service:			
Principal	632,778	30,832	663,610
Interest	233,320	1,879	235,199
Total expenditures	23,939,676	533,241	24,472,917
Excess (deficiency) of revenues over (under) expenditures	(5,833,193)	(385,652)	(6,218,845)
OTHER FINANCING SOURCES (USES)			
Transfers in	17,855,819	223,288	18,079,107
Transfers out	(12,450,817)	(73,882)	(12,524,699)
Total other financing sources (uses)	5,405,002	149,406	5,554,408
Net change in fund balances	(428,191)	(236,246)	(664,437)
Fund balances, beginning of year	1,350,536	2,439,490	3,790,026
Fund balances, end of year	\$ 922,345	\$ 2,203,244	\$ 3,125,589

The accompanying notes are an integral part of these financial statements.

CITY OF GRIFFIN, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Net change in fund balances - total governmental funds	\$ (664,437)
Governmental funds report capital outlays 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. This is the amount by which depreciation exceeded capital outlays in the current period.	(499,006)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	124,772
Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities.	349,071
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	663,610
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>20,766</u>
	<u>\$ (5,224)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ·
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 4,710,500	\$ 4,710,500	\$ 4,682,938	\$ (27,562)
Other taxes	6,217,000	6,217,000	5,600,313	(616,687)
Charges for services	4,988,332	4,988,332	5,043,464	55,132
Licenses and permits	419,600	419,600	300,540	(119,060)
Intergovernmental	335,383	582,883	406,382	(176,501)
Franchise fees	612,000	612,000	621,589	9,589
Fines and forfeitures	1,382,900	1,382,900	1,228,003	(154,897)
Interest revenue	75,000	75,000	15,966	(59,034)
Rental income	145,040	145,040	191,521	46,481
Contributions and donations	-	-	883	883
Other revenues	30,000	30,000	14,884	(15,116)
Total revenues	<u>18,915,755</u>	<u>19,163,255</u>	<u>18,106,483</u>	<u>(1,056,772)</u>
EXPENDITURES:				
Current:				
General government:				
Legislative	439,432	403,023	308,937	94,086
Executive	431,594	434,594	376,913	57,681
Elections	750	750	185	565
Administrative services	2,987,577	2,738,577	2,351,242	387,335
Central services	715,097	1,044,631	1,005,636	38,995
Legal	101,425	101,425	101,186	239
Total general government	<u>4,675,875</u>	<u>4,723,000</u>	<u>4,144,099</u>	<u>578,901</u>
Judicial	<u>302,346</u>	<u>302,346</u>	<u>154,315</u>	<u>148,031</u>
Public safety:				
Police	9,585,942	9,669,642	8,921,875	747,767
Fire	5,269,028	5,510,428	5,031,745	478,683
Code enforcement	137,612	137,612	106,217	31,395
Other protection	133,473	133,473	105,094	28,379
Total public safety	<u>15,126,055</u>	<u>15,451,155</u>	<u>14,164,931</u>	<u>1,286,224</u>
Public works:				
Highways and streets	4,103,491	4,145,084	3,041,229	1,103,855
Cemetery	438,576	441,376	480,676	(39,300)
Total public works	<u>4,542,067</u>	<u>4,586,460</u>	<u>3,521,905</u>	<u>1,064,555</u>
Parks and recreation:				
Recreation	67,667	104,167	165,547	(61,380)
Parks	393,564	393,564	378,144	15,420
Total parks and recreation	<u>461,231</u>	<u>497,731</u>	<u>543,691</u>	<u>(45,960)</u>

(Continued)

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ·
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Housing and economic development:				
Protective inspection	\$ 624,678	\$ 624,678	\$ 542,651	\$ 82,027
Downtown development	-	-	1,131	(1,131)
Main Street	-	-	855	(855)
Total housing and economic development	<u>624,678</u>	<u>624,678</u>	<u>544,637</u>	<u>80,041</u>
Debt service	<u>902,002</u>	<u>892,302</u>	<u>866,098</u>	<u>26,204</u>
Total expenditures	<u>26,634,254</u>	<u>27,077,672</u>	<u>23,939,676</u>	<u>3,137,996</u>
Deficiency of revenues under expenditures	<u>(7,718,499)</u>	<u>(7,914,417)</u>	<u>(5,833,193)</u>	<u>2,081,224</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,062,160	7,296,160	17,855,819	10,559,659
Transfers out	-	(115,674)	(12,450,817)	(12,335,143)
Capital leases	623,140	623,140	-	(623,140)
Proceeds from the sale of capital assets	25,000	25,000	-	(25,000)
Total other financing sources (uses)	<u>7,710,300</u>	<u>7,828,626</u>	<u>5,405,002</u>	<u>(2,423,624)</u>
Net change in fund balances	(8,199)	(85,791)	(428,191)	(342,400)
Fund balances, beginning of year	<u>1,350,536</u>	<u>1,350,536</u>	<u>1,350,536</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,342,337</u>	<u>\$ 1,264,745</u>	<u>\$ 922,345</u>	<u>\$ (342,400)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2009**

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 374,809	\$ 980,083	\$ 18,944	\$ 245,616
Investments	-	4,124,113	-	-
Restricted assets, cash	1,011,382	250,925	50,744	163,518
Restricted assets, investments	1,203,711	445,521	25,000	-
Accounts receivable, net of allowances	156,709	9,052,529	-	155,171
Due from other governments	-	139,683	146,337	-
Due from other funds	21,085	56,713	12,210	293,543
Inventories	325,488	1,862,968	-	39,460
Prepaid expenses	52,667	24,201	47,734	29,694
Total current assets	<u>3,145,851</u>	<u>16,936,736</u>	<u>300,969</u>	<u>927,002</u>
NONCURRENT ASSETS				
Restricted assets, investments	2,754,718	2,136,131	199,000	-
Deferred charges	1,574,589	-	-	-
Net OPEB asset	-	371,929	-	-
Capital assets:				
Nondepreciable	6,413,167	320,967	280,984	2,195,588
Depreciable, net of accumulated depreciation	81,262,993	15,250,763	1,949,435	10,390,442
Total noncurrent assets	<u>92,005,467</u>	<u>18,079,790</u>	<u>2,429,419</u>	<u>12,586,030</u>
Total assets	<u>95,151,318</u>	<u>35,016,526</u>	<u>2,730,388</u>	<u>13,513,032</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	695,383	3,912,287	449,047	150,488
Accrued liabilities	48,077	528,080	45,653	25,184
Current portion - compensated absences	257,972	140,856	85,849	22,455
Current portion - notes payable	44,790	-	-	132,431
Current portion - capital leases payable	-	-	165,901	-
Current portion - landfill closure / postclosure care costs	-	-	77,960	-
Customer deposits payable	12,946	2,805,976	-	-
Due to other funds	91,113	295,458	228,955	58,239
Payable from restricted assets:				
Revenue bonds payable, current portion	1,795,000	-	-	-
Total current liabilities	<u>2,945,281</u>	<u>7,682,657</u>	<u>1,053,365</u>	<u>388,797</u>
NONCURRENT LIABILITIES				
Compensated absences, net of current portion	45,525	24,857	15,150	3,962
Revenue bonds payable, net of current portion	67,677,000	-	-	-
Capital leases payable, net of current portion	-	-	254,056	-
Notes payable, net of current portion	-	-	-	1,938,887
Due to Pike County, net of current portion	238,327	-	-	-
Landfill closure / postclosure care costs	-	-	1,806,299	-
Total noncurrent liabilities	<u>67,960,852</u>	<u>24,857</u>	<u>2,075,505</u>	<u>1,942,849</u>
Total liabilities	<u>70,906,133</u>	<u>7,707,514</u>	<u>3,128,870</u>	<u>2,331,646</u>
NET ASSETS (DEFICITS)				
Invested in capital assets, net of related debt	18,159,370	15,571,730	1,810,462	10,514,712
Restricted for debt service	995,921	-	-	-
Unrestricted	5,089,894	11,737,282	(2,208,944)	666,674
Total net assets	<u>\$ 24,245,185</u>	<u>\$ 27,309,012</u>	<u>\$ (398,482)</u>	<u>\$ 11,181,386</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
 Net assets of business-type activities

The accompanying notes are an integral part of these financial statements.

<u>Totals</u>	<u>Governmental Activities</u>	
	<u>Internal Service Fund - Motor Pool</u>	
\$ 1,619,452	\$	80,615
4,124,113		-
1,476,569		-
1,674,232		-
9,364,409		500
286,020		-
383,551		469,248
2,227,916		182,484
154,296		9,882
<u>21,310,558</u>		<u>742,729</u>
5,089,849		-
1,574,589		-
371,929		-
9,210,706		-
<u>108,853,633</u>		<u>1,138,745</u>
<u>125,100,706</u>		<u>1,138,745</u>
<u>146,411,264</u>		<u>1,881,474</u>
5,207,205		124,193
646,994		8,179
507,132		8,185
177,221		-
165,901		-
77,960		-
2,818,922		-
673,765		136,671
<u>1,795,000</u>		<u>-</u>
<u>12,070,100</u>		<u>277,228</u>
89,494		1,444
67,677,000		-
254,056		-
1,938,887		-
238,327		-
1,806,299		-
<u>72,004,063</u>		<u>1,444</u>
<u>84,074,163</u>		<u>278,672</u>
46,056,274		1,138,745
995,921		-
15,284,906		464,057
<u>62,337,101</u>	\$	<u>1,602,802</u>
(2,173,737)		
<u>\$ 60,163,364</u>		

CITY OF GRIFFIN, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Water/ Wastewater Utility Fund</u>	<u>Electric Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 15,528,656	\$ 40,037,917	\$ 5,153,085	\$ 2,619,185
Tap and capacity recovery fees	332,080	-	-	-
Other services	55,340	2,546,987	141,145	30,275
Total operating revenues	<u>15,916,076</u>	<u>42,584,904</u>	<u>5,294,230</u>	<u>2,649,460</u>
OPERATING EXPENSES				
Personal services	3,683,684	3,495,168	2,260,484	1,123,898
Purchased or contracted services	3,315,955	2,383,600	2,616,062	1,231,057
Purchased power	-	27,781,367	-	-
Supplies	1,085,514	252,274	68,272	210,762
Miscellaneous	507,910	91,032	571,201	185,109
Depreciation	3,164,090	804,106	411,828	482,188
Total operating expenses	<u>11,757,153</u>	<u>34,807,547</u>	<u>5,927,847</u>	<u>3,233,014</u>
Operating income (loss)	<u>4,158,923</u>	<u>7,777,357</u>	<u>(633,617)</u>	<u>(583,554)</u>
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	-	139,683	411,622	389,984
Interest income	137,089	223,778	8,848	2,500
Interest expense	(3,449,759)	-	(20,934)	(79,795)
Gain on sale of capital assets	-	-	-	-
Total nonoperating income (expenses)	<u>(3,312,670)</u>	<u>363,461</u>	<u>399,536</u>	<u>312,689</u>
Income (loss) before transfers	846,253	8,140,818	(234,081)	(270,865)
TRANSFERS				
Transfers out	(12,687,746)	(23,066,920)	(3,378,676)	(1,521,674)
Transfers in	11,109,144	17,694,053	3,706,828	1,824,485
Total transfers	<u>(1,578,602)</u>	<u>(5,372,867)</u>	<u>328,152</u>	<u>302,811</u>
Change in net assets	(732,349)	2,767,951	94,071	31,946
NET ASSETS (DEFICITS), beginning of year	<u>24,977,534</u>	<u>24,541,061</u>	<u>(492,553)</u>	<u>11,149,440</u>
NET ASSETS (DEFICITS), end of year	<u>\$ 24,245,185</u>	<u>\$ 27,309,012</u>	<u>\$ (398,482)</u>	<u>\$ 11,181,386</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in net assets of business-type activities

The accompanying notes are an integral part of these financial statements.

<u>Totals</u>	<u>Governmental Activities Internal Service Fund - Motor Pool</u>
\$ 63,338,843	\$ 1,004,591
332,080	-
2,773,747	2,914
<u>66,444,670</u>	<u>1,007,505</u>
10,563,234	642,632
9,546,674	246,665
27,781,367	-
1,616,822	755,948
1,355,252	27,461
4,862,212	242,263
<u>55,725,561</u>	<u>1,914,969</u>
10,719,109	(907,464)
941,289	-
372,215	362
(3,550,488)	-
-	50,012
<u>(2,236,984)</u>	<u>50,374</u>
8,482,125	(857,090)
(40,655,016)	(48,656)
34,334,510	814,754
<u>(6,320,506)</u>	<u>766,098</u>
2,161,619	(90,992)
	<u>1,693,794</u>
	<u>\$ 1,602,802</u>
(440,063)	
<u>\$ 1,721,556</u>	

CITY OF GRIFFIN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Water/ Wastewater Utility Fund</u>	<u>Electric Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 16,267,629	\$ 41,110,600	\$ 5,395,211	\$ 2,101,172
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(4,702,856)	(30,506,098)	(2,888,261)	(1,586,958)
Payments to employees	(3,757,458)	(3,490,288)	(2,306,093)	(1,135,224)
Net cash provided by (used in) operating activities	<u>7,807,315</u>	<u>7,114,214</u>	<u>200,857</u>	<u>(621,010)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental grant	-	-	-	389,984
Transfers out	(12,687,746)	(23,066,920)	(3,378,676)	(1,521,674)
Transfers in	<u>11,109,144</u>	<u>17,694,053</u>	<u>3,706,828</u>	<u>1,824,485</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,578,602)</u>	<u>(5,372,867)</u>	<u>328,152</u>	<u>692,795</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(961,613)	(1,524,475)	(574,747)	(135,846)
Proceeds from the sale of capital assets	-	-	-	-
Principal paid on bonds	(1,737,000)	-	-	-
Principal paid on notes payable and capital leases	(50,961)	-	(176,117)	(127,693)
Principal paid on agreement due to Pike County	(31,137)	-	-	-
Interest paid	<u>(3,365,672)</u>	<u>-</u>	<u>(21,231)</u>	<u>(86,329)</u>
Net cash (used in) capital and related financing activities	<u>(6,146,383)</u>	<u>(1,524,475)</u>	<u>(772,095)</u>	<u>(349,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,889,179)	(4,159,246)	(224,000)	-
Proceeds from the sale of investments	2,872,505	4,203,156	224,000	-
Interest and dividends received	<u>159,244</u>	<u>224,630</u>	<u>8,848</u>	<u>2,500</u>
Net cash provided by investing activities	<u>142,570</u>	<u>268,540</u>	<u>8,848</u>	<u>2,500</u>
Increase (decrease) in cash and cash equivalents	224,900	485,412	(234,238)	(275,583)
Cash and cash equivalents:				
Beginning of year	<u>1,161,291</u>	<u>745,596</u>	<u>303,926</u>	<u>684,717</u>
End of year	<u>\$ 1,386,191</u>	<u>\$ 1,231,008</u>	<u>\$ 69,688</u>	<u>\$ 409,134</u>
Classified as:				
Cash and cash equivalents	\$ 374,809	\$ 980,083	\$ 18,944	\$ 245,616
Restricted assets, cash	1,011,382	250,925	50,744	163,518
	<u>\$ 1,386,191</u>	<u>\$ 1,231,008</u>	<u>\$ 69,688</u>	<u>\$ 409,134</u>

(Continued)

<u>Totals</u>	<u>Governmental Activities Internal Service Fund - Motor Pool</u>
\$ 64,874,612	\$ -
-	911,691
(39,684,173)	(1,009,617)
(10,689,063)	(642,423)
<u>14,501,376</u>	<u>(740,349)</u>
389,984	-
(40,655,016)	(48,656)
<u>34,334,510</u>	<u>814,754</u>
<u>(5,930,522)</u>	<u>766,098</u>
(3,196,681)	(61,692)
-	50,012
(1,737,000)	-
(354,771)	-
(31,137)	-
<u>(3,473,232)</u>	<u>-</u>
<u>(8,792,821)</u>	<u>(11,680)</u>
(7,272,425)	-
7,299,661	-
395,222	362
<u>422,458</u>	<u>362</u>
200,491	14,431
<u>2,895,530</u>	<u>66,184</u>
<u>\$ 3,096,021</u>	<u>\$ 80,615</u>
\$ 1,619,452	\$ 80,615
1,476,569	-
<u>\$ 3,096,021</u>	<u>\$ 80,615</u>

CITY OF GRIFFIN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Water/ Wastewater Utility Fund</u>	<u>Electric Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 4,158,923	\$ 7,777,357	\$ (633,617)	\$ (583,554)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,164,090	804,106	411,828	482,188
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(45,166)	(1,112,146)	(9,715)	(134,901)
Decrease in due from Spalding County	203	-	-	-
(Increase) decrease in inventories	4,531	309,083	-	39,645
(Increase) decrease in due from other funds	329,213	(55,312)	(11,825)	(278,088)
(Increase) decrease in prepaids and other assets	(31,631)	(386,477)	(19,825)	(13,286)
Increase in accounts payable	184,024	17,906	297,716	10,826
Increase (decrease) in accrued liabilities	(24,175)	66,543	(43,943)	(22,612)
Decrease in customer deposits	-	(575,906)	-	-
Increase in landfill closure / postclosure care costs	-	-	87,717	-
Increase (decrease) in due to other funds	67,303	269,060	122,521	(121,228)
Net cash provided by (used in) operating activities	<u>\$ 7,807,315</u>	<u>\$ 7,114,214</u>	<u>\$ 200,857</u>	<u>\$ (621,010)</u>
Noncash investing, capital, and financing activities:				
Unrealized loss on investments	<u>\$ (22,155)</u>	<u>\$ (852)</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

<u>Totals</u>	<u>Governmental Activities Internal Service Fund - Motor Pool</u>
\$ 10,719,109	\$ (907,464)
4,862,212	242,263
(1,301,928)	1,321
203	-
353,259	(12,117)
(16,012)	(233,806)
(451,219)	4,231
510,472	28,343
(24,187)	209
(575,906)	-
87,717	-
337,656	136,671
<u>\$ 14,501,376</u>	<u>\$ (740,349)</u>
<u>\$ (23,007)</u>	<u>\$ -</u>

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2009**

	<u>Municipal Court</u>
ASSETS	
Cash and cash equivalents	\$ 226,869
Total assets	<u>226,869</u>
LIABILITIES	
Due to others	<u>226,869</u>
Total liabilities	<u>\$ 226,869</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GRIFFIN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Griffin, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, the City has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting". The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City was chartered in 1843 and operates under a Commission – City Manager form of government. The City Manager is the head of the administrative branch of government. As such, he is responsible for the day-to-day operations of city government. The legislative authority of the City is vested in a seven (7) member Commission including an elected Chairperson and an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; airport; parks and recreation; housing and development; and public utilities (water, sewer, stormwater, electric, and solid waste). As required by accounting principles generally accepted in the United States of America, these financial statements include the accounts of all City operations and all activities of the City.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", the component units' financial statements have been included as both blended and discretely presented. Blended component units, although legally separate entities, are in substance part of the City's operations and so financial data from these units are combined with the financial data of the primary government. All of the City's component units have a June 30 year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Blended Component Unit

The City of Griffin Business and Tourism Association (the “Association”) - The City Commission appoints all of the members of the Association’s board. The Board members consist of the City Commission Chairman, the City Manager, and the City Finance Director. The Association is therefore shown as a blended component unit as its government body is substantively the same as that of the City. Budget requests for the Association are submitted to the Commission for approval, with the City Commission possessing authority to revise the budget. The City also provides for approximately 100% of the Association’s annual budget. Separate financial statements for the Association are not prepared.

Discretely Presented Component Units

The City of Griffin Main Street Association (the “Main Street”) - The City Commission appoints several positions of the Main Street’s board with additional positions being appointed by various organizations. There are 12 members plus two ex-officio officers. Budget requests for Main Street are submitted to the City Commission for approval, with the City Commission possessing the authority to amend the budget. The City provides approximately 80 percent of the Main Street’s annual operating budget. Separate financial statements for the Main Street are not prepared.

The City of Griffin Downtown Development Authority (the “DDA”) - The City Commission appoints all seven members of the DDA’s board (one of which is an elected member of the City Commission). Budget requests for the DDA are submitted to the Commission for approval, with the City Commission possessing authority to revise the budget. The City also provides for a substantial portion of the DDA’s annual budget. Separate financial statements for the DDA are not prepared.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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.

Property taxes, sales taxes, franchise taxes, licenses, and investment income 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The **Water/Wastewater Utility Fund** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **Electric Utility Fund** accounts for the provision of electrical services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **Solid Waste Fund** accounts for the activities of the City's solid waste management operations. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **capital projects fund** accounts for the acquisition of capital assets and construction or improvement of major capital projects such as construction of new roads.

The **permanent funds** are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting of the City's programs.

The **internal service fund** is used to account for the rental of motor vehicles and equipment to other departments and related costs of the City, on a cost reimbursement basis.

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments and individuals.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (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 payments-in-lieu of taxes and other charges between the City's water and wastewater 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of 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.

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

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are completed in April.
2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Commission in May.
3. Public hearings on the proposed budget are held in May and June.
4. The budget is legally adopted by the Mayor and City Commission prior to June 30.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$5,000 between departments requires the approval of the City Commission. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any department or fund must be approved by the City Commission. The City Commission made several immaterial supplemental budget appropriations during the year.
6. Formal budgetary integration is employed as a management control device during the year for all the following funds: (General, Hotel/Motel Tax, Multiple Grant, Confiscated Assets, Police Technology, Court Technology, the Business and Tourism Association, and the Police Donations and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
8. Revenues and expenditures of the Capital Projects Funds are budgeted on a project basis and are, therefore, excluded from presentation in the financial statements.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

F. Deposits and Investments

For purposes of the statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

State statutes authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1 was created under OCGA 36-83-8 and 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 SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 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 participants' shares sold and redeemed based on \$1 per share. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). The pool is regulated by the Georgia Office of Treasury and Fiscal Services.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

G. Inventory and Prepaid Items

Inventory in the proprietary funds is valued at the lower of cost or market. The City accounts for inventory on the purchase basis. Prepaid expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

H. Short-Term Interfund Receivables/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." 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."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2009, no amounts were capitalized.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Depreciation is provided on the straight-line method over the following estimated useful lives:

Governmental Assets

Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 10 years
Infrastructure	25 - 30 years

Business-type Assets

Buildings and improvements	10 - 50 years
Utility system	5 - 50 years
Equipment	5 - 20 years

K. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs and deferred charges, are deferred and amortized over the life of the bonds using the straight line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Compensated Absences

All employees, except shift firefighters, accrue vacation as follows: 1.54 hours per week of vacation with under 10 years of service; 2.3 hours per week of vacation with greater than 10 years and less than 20 years of service; and 3.07 hours per week of vacation with greater than 20 years of service. Shift firefighters accrue vacation as follows: 3.23 hours per week of vacation with under 10 years of service; 4.62 hours per week of vacation with greater than 10 years and less than 20 years of service; and 6.46 hours per week of vacation with greater than 20 years of service. Vacation time must be taken as time off and will not be paid-out except that any unused vacation will be paid at an employee's termination of employment.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences (Continued)

All City employees, except shift firefighters, accrue sick leave at 1.85 hours per week. Shift firefighters accrue sick leave at 5.54 hours per week. Sick leave, however, is not paid upon an employee's termination except to employees who are eligible to retire between January 2, 2005 and January 1, 2010. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Defined Contribution Plan

The City offers its employees a defined contribution plan (the City of Griffin Deferred Compensation Plan) which is administered by MetLife Resources. The Plan is a combined 457 plan and 401A plan. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and requires the City to match the employees' deferrals up to a maximum of 1% of annual compensation. Employer's contributions are fully vested at the time of contribution. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Benefit provisions and contributions are established and may be amended by the City Council. During the year ended June 30, 2009, the City contributed \$294,450 and employees contributed \$562,965.

Pursuant to the Statement Number 32 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the City does not have a fiduciary relationship with the plan. Accordingly, the balances and transactions of the City's plan are not reported in the City's financial statements.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

O. Restricted Assets

The Water/Wastewater Utility Fund, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “certain liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$5,605,626 difference are as follows:

Capital leases	\$ 4,741,757
Compensated absences	829,059
Accrued interest	<u>34,810</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 5,605,626</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$499,006 difference are as follows:

Capital outlay	\$ 1,079,981
Depreciation expense	<u>(1,578,987)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (499,006)</u></u>

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$663,610 difference are as follows:

Principal retirement on long-term debt	<u>\$ (663,610)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (663,610)</u></u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$20,766 difference are as follows:

Compensated absences	\$ 182,635
Net pension asset	(164,960)
Accrued interest	<u>3,091</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 20,766</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2009, are summarized as follows:

Amounts as presented on the entity wide statement of net assets:	
Cash and cash equivalents	\$ 2,788,908
Investments	6,062,018
Restricted cash and cash equivalents	1,476,569
Restricted investments	6,764,081
Amounts as presented on the fiduciary statement of net assets:	
Cash and cash equivalents - Agency Fund	226,869
Component Unit - cash and cash equivalents	17,550
Total	\$ 17,335,995
Cash deposited with financial institutions	\$ 10,860,398
Cash deposited with Georgia Fund 1	280,666
Investments in the Municipal Competitive Trust	4,124,113
Investments in governmental bonds	830,483
Investments in corporate bonds	250,000
Investments in equities and various other securities	990,335
	\$ 17,335,995

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by State law. As of June 30, 2009, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's and the City's investments in Federated securities were rated between 3 and 4 stars by Morningstar Rating. The City's investment in the Municipal Competitive Trust was not rated. All other City investments were rated AA by Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2009, the City had the following investments:

Investment	Rating	Fair Value	Investment Maturities (in Years)					> 20
			Less than 1	1 - 5	6 - 10	11 - 15	16 - 20	
Georgia Fund 1		\$ 280,666	\$ 280,666	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit		6,350,502	1,573,002	4,091,500	354,000	100,000	232,000	-
Municipal Competitive Trust - Short-term		4,124,113	2,742,123	1,301,570	80,420	-	-	-
Equities and various other non-maturing securities		990,335	NA	-	-	-	-	-
Governmental bonds	A	116,056	-	116,056	-	-	-	-
Governmental bonds	AA	25,005	-	-	-	-	-	25,005
Governmental bonds	AA+	46,546	-	-	-	46,546	-	-
Governmental bonds	AAA	642,876	-	-	165,270	19,700	253,491	204,415
Corporate bonds	AAA	250,000	-	-	-	-	-	250,000
Total		\$ 12,826,099	\$ 4,595,791	\$ 5,509,126	\$ 599,690	\$ 166,246	\$ 485,491	\$ 479,420

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.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

Custodial credit risk – investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities.

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized loss of \$22,155 reflected as interest income in the Water & Sewer Fund, an unrealized loss of \$852 reflected as interest income in the Electric Utility Fund and an unrealized loss of \$212,287 reflected as interest income in the Cemetery Trust Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Accounts Receivable

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	Water/ Wastewater
Receivables:			
Taxes	\$ 1,097,464	\$ 5,564	\$ -
Accounts	125,626	2,510	183,529
Intergovernmental	16,197	-	-
Gross receivables	1,239,287	8,074	183,529
Less: allowance for uncollectibles	(178,280)	-	(26,820)
Net total receivables	<u>\$ 1,061,007</u>	<u>\$ 8,074</u>	<u>\$ 156,709</u>

	Electric	Nonmajor Enterprise	Total
Receivables:			
Taxes	\$ -	\$ -	\$ 1,103,028
Accounts	15,064,947	155,171	15,531,783
Intergovernmental	139,683	146,337	302,217
Gross receivables	15,204,630	301,508	16,937,028
Less: allowance for uncollectibles	(6,012,418)	-	(6,217,518)
Net total receivables	<u>\$ 9,192,212</u>	<u>\$ 301,508</u>	<u>\$ 10,719,510</u>

Property Taxes

Property taxes were levied on behalf of the City by Spalding County on July 29, 2008, (Levy Date) based upon property values assessed as of January 1. The billings were mailed on September 15, 2008, and payable on or before November 15, 2008, for the calendar year 2008 tax. Taxes not paid within 30 days of the November 15 due date were subject to property tax liens on February 16, 2009. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during calendar year 2008 for the City's operations was 8.638 mills (mill equals \$1 per thousand dollars of assessed value).

The City does maintain an allowance for uncollectible property taxes. At June 30, 2009, the allowance for uncollectible property taxes was \$178,280.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,227,025	\$ 267,855	\$ -	\$ -	\$ 1,494,880
Construction in progress	523,901	385,210	-	-	909,111
Total capital assets, not being depreciated	<u>1,750,926</u>	<u>653,065</u>	<u>-</u>	<u>-</u>	<u>2,403,991</u>
Capital assets, being depreciated:					
Buildings and improvements	8,548,068	121,980	-	-	8,670,048
Machinery and equipment	19,542,570	366,628	(451,727)	-	19,457,471
Infrastructure	28,144,141	-	-	-	28,144,141
Total capital assets, being depreciated	<u>56,234,779</u>	<u>488,608</u>	<u>(451,727)</u>	<u>-</u>	<u>56,271,660</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,573,689)	(272,722)	-	-	(1,846,411)
Machinery and equipment	(16,586,617)	(954,625)	451,727	-	(17,089,515)
Infrastructure	(21,428,493)	(593,903)	-	-	(22,022,396)
Total accumulated depreciation	<u>(39,588,799)</u>	<u>(1,821,250)</u>	<u>451,727</u>	<u>-</u>	<u>(40,958,322)</u>
Total capital assets, being depreciated, net	<u>16,645,980</u>	<u>(1,332,642)</u>	<u>-</u>	<u>-</u>	<u>15,313,338</u>
Governmental activities capital assets, net	<u>\$ 18,396,906</u>	<u>\$ (679,577)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,717,329</u>

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for them are included as part of the above totals for governmental activities. At year end, \$1,138,745 of internal service fund's capital assets is included in the above amounts.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 7,650,221	\$ -	\$ -	\$ -	\$ 7,650,221
Construction in progress	750,315	821,593	-	(11,423)	1,560,485
Total capital assets, not being depreciated	<u>8,400,536</u>	<u>821,593</u>	<u>-</u>	<u>(11,423)</u>	<u>9,210,706</u>
Capital assets, being depreciated:					
Land improvements	4,412,227	387,968	-	-	4,800,195
Buildings	35,834,446	23,642	-	11,423	35,869,511
Improvements other than buildings	97,524,052	1,444,685	-	-	98,968,737
Machinery and equipment	22,246,990	518,792	-	-	22,765,782
Total capital assets, being depreciated	<u>160,017,715</u>	<u>2,375,087</u>	<u>-</u>	<u>11,423</u>	<u>162,404,225</u>
Less accumulated depreciation for:					
Land improvements	(1,029,754)	(164,597)	-	-	(1,194,351)
Buildings	(12,106,885)	(823,284)	-	-	(12,930,169)
Improvements other than buildings	(20,954,942)	(2,530,379)	-	-	(23,485,321)
Machinery and equipment	(14,596,799)	(1,343,952)	-	-	(15,940,751)
Total accumulated depreciation	<u>(48,688,380)</u>	<u>(4,862,212)</u>	<u>-</u>	<u>-</u>	<u>(53,550,592)</u>
Total capital assets, being depreciated, net	<u>111,329,335</u>	<u>(2,487,125)</u>	<u>-</u>	<u>11,423</u>	<u>108,853,633</u>
Business-type activities capital assets, net	<u>\$ 119,729,871</u>	<u>\$ (1,665,532)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,064,339</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	\$	409,327
Public safety		439,193
Public works		717,809
Parks and recreation		12,658
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		242,263
Total depreciation expense - governmental activities	\$	<u>1,821,250</u>
Business-type activities:		
Water and wastewater	\$	3,164,090
Electric		804,106
Solid waste		411,828
Stormwater		279,112
Airport		117,917
Welcome center		42,261
Golf course		42,898
Total depreciation expense - business-type activities	\$	<u>4,862,212</u>

NOTE 6. LONG-TERM DEBT

Revenue Bonds:

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's Water and Wastewater Utility Fund's revenue bonds outstanding at June 30, 2009, are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Combined Utility, Series 2002	\$ 64,385,000	2.00% - 5.125%	2032	\$ 62,250,000
Combined Utility, Series 2005	9,748,000	3.59%	2017	7,222,000
				<u>69,472,000</u>
		Less current portion		(1,795,000)
				<u>\$ 67,677,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2002

The City of Griffin Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2002 were issued December 1, 2002. The Series 2002 bonds were issued to provide funds to refund a portion of the City's Revenue Refunding and Improvement Bonds, Series 1993A and to finance the cost of making additions, extensions, and improvements to the City's water and wastewater systems. The Series 2002 bonds are special limited obligations of the City payable solely from and secured by a pledge of and lien on revenues derived by the City from the ownership and operation of its water, wastewater, and electric system, remaining after the payment of expenses of operating, maintaining, and repairing the system. The Series 2002 bonds do not constitute a debt or general obligation of the City or a pledge of the faith and credit or taxing power of the City. No governmental entity, including the City, is obligated to levy any tax for the payment of the Series 2002 bonds. No recourse may be had against the General Fund of the City for payment of the Series 2002 bonds.

Combined Public Utility Revenue Bonds, Series 2005

The City of Griffin Combined Public Utility Revenue Bonds, Series 2005 were issued October 4, 2005. The Series 2005 bonds were issued to provide funds to finance, in whole or in part, a) the cost of currently refunding and defeasing a portion of the outstanding Combined Public Utility Revenue Bonds, Series 1996 and 1997, b) the cost of fully funding the debt service reserve requirement for the Series 2005 bonds through the purchase of a surety bond, and c) the costs of issuance of the Series 2005 bonds. The Series 2005 bonds are special limited obligations of the City payable solely from and secured by a pledge of and lien on revenues derived by the City from the ownership and operation of its water, wastewater, and electric system, remaining after the payment of expenses of operating, maintaining, and repairing the system. The Series 2005 bonds do not constitute a debt or general obligation of the City or a pledge of the faith and credit or taxing power of the City. No governmental entity, including the City, is obligated to levy any tax for the payment of the Series 2005 bonds. No recourse may be had against the General Fund of the City for payment of the Series 2005 bonds.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Revenue bond debt service requirements to maturities, including interest, are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 5,106,370	\$ 1,795,000	\$ 3,311,370
2011	5,108,775	1,861,000	3,247,775
2012	5,108,988	1,932,000	3,176,988
2013	5,109,468	2,006,000	3,103,468
2014	5,105,148	2,078,000	3,027,148
2015 - 2019	25,536,014	11,840,000	13,696,014
2020 - 2024	25,543,068	14,965,000	10,578,068
2025 - 2029	25,538,570	19,080,000	6,458,570
2030 - 2032	15,329,000	13,915,000	1,414,000
	<u>\$ 117,485,401</u>	<u>\$ 69,472,000</u>	<u>\$ 48,013,401</u>

Other Long-Term Debt:

The Water and Wastewater Utility Fund has incurred debt to the Georgia Environmental Facilities Authority for water and sewer system improvements. This note is as follows at June 30, 2009:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 653,145	5.80%	2010	\$ 44,790
		Less current portion	(44,790)
			<u>\$ -</u>

The Water and Wastewater Fund's other long-term debt service requirements to maturity, including interest are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 45,993	\$ 44,790	\$ 1,203
	<u>\$ 45,993</u>	<u>\$ 44,790</u>	<u>\$ 1,203</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Other Long-Term Debt: (Continued)

The Stormwater Utility Fund has incurred debt to the Georgia Environmental Facilities Authority for utility system improvements. This note is as follows at June 30, 2009:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 2,691,113	3.75%	2022	\$ 2,071,318
		Less current portion	(132,431)
			<u>\$ 1,938,887</u>

The Stormwater Utility Fund's other long-term debt service requirements to maturity, including interest are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 207,851	\$ 132,431	\$ 75,420
2011	207,851	137,483	70,368
2012	207,851	142,624	65,227
2013	207,851	148,270	59,581
2014	207,850	153,826	54,024
2015 - 2019	1,039,253	861,761	177,492
2020 - 2022	519,266	494,923	24,343
	<u>\$ 2,597,773</u>	<u>\$ 2,071,318</u>	<u>\$ 526,455</u>

Intergovernmental Agreement – Due to Pike County

The Water and Wastewater Utility Fund has incurred debt to Pike County as part of a settlement agreement with regards to the construction of the City's water reservoir located in Pike County. This note is as follows at June 30, 2009:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 374,469	7.00%	2016	<u>\$ 238,327</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Intergovernmental Agreement – Due to Pike County (Continued)

The Water and Wastewater Fund's intergovernmental agreement debt service requirements to maturity, including interest are as follows:

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 50,000	\$ 33,317	\$ 16,683
2012	50,000	35,649	14,351
2013	50,000	38,145	11,855
2014	50,000	40,815	9,185
2015 - 2016	100,000	90,401	9,599
	<u>\$ 300,000</u>	<u>\$ 238,327</u>	<u>\$ 61,673</u>

Capital Leases:

The City has entered into several lease agreements as lessee for financing the acquisition of various equipment through the Georgia Municipal Association direct installment program. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present values of the future minimum lease payment as of the date of their inception. These leases are being serviced by General Fund and Solid Waste Fund payments with annual interest rates varying from 3.24% to 7.81%.

The following is an analysis of equipment leased under capital leases as of June 30, 2009:

	<u>Governmental Activities</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Buildings	\$ 3,949,160	\$ -	\$ 3,949,160
Equipment	1,867,800	803,272	2,671,072
Less accumulated depreciation	(1,239,898)	(463,372)	(1,703,270)
Carrying value	<u>\$ 4,577,062</u>	<u>\$ 339,900</u>	<u>\$ 4,916,962</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Leases: (Continued)

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2009:

<u>Fiscal year ending</u>	<u>Governmental Activities</u>	<u>Solid Waste Fund</u>	<u>Total</u>
2010	\$ 807,559	\$ 179,903	\$ 987,462
2011	466,543	92,674	559,217
2012	413,822	92,674	506,496
2013	413,822	92,674	506,496
2014	427,194	-	427,194
2015 - 2017	3,495,033	-	3,495,033
Total minimum lease payments	6,023,973	457,925	6,481,898
Less amount representing interest	(1,282,216)	(37,968)	(1,320,184)
Present value of future minimum lease payments	4,741,757	419,957	5,161,714
Less current maturities	(593,725)	(165,901)	(759,626)
	<u>\$ 4,148,032</u>	<u>\$ 254,056</u>	<u>\$ 4,402,088</u>

Closure/Postclosure Care Costs

Effective March 1994, the City of Griffin Shoal Creek Landfill Phase 1 was closed and no additional waste has been accepted. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately \$879,354 over the remaining 14 year period. These costs are based on what it would cost to perform all postclosure care in 2001, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Effective December 2006, the City of Griffin Shoal Creek Landfill Phase 2 was closed and no additional waste has been accepted. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately \$703,333 over the remaining 30 year period. These costs are based on what it would cost to perform all postclosure care in 2007, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Closure/Postclosure Care Costs (Continued)

State and federal laws and regulations require the City to place a final cover on its Shoal Creek Landfill Phase 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2029, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount noted as Phase 3 below reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of approximately 13% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,036,316 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Shoal Creek Road Landfill Phase 1 postclosure care costs	\$ 879,354
Shoal Creek Road Landfill Phase 2 closure and postclosure care costs	703,333
Shoal Creek Road Landfill Phase 3 closure and postclosure care costs	<u>301,572</u>
Total closure and postclosure care costs recorded within the Solid Waste Fund	1,884,259
Less current portion	<u>(77,960)</u>
	<u>\$ 1,806,299</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 5,405,367	\$ -	\$ (663,610)	\$ 4,741,757	\$ 593,725
Compensated absences	1,020,994	894,504	(1,076,810)	838,688	712,885
Governmental activity Long-term liabilities	<u>\$ 6,426,361</u>	<u>\$ 894,504</u>	<u>\$ (1,740,420)</u>	<u>\$ 5,580,445</u>	<u>\$ 1,306,610</u>
Business-type activities:					
Revenue bonds	\$ 71,209,000	\$ -	\$ (1,737,000)	\$ 69,472,000	\$ 1,795,000
Notes payable	2,294,762	-	(178,654)	2,116,108	177,221
Compensated absences	583,192	694,647	(681,213)	596,626	507,132
Capital leases	596,074	-	(176,117)	419,957	165,901
Intergovernmental agreement	269,464	-	(31,137)	238,327	-
Landfill closure / postclosure	1,796,542	154,002	(66,285)	1,884,259	77,960
Business-type activity Long-term liabilities	<u>\$ 76,749,034</u>	<u>\$ 848,649</u>	<u>\$ (2,870,406)</u>	<u>\$ 74,727,277</u>	<u>\$ 2,723,214</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$9,629 of internal service fund's compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are substantially liquidated by the General Fund. The beginning balance of business-type activities in the table above has been adjusted to properly include the beginning balance of the City's intergovernmental agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN

A. Plan Description

The City's defined benefit pension plan, the City of Griffin Retirement Plan, provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Griffin Retirement Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The benefit provisions and all other requirements are established by City ordinance. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City of Griffin Retirement Plan. That report may be obtained by writing to Georgia Municipal Association, Employee Benefit Section, 201 Pryor Street, SW, Atlanta, Georgia 30303-3606.

As of January 1, 2009, the date of the most recent actuarial valuation, there were 693 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	170
Vested terminated employees not yet receiving benefits	56
Active employees	467
Total	693

As of the most recent valuation date, January 1, 2009, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded / Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2009	\$ 36,885,665	\$ 50,056,917	\$ 13,171,252	73.7 %	\$ 17,313,780	76.1 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2009.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

B. Funding Policy

The funding policy for the City of Griffin Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of Griffin Retirement Plan. The City is required to contribute at an actuarially determined rate; the current rate is 14.56% of annual covered payroll.

C. Annual Pension Cost

For the year ended June 30, 2009, the City's annual pension cost was \$2,685,687 for the City of Griffin Retirement Plan. The recommended contribution of \$2,520,727 was determined as part of the January 1, 2009 and 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return, (b) projected salary increases for inflation of 5.0% per year and for merit or seniority of .5% per year, and (c) 3.0% cost of living adjustment. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2006, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses; 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization period for the unfunded actuarial accrued liability is open as of the latest actuarial valuation. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets.

The smoothing technique gradually incorporates investment performance that exceeds or falls short of the expected return of 8%, which is the valuation's investment return assumption.

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2009 is as follows:

Annual required contribution	\$ 2,520,727
Interest on net pension obligation (asset)	(52,093)
Adjustments to annual required contribution	217,053
Annual pension cost	<u>2,685,687</u>
Contributions made	<u>2,520,727</u>
Decrease in net pension asset	164,960
Net pension obligation (asset), beginning of year	(2,604,631)
Net pension obligation (asset), end of year	<u><u>\$ (2,439,671)</u></u>

The estimated interest adjustment has been calculated by applying a 2.0% rate of return to the beginning of the year balance of the net pension obligation (asset).

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

C. Annual Pension Cost (Continued)

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Actual City Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation (Asset)</u>
June 30, 2005	\$ 1,955,007	\$ 2,129,847	109%	(3,054,107)
June 30, 2006	1,904,501	1,761,976	93%	(2,911,582)
June 30, 2007	1,863,340	1,713,602	92%	(2,761,844)
June 30, 2008	1,718,803	1,561,590	91%	(2,604,631)
June 30, 2009	2,685,687	2,520,727	94%	(2,439,671)

D. Trend Information

In April 2005, the City Commission approved and amended the City of Griffin Retirement Plan to allow for a change in trustee of the Plan from the City Commission to GMEBS. This amendment effectively dissolved the City's Pension Trust Fund and authorized the transfer of all assets to GMEBS. Due to this change, trend information presented as supplementary information is presented only for the new GMEBS pension plan.

NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures Over Appropriations

The following General Fund departments and special revenue funds had actual expenditures in excess of appropriations for the year ended June 30, 2009:

Cemetery	\$ 39,300
Recreation	61,380
Downtown development	1,131
Main Street	855
Confiscated Assets Fund	110,687
Police Technology Fund	6,720
Police Donations Fund	833

These over expenditures were funded by greater than anticipated transfers and by available fund balance.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY (CONTINUED)

B. Deficit Fund Balance/Net Assets

The following funds had deficit fund balances/net assets at June 30, 2009:

Solid Waste Fund	\$ 398,482
Police Technology Fund	2,231
Business and Tourism Association	459
General Capital Projects Fund	24,434
SPLOST Fund	58,585

The fund deficit in the Solid Waste Fund will be reduced through increased user charges and General Fund appropriations. The fund deficits in the Police Technology, Business and Tourism, and the General Capital Projects will be reduced through increased General Fund appropriations. The deficit in the SPLOST Fund is expected to be reduced by future sales tax revenues.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2009 are as follows:

<u>Due To</u>	Due From			
	General	Nonmajor Governmental	Electric	Water / Wastewater
General Fund	\$ -	\$ 96,110	\$ -	\$ 23,011
Nonmajor governmental	633	2,898	-	-
Water / Wastewater	-	20,825	-	-
Electric	56,713	-	-	-
Solid Waste	-	-	-	10,437
Internal service funds	136,671	-	8,704	52,521
Nonmajor enterprise	-	1,589	286,754	5,144
Total	\$ 194,017	\$ 121,422	\$ 295,458	\$ 91,113
	Solid Waste	Nonmajor Enterprise	Internal Service	Total
General Fund	\$ 8,563	\$ 5,190	\$ 136,671	\$ 269,545
Nonmajor governmental	-	-	-	3,531
Water/Wastewater	-	260	-	21,085
Electric	-	-	-	56,713
Solid Waste	-	1,773	-	12,210
Internal Service Funds	220,392	50,960	-	469,248
Nonmajor enterprise	-	56	-	293,543
Total	\$ 228,955	\$ 58,239	\$ 136,671	\$ 1,125,875

Interfund receivables and payables result from timing differences related to payroll and other year end transactions which normally clear within one to two months.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2009 consisted of the following:

	Transfer To			
	General	Nonmajor Governmental	Water/ Wastewater	Electric
Transfer From				
General Fund	\$ -	\$ 201,190	\$ 6,736,793	\$ 108,000
Nonmajor Governmental	29,686	22,098	-	-
Water / Wastewater	-	-	-	12,687,746
Electric	17,777,477	-	4,370,308	-
Solid Waste	-	-	1,884	3,376,792
Internal Service	48,656	-	-	-
Nonmajor Enterprise	-	-	159	1,521,515
Total	<u>\$ 17,855,819</u>	<u>\$ 223,288</u>	<u>\$ 11,109,144</u>	<u>\$ 17,694,053</u>

	Solid Waste	Internal Service	Nonmajor Enterprise	Total
Transfer From				
General Fund	\$ 3,065,965	\$ 692,189	\$ 1,646,680	\$ 12,450,817
Nonmajor Governmental	-	-	22,098	73,882
Water / Wastewater	-	-	-	12,687,746
Electric	640,863	122,565	155,707	23,066,920
Solid Waste	-	-	-	3,378,676
Internal Service	-	-	-	48,656
Nonmajor Enterprise	-	-	-	1,521,674
Total	<u>\$ 3,706,828</u>	<u>\$ 814,754</u>	<u>\$ 1,824,485</u>	<u>\$ 53,228,371</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. RELATED ORGANIZATION

The City's governing body is responsible for all of the board appointments of the City of Griffin Housing Authority. However, the City has no further accountability for this organization.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. For the fiscal year ended June 30, 2009, \$71,759 of hotel/motel tax was collected. Of the total collected, over 50% was used for the promotion of tourism within the City (\$22,098 to the Griffin Business and Tourism Association and \$22,098 to the City's Welcome Center).

NOTE 12. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the five county north Georgia area, is a member of the McIntosh Trail Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2009, the City paid \$23,504 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from: McIntosh Trail Regional Development Center; 120 North Hill Street, Griffin, Georgia 30224.

NOTE 13. JOINTLY GOVERNED ORGANIZATION

During the year ended June 30, 2009, the City Commission approved entering into an interlocal cooperation agreement for the purpose of establishing the Griffin / Spalding County Land Bank Authority (the "Authority"). The Authority was formally created in August 2008, but has had no activity for the year ended June 30, 2009. The Authority's purpose is to return land which is in a non-revenue generating, non-tax producing status to an effective utilization status in order to provide affordable housing, new trade, commerce, industry, and employment opportunities for the citizens of the City and Spalding County. The Authority is governed by a four member board of directors appointed equally by the City and Spalding County. The City will have no further accountability for this organization.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants from Governments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by state law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

As of June 30, 2009, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City 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 participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. 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. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to \$27,781,367 in 2009.

At June 30, 2009, the outstanding debt of MEAG was approximately \$3.63 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$154.21 million at June 30, 2009.

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN

Plan Description

The City of Griffin OPEB Plan (the "OPEB Plan") is a single-employer defined benefit healthcare plan administered by the Georgia Municipal Association. The OPEB Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions and contribution requirements are established and may be amended by the Commission. The relevant information about the OPEB Plan is provided below. No other financial reports are issued by this sole employer plan. The City has implemented the effects of GASB Statement 45 on a prospective basis.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the OPEB Plan's actuary. For fiscal year 2009, the City contributed \$1,392,929 to the plan, including \$371,929 for current premiums and an additional \$1,021,000 to prefund benefits. Plan members receiving benefits are not required to contribute to the plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Plan Provisions

Eligible participants are assumed to be employees, and former employees of the City of Griffin who had health coverage as an active employee for at least the two consecutive years immediately preceding their termination and have satisfied the following requirements: 1) completed at least 10 years of consecutive service immediately preceding their termination date; and 2) is eligible and elects to receive normal retirement or disability benefits under a qualified defined benefit plan sponsored by the City. The OPEB Plan is closed to all employees hired after July 1, 2007. The Plan benefit provisions are fixed at 1) \$200 per month for retiree only coverage for employees less than age 65; 2) \$400 per month for retirees and spouse (or family) coverage for employees less than age 65; 3) \$100 per month for retiree only coverage for employees age 65 or older; and 4) \$200 per month for retiree and spouse coverage for employees age 65 or older. Deferred retirements are not allowed to elect coverage at the time of retirement. Additionally, surviving spouses are not covered under the OPEB Plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the OPEB Plan:

Annual required contribution	\$ 1,021,000
Interest on net OPEB obligation (asset)	-
Adjustments to annual required contribution	-
Annual OPEB cost	<u>1,021,000</u>
Contributions made	<u>1,392,929</u>
Decrease in net OPEB obligation	(371,929)
Net OPEB obligation (asset), beginning of year	-
Net OPEB obligation (asset), end of year	<u><u>\$ (371,929)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for 2009 (the initial year of the OPEB Plan) were as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Actual City Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2009	\$ 1,021,000	\$ 1,392,929	136%	\$ (371,929)

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$9,193,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,193,000. The covered payroll (annual payroll of active employees covered by the plan) was \$17.3 million, and the ratio of the UAAL to the covered payroll was 53 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method, with linear pro-ration to assumed benefit commencement, was used. The actuarial assumptions included a 8.0 percent investment rate of return and an annual healthcare cost trend rate of 8.50 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after four years. Both rates included a 4.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2008, was 11 years.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF GRIFFIN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/06	\$ 36,580,945	\$ 42,951,704	\$ 6,370,759	85.17 %	\$ 14,865,070	42.86 %
01/01/07	38,982,838	44,895,259	5,912,421	86.83	14,887,536	39.71
01/01/08	41,942,958	47,180,238	5,237,280	88.90	14,827,023	35.32
01/01/09	36,885,665	50,056,917	13,171,252	73.69	17,313,780	76.07

The assumptions used in the preparation of the above schedule are disclosed in Note 7 to the financial statements.

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF GRIFFIN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to tourism promoting organizations as required by agreements with these organizations.

The **Multiple Grant Fund** accounts for grant revenues and expenditures relating to various short lived projects.

The **Confiscated Assets Fund** accounts for confiscated and condemned funds received and disbursed for law enforcement expenditures.

The **Police Technology Fund** accounts for monies received by the collection of an add-on fine as allowed by state law to be used for equipping and maintaining the City police department.

The **Court Technology Fund** accounts for monies received by the collection of an add-on fine as allowed by state law to be used for equipping and maintaining the City Court system.

The **Business and Tourism Association** accounts for local revenues and expenditures relating to the promotion of business and tourism within the City of Griffin.

The **Police Donations Fund** accounts for local donated revenues and expenditures for law enforcement expenditures.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **General Capital Projects Fund** accounts for general capital projects of the City. Funding is provided by transfers from the General Fund.

The **SPLOST Fund** account for the capital projects within the City from resources provided by the 2009 special Spalding County one percent sales and use tax.

CITY OF GRIFFIN, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting City's programs.

The **Cemetery Trust Fund** is used to account for principal trust amounts and the annual maintenance of the City's Cemetery.

The **Mausoleum Trust Fund** is used to account for principal trust amounts and the maintenance of the City's Mausoleum.

CITY OF GRIFFIN, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	Special Revenue Funds					Business and Tourism Association
	Hotel/ Motel Tax Fund	Multiple Grant Fund	Confiscated Assets Fund	Police Technology Fund	Court Technology Fund	
Cash and cash equivalents	\$ -	\$ 86,602	\$ 20,657	\$ 28,483	\$ 22,378	\$ 1,035
Investments	-	-	-	-	-	-
Taxes receivable	5,564	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Due from other funds	-	-	632	1,308	-	1,591
Prepaid expenditures	-	-	-	-	-	27
Assets held for resale	-	-	-	-	-	-
Total assets	\$ 5,564	\$ 86,602	\$ 21,289	\$ 29,791	\$ 22,378	\$ 2,653
 LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	2,112
Due to other funds	5,564	455	-	32,022	1,308	1,000
Total liabilities	5,564	455	-	32,022	1,308	3,112
 FUND BALANCES (DEFICIT)						
Reserved:						
Special projects	-	-	-	-	-	-
Prepays	-	-	-	-	-	27
Unreserved, undesignated	-	86,147	21,289	(2,231)	21,070	(486)
Total fund balances	-	86,147	21,289	(2,231)	21,070	(459)
Total liabilities and fund balances	\$ 5,564	\$ 86,602	\$ 21,289	\$ 29,791	\$ 22,378	\$ 2,653

	Capital Project Funds		Permanent Funds		Totals
	Police Donations	General Capital Projects Fund	SPLOST Fund	Cemetery Trust Fund	
\$ 12,233	\$ 85	\$ -	\$ 456,472	\$ 13,026	\$ 640,971
-	-	-	1,176,239	315,000	1,491,239
-	-	-	-	-	5,564
-	-	-	2,510	-	2,510
-	-	-	-	-	3,531
-	-	-	-	-	27
-	-	-	189,247	-	189,247
<u>\$ 12,233</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 1,824,468</u>	<u>\$ 328,026</u>	<u>\$ 2,333,089</u>
\$ -	\$ 3,694	\$ -	\$ -	\$ 2,617	\$ 6,311
-	-	-	-	-	2,112
-	20,825	58,585	1,663	-	121,422
<u>-</u>	<u>24,519</u>	<u>58,585</u>	<u>1,663</u>	<u>2,617</u>	<u>129,845</u>
-	-	-	1,822,805	325,409	2,148,214
-	-	-	-	-	27
12,233	(24,434)	(58,585)	-	-	55,003
<u>12,233</u>	<u>(24,434)</u>	<u>(58,585)</u>	<u>1,822,805</u>	<u>325,409</u>	<u>2,203,244</u>
<u>\$ 12,233</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 1,824,468</u>	<u>\$ 328,026</u>	<u>\$ 2,333,089</u>

CITY OF GRIFFIN, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					Business and Tourism Association
	Hotel/ Motel Tax Fund	Multiple Grant Fund	Confiscated Assets Fund	Police Technology Fund	Court Technology Fund	
Revenues:						
Other taxes	\$ 71,759	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Intergovernmental	-	602	-	-	-	-
Fines and forfeitures	-	-	-	50,241	31,642	-
Interest revenue	-	614	156	52	27	6
Contributions and donations	-	-	-	-	-	-
Other revenues	-	-	93,545	-	-	-
Total revenues	<u>71,759</u>	<u>1,216</u>	<u>93,701</u>	<u>50,293</u>	<u>31,669</u>	<u>6</u>
Expenditures:						
Current:						
Public safety	-	-	110,787	48,656	-	-
Public works	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	22,102
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	18,318	14,393	-
Total expenditures	<u>-</u>	<u>-</u>	<u>110,787</u>	<u>66,974</u>	<u>14,393</u>	<u>22,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,759</u>	<u>1,216</u>	<u>(17,086)</u>	<u>(16,681)</u>	<u>17,276</u>	<u>(22,096)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	22,098
Transfers out	<u>(71,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,123)</u>
Total other financing sources (uses)	<u>(71,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,975</u>
Net change in fund balances	-	1,216	(17,086)	(16,681)	17,276	(2,121)
Fund balances, beginning of year	<u>-</u>	<u>84,931</u>	<u>38,375</u>	<u>14,450</u>	<u>3,794</u>	<u>1,662</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 86,147</u>	<u>\$ 21,289</u>	<u>\$ (2,231)</u>	<u>\$ 21,070</u>	<u>\$ (459)</u>

	Capital Project Funds		Permanent Funds		Totals
	General Capital Projects Fund	SPLOST Fund	Cemetery Trust Fund	Mausoleum Trust Fund	
Police Donations					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,759
-	-	-	31,956	-	31,956
-	-	-	-	-	602
-	-	-	-	-	81,883
54	-	-	(182,588)	6,686	(174,993)
3,431	-	-	-	-	3,431
9,751	-	-	29,655	-	132,951
<u>13,236</u>	<u>-</u>	<u>-</u>	<u>(120,977)</u>	<u>6,686</u>	<u>147,589</u>
4,833	-	-	-	-	164,276
-	-	-	13,374	338	13,712
-	-	-	-	-	22,102
-	241,855	58,585	-	-	300,440
-	-	-	-	-	32,711
<u>4,833</u>	<u>241,855</u>	<u>58,585</u>	<u>13,374</u>	<u>338</u>	<u>533,241</u>
8,403	(241,855)	(58,585)	(134,351)	6,348	(385,652)
3,830	197,360	-	-	-	223,288
-	-	-	-	-	(73,882)
<u>3,830</u>	<u>197,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,406</u>
12,233	(44,495)	(58,585)	(134,351)	6,348	(236,246)
-	20,061	-	1,957,156	319,061	2,439,490
<u>\$ 12,233</u>	<u>\$ (24,434)</u>	<u>\$ (58,585)</u>	<u>\$ 1,822,805</u>	<u>\$ 325,409</u>	<u>\$ 2,203,244</u>

**CITY OF GRIFFIN, GEORGIA
HOTEL/MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Other taxes	\$ 62,000	\$ 71,759	\$ 9,759
EXPENDITURES			
Housing and development	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	62,000	71,759	9,759
Other financing (uses)			
Transfers out	(62,000)	(71,759)	(9,759)
Total other financing (uses)	(62,000)	(71,759)	(9,759)
Net change in fund balance	-	-	-
FUND BALANCES, beginning of year	-	-	-
FUND BALANCES, end of year	\$ -	\$ -	\$ -

**CITY OF GRIFFIN, GEORGIA
MULTIPLE GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	\$ 600	\$ 602	\$ 2
Interest revenue	-	614	614
Total revenues	600	1,216	616
EXPENDITURES			
Public safety	600	-	600
Total expenditures	600	-	600
Net change in fund balance	-	1,216	1,216
FUND BALANCES, beginning of year	84,931	84,931	-
FUND BALANCES, end of year	\$ 84,931	\$ 86,147	\$ 1,216

**CITY OF GRIFFIN, GEORGIA
CONFISCATED ASSETS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest revenue	\$ 100	\$ 156	\$ 56
Other revenue	-	93,545	93,545
Total revenues	<u>100</u>	<u>93,701</u>	<u>93,601</u>
EXPENDITURES			
Public safety	100	110,787	(110,687)
Total expenditures	<u>100</u>	<u>110,787</u>	<u>(110,687)</u>
Net change in fund balance	-	(17,086)	(17,086)
FUND BALANCES, beginning of year	<u>38,375</u>	<u>38,375</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 38,375</u>	<u>\$ 21,289</u>	<u>\$ (17,086)</u>

**CITY OF GRIFFIN, GEORGIA
POLICE TECHNOLOGY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 62,200	\$ 50,241	\$ (11,959)
Interest revenue	-	52	52
Total revenues	<u>62,200</u>	<u>50,293</u>	<u>(11,907)</u>
EXPENDITURES			
Current:			
Public safety	40,271	48,656	(8,385)
Debt service	19,983	18,318	1,665
Total expenditures	<u>60,254</u>	<u>66,974</u>	<u>(6,720)</u>
Net change in fund balance	1,946	(16,681)	(18,627)
FUND BALANCES, beginning of year	<u>14,450</u>	<u>14,450</u>	<u>-</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 16,396</u>	<u>\$ (2,231)</u>	<u>\$ (18,627)</u>

**CITY OF GRIFFIN, GEORGIA
COURT TECHNOLOGY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Fines and forfeitures	\$ 31,100	\$ 31,642	\$ 542
Interest revenue	-	27	27
Total revenues	<u>31,100</u>	<u>31,669</u>	<u>569</u>
EXPENDITURES			
Current:			
Public safety	7,800	-	7,800
Debt service	15,701	14,393	1,308
Total expenditures	<u>23,501</u>	<u>14,393</u>	<u>9,108</u>
Net change in fund balance	7,599	17,276	9,677
FUND BALANCES, beginning of year	<u>3,794</u>	<u>3,794</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ 11,393</u></u>	<u><u>\$ 21,070</u></u>	<u><u>\$ 9,677</u></u>

**CITY OF GRIFFIN, GEORGIA
BUSINESS AND TOURISM ASSOCIATION**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest revenue	\$ -	\$ 6	\$ 6
Total revenues	<u>-</u>	<u>6</u>	<u>6</u>
EXPENDITURES			
Housing and economic development	26,515	22,102	4,413
Total expenditures	<u>26,515</u>	<u>22,102</u>	<u>4,413</u>
Deficiency of revenues under expenditures	(26,515)	(22,096)	4,419
Other financing sources (uses)			
Transfers in	26,515	22,098	(4,417)
Transfers out	-	(2,123)	(2,123)
Total other financing sources (uses)	<u>26,515</u>	<u>19,975</u>	<u>(6,540)</u>
Net change in fund balance	-	(2,121)	(2,121)
FUND BALANCES, beginning of year	<u>1,662</u>	<u>1,662</u>	<u>-</u>
FUND BALANCES (DEFICITS), end of year	<u>\$ 1,662</u>	<u>\$ (459)</u>	<u>\$ (2,121)</u>

**CITY OF GRIFFIN, GEORGIA
POLICE DONATIONS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest revenue	\$ -	\$ 54	\$ 54
Contributions and donations	4,000	3,431	(569)
Other revenue	-	9,751	9,751
Total revenues	<u>4,000</u>	<u>13,236</u>	<u>9,236</u>
EXPENDITURES			
Current:			
Public safety	4,000	4,833	(833)
Total expenditures	<u>4,000</u>	<u>4,833</u>	<u>(833)</u>
Excess of revenues over expenditures	-	8,403	8,403
Other financing sources			
Transfers in	-	3,830	3,830
Total other financing sources	<u>-</u>	<u>3,830</u>	<u>3,830</u>
Net change in fund balance	-	12,233	12,233
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 12,233</u>	<u>\$ 12,233</u>

CITY OF GRIFFIN, GEORGIA NONMAJOR ENTERPRISE FUNDS

Operations of enterprise funds are designed to be self-supporting.

The **Stormwater Utility Fund** accounts for revenues and expenses relating to the stormwater services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The **Airport Fund** accounts for revenues and expenses relating to the operation of the City's airport. Funding is provided by City appropriations, user fees and intergovernmental grants.

The **Welcome Center Fund** accounts for revenues and expenses relating to the operation of the City's welcome center. Funding is provided by City appropriations and user fees.

The **Golf Course Fund** accounts for revenues and expenses relating to the operation of the City's municipal golf course. Funding is provided by City appropriations and user fees.

CITY OF GRIFFIN, GEORGIA

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS**

JUNE 30, 2009

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
ASSETS					
CURRENT ASSETS					
Cash	\$ 26,914	\$ 34,480	\$ -	\$ 184,222	\$ 245,616
Restricted assets, cash	-	-	-	163,518	163,518
Accounts receivable, net of allowances	-	147,490	-	7,681	155,171
Due from other funds	5,144	65,308	1,590	221,501	293,543
Inventories	-	39,460	-	-	39,460
Prepaid expenses	16,323	9,824	935	2,612	29,694
Total current assets	<u>48,381</u>	<u>296,562</u>	<u>2,525</u>	<u>579,534</u>	<u>927,002</u>
NONCURRENT ASSETS					
Capital assets:					
Nondepreciable	169,923	167,785	365,500	1,492,380	2,195,588
Depreciable, net of accumulated depreciation	5,601,230	2,807,935	1,713,501	267,776	10,390,442
Total noncurrent assets	<u>5,771,153</u>	<u>2,975,720</u>	<u>2,079,001</u>	<u>1,760,156</u>	<u>12,586,030</u>
Total assets	<u>5,819,534</u>	<u>3,272,282</u>	<u>2,081,526</u>	<u>2,339,690</u>	<u>13,513,032</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	35,752	100,136	360	14,240	150,488
Accrued liabilities	15,209	3,134	-	6,841	25,184
Current portion - compensated absences	13,259	5,291	-	3,905	22,455
Current portion - notes payable	132,431	-	-	-	132,431
Due to other funds	53,549	4,374	-	316	58,239
Total current liabilities	<u>250,200</u>	<u>112,935</u>	<u>360</u>	<u>25,302</u>	<u>388,797</u>
NONCURRENT LIABILITIES					
Compensated absences, net of current portion	2,340	933	-	689	3,962
Notes payable, net of current portion	1,938,887	-	-	-	1,938,887
Total noncurrent liabilities	<u>1,941,227</u>	<u>933</u>	<u>-</u>	<u>689</u>	<u>1,942,849</u>
Total liabilities	<u>2,191,427</u>	<u>113,868</u>	<u>360</u>	<u>25,991</u>	<u>2,331,646</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,699,835	2,975,720	2,079,001	1,760,156	10,514,712
Unrestricted	(71,728)	182,694	2,165	553,543	666,674
Total net assets	<u>\$ 3,628,107</u>	<u>\$ 3,158,414</u>	<u>\$ 2,081,166</u>	<u>\$ 2,313,699</u>	<u>\$ 11,181,386</u>

CITY OF GRIFFIN, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
OPERATING REVENUES					
Charges for services	\$ 1,845,721	\$ 456,606	\$ -	\$ 316,858	\$ 2,619,185
Other services	-	30,275	-	-	30,275
Total operating revenues	<u>1,845,721</u>	<u>486,881</u>	<u>-</u>	<u>316,858</u>	<u>2,649,460</u>
OPERATING EXPENSES					
Personal services	682,597	169,399	-	271,902	1,123,898
Purchased or contracted service	515,823	565,996	55,919	93,319	1,231,057
Supplies	136,475	14,962	2,859	56,466	210,762
Miscellaneous	17,399	36,706	-	131,004	185,109
Depreciation	279,112	117,917	42,261	42,898	482,188
Total operating expenses	<u>1,631,406</u>	<u>904,980</u>	<u>101,039</u>	<u>595,589</u>	<u>3,233,014</u>
Operating income (loss)	<u>214,315</u>	<u>(418,099)</u>	<u>(101,039)</u>	<u>(278,731)</u>	<u>(583,554)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	92,255	297,729	-	-	389,984
Interest revenue	232	493	-	1,775	2,500
Interest expense	(79,795)	-	-	-	(79,795)
Total nonoperating revenues	<u>12,692</u>	<u>298,222</u>	<u>-</u>	<u>1,775</u>	<u>312,689</u>
Income (loss) before transfers	<u>227,007</u>	<u>(119,877)</u>	<u>(101,039)</u>	<u>(276,956)</u>	<u>(270,865)</u>
TRANSFERS					
Transfers out	(1,521,674)	-	-	-	(1,521,674)
Transfers in	1,064,676	373,320	56,529	329,960	1,824,485
Total transfers	<u>(456,998)</u>	<u>373,320</u>	<u>56,529</u>	<u>329,960</u>	<u>302,811</u>
Change in net assets	(229,991)	253,443	(44,510)	53,004	31,946
NET ASSETS, beginning of year	<u>3,858,098</u>	<u>2,904,971</u>	<u>2,125,676</u>	<u>2,260,695</u>	<u>11,149,440</u>
NET ASSETS, end of year	<u>\$ 3,628,107</u>	<u>\$ 3,158,414</u>	<u>\$ 2,081,166</u>	<u>\$ 2,313,699</u>	<u>\$ 11,181,386</u>

CITY OF GRIFFIN, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Stormwater Utility Fund</u>	<u>Airport Fund</u>	<u>Welcome Center Fund</u>	<u>Golf Course Fund</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,874,614	\$ 129,361	\$ -	\$ 97,197	\$ 2,101,172
Payments to suppliers	(647,316)	(609,515)	(49,235)	(280,892)	(1,586,958)
Payments to employees	(685,923)	(172,755)	(148)	(276,398)	(1,135,224)
Net cash provided by (used in) operating activities	<u>541,375</u>	<u>(652,909)</u>	<u>(49,383)</u>	<u>(460,093)</u>	<u>(621,010)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	92,255	297,729	-	-	389,984
Transfers out	(1,521,674)	-	-	-	(1,521,674)
Transfers in	1,064,676	373,320	56,529	329,960	1,824,485
Net cash provided by (used in) noncapital financing activities	<u>(364,743)</u>	<u>671,049</u>	<u>56,529</u>	<u>329,960</u>	<u>692,795</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	(128,700)	(7,146)	-	(135,846)
Principal paid on notes payable and capital leases	(127,693)	-	-	-	(127,693)
Interest paid	(86,329)	-	-	-	(86,329)
Net cash used in capital and related financing activities	<u>(214,022)</u>	<u>(128,700)</u>	<u>(7,146)</u>	<u>-</u>	<u>(349,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	232	493	-	1,775	2,500
Net cash provided by investing activities	<u>232</u>	<u>493</u>	<u>-</u>	<u>1,775</u>	<u>2,500</u>
Decrease in cash and cash equivalents	(37,158)	(110,067)	-	(128,358)	(275,583)
Cash and cash equivalents:					
Beginning of year	64,072	144,547	-	476,098	684,717
End of year	<u>\$ 26,914</u>	<u>\$ 34,480</u>	<u>\$ -</u>	<u>\$ 347,740</u>	<u>\$ 409,134</u>
Classified as:					
Cash	\$ 26,914	\$ 34,480	\$ -	\$ 184,222	\$ 245,616
Restricted assets, cash	-	-	-	163,518	163,518
	<u>\$ 26,914</u>	<u>\$ 34,480</u>	<u>\$ -</u>	<u>\$ 347,740</u>	<u>\$ 409,134</u>

(Continued)

CITY OF GRIFFIN, GEORGIA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Stormwater Utility Fund</u>	<u>Airport Fund</u>	<u>Welcome Center Fund</u>	<u>Golf Course Fund</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 214,315	\$ (418,099)	\$ (101,039)	\$ (278,731)	\$ (583,554)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	279,112	117,917	42,261	42,898	482,188
Increase in accounts receivable	169	(136,910)	-	1,840	(134,901)
Increase in inventory	-	39,645	-	-	39,645
(Increase) decrease in due from other funds	(5,144)	(65,253)	13,810	(221,501)	(278,088)
Increase in prepaids and other assets	(8,011)	(3,360)	(725)	(1,190)	(13,286)
Increase (decrease) in accounts payable	15,183	(1,516)	(3,667)	826	10,826
Increase (decrease) in accrued liabilities	11,883	(29,976)	(23)	(4,496)	(22,612)
Increase (decrease) in due to other funds	33,868	(155,357)	-	261	(121,228)
Net cash provided by (used in) operating activities	<u>\$ 541,375</u>	<u>\$ (652,909)</u>	<u>\$ (49,383)</u>	<u>\$ (460,093)</u>	<u>\$ (621,010)</u>

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Municipal Court			Balance June 30, 2009
	Balance July 1, 2008	Increases	Decreases	
ASSETS				
Cash and cash equivalents	\$ 237,747	\$ 1,494,421	\$ (1,505,299)	\$ 226,869
Total assets	<u>\$ 237,747</u>	<u>\$ 1,494,421</u>	<u>\$ (1,505,299)</u>	<u>\$ 226,869</u>
LIABILITIES				
Due to others	\$ 237,747	\$ 1,494,421	\$ (1,505,299)	\$ 226,869
Total liabilities	<u>\$ 237,747</u>	<u>\$ 1,494,421</u>	<u>\$ (1,505,299)</u>	<u>\$ 226,869</u>

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF NET ASSETS
COMPONENT UNITS**

JUNE 30, 2009

	Griffin Main Street	Griffin Downtown Development
ASSETS		
Cash and cash equivalents	\$ 17,550	\$ -
Prepaid items	<u>1,005</u>	<u>1,005</u>
Total assets	<u>18,555</u>	<u>1,005</u>
LIABILITIES		
Accounts payable	158	79
Accrued liabilities	1,183	2,717
Due to primary government	<u>64,904</u>	<u>92,699</u>
Total liabilities	<u>66,245</u>	<u>95,495</u>
NET ASSETS (DEFICIT)		
Unrestricted	<u>(47,690)</u>	<u>(94,490)</u>
Total net deficit	<u>\$ (47,690)</u>	<u>\$ (94,490)</u>

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Griffin Main Street</u>	<u>Griffin Downtown Development</u>
Revenues		
Intergovernmental	\$ 18,383	\$ 893
Contributions	-	11,250
Interest	21	-
Total revenues	<u>18,404</u>	<u>12,143</u>
Expenses		
Personal services	60,114	69,046
Purchased or contracted services	2,151	25,401
Supplies	2,639	2,406
Miscellaneous	1,190	9,780
Total expenses	<u>66,094</u>	<u>106,633</u>
Net change in fund balance	(47,690)	(94,490)
NET ASSETS, beginning of year	<u>-</u>	<u>-</u>
NET ASSETS (Deficit), end of year	<u>\$ (47,690)</u>	<u>\$ (94,490)</u>

STATISTICAL SECTION

This part of the City of Griffin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	83 - 90
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	91 - 97
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	98 - 101
<i>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.</i>	
Demographic and Economic Information	102 and 103
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	104 - 106
<i>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 City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year. The City implemented GASB 34 in 2003; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.

CITY OF GRIFFIN, GEORGIA

**NET ASSETS BY ACTIVITY
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Governmental activities						
Invested in capital assets, net of related debt	\$ 12,732,908	\$ 16,924,455	\$ 14,785,016	\$ 14,408,710	\$ 12,991,539	\$ 12,975,572
Restricted	-	-	-	-	-	-
Unrestricted	(805,825)	5,039,737	6,717,474	7,397,437	7,662,397	7,673,140
Total governmental actives net assets	<u>\$ 11,927,083</u>	<u>\$ 21,964,192</u>	<u>\$ 21,502,490</u>	<u>\$ 21,806,147</u>	<u>\$ 20,653,936</u>	<u>\$ 20,648,712</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 38,011,083	\$ 44,633,488	\$ 43,107,249	\$ 47,045,720	\$ 47,793,223	\$ 46,056,274
Restricted	2,319,938	2,212,070	1,414,792	1,025,014	1,025,014	995,921
Unrestricted	19,845,656	10,461,883	14,912,965	11,738,893	9,623,571	13,111,169
Total business-type activities net assets	<u>\$ 60,176,677</u>	<u>\$ 57,307,441</u>	<u>\$ 59,435,006</u>	<u>\$ 59,809,627</u>	<u>\$ 58,441,808</u>	<u>\$ 60,163,364</u>
Primary government						
Invested in capital assets, net of related debt	\$ 50,743,991	\$ 61,557,943	\$ 57,892,265	\$ 61,454,430	\$ 60,784,762	\$ 59,031,846
Restricted	2,319,938	2,212,070	1,414,792	1,025,014	1,025,014	995,921
Unrestricted	19,039,831	15,501,620	21,630,439	19,136,330	17,285,968	20,784,309
Total primary government net assets	<u>\$ 72,103,760</u>	<u>\$ 79,271,633</u>	<u>\$ 80,937,496</u>	<u>\$ 81,615,774</u>	<u>\$ 79,095,744</u>	<u>\$ 80,812,076</u>

CITY OF GRIFFIN, GEORGIA

**CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Expenses						
Primary government:						
Governmental activities:						
General government	\$ 4,029,945	\$ 4,755,055	\$ 5,665,886	\$ 6,263,855	\$ 4,651,126	\$ 4,145,149
Judicial	16,453	232,360	147,337	138,435	155,443	154,801
Public safety ^(a)	11,702,958	11,817,622	13,268,194	13,804,583	14,438,842	14,735,107
Public works	3,835,115	4,447,313	4,116,631	4,573,818	4,760,853	4,255,794
Parks and recreation	346,028	350,586	412,667	426,302	464,517	535,047
Housing and development	672,308	360,112	596,803	755,454	811,268	574,377
Interest and fiscal changes	19,207	45,564	21,826	175,391	254,579	232,108
Total governmental activities expenses	<u>20,622,014</u>	<u>22,008,612</u>	<u>24,229,344</u>	<u>26,137,838</u>	<u>25,536,628</u>	<u>24,632,383</u>
Business-type activities:						
Water and Wastewater ^(b)	13,451,905	12,050,829	13,668,876	15,055,974	15,366,591	15,291,525
Electric ^(c)	27,476,473	27,846,434	30,161,161	31,007,937	34,439,453	34,862,574
Solid Waste	5,261,465	5,452,149	5,980,372	6,634,031	6,786,941	6,321,731
Stormwater	1,782,002	1,821,120	1,567,435	1,538,814	1,602,906	1,754,685
Airport	1,196,739	882,948	1,025,792	1,163,804	974,200	911,534
Welcome Center	94,566	108,408	122,687	97,060	103,441	101,039
Golf Course ^(d)	793,608	436,261	41,378	37,695	319,360	595,589
Total business-type activities expenses	<u>50,056,758</u>	<u>48,598,149</u>	<u>52,567,701</u>	<u>55,535,315</u>	<u>59,592,892</u>	<u>59,838,677</u>
Total primary government expenses	<u>70,678,772</u>	<u>70,606,761</u>	<u>76,797,045</u>	<u>81,673,153</u>	<u>85,129,520</u>	<u>84,471,060</u>
Program revenues						
Primary government:						
Governmental activities:						
Charges for services ^(e)						
General government	2,711,372	5,021,595	5,225,192	5,331,396	4,976,327	5,053,915
Judicial	7,128	-	-	-	-	-
Public safety	1,081,453	672,323	1,200,815	1,599,296	1,234,416	1,483,436
Public works	138,404	122,543	216,254	194,501	220,743	181,713
Parks and recreation	39,088	55,880	55,140	231,099	213,252	183,146
Housing and economic development	343,218	340,657	344,629	389,600	231,281	127,306
Operating grants and contributions	347,941	449,113	413,975	363,998	338,472	406,984
Capital grants and contributions ^(f)	231,660	-	-	335,500	394,613	-
Total governmental activities program revenues	<u>4,900,264</u>	<u>6,662,111</u>	<u>7,456,005</u>	<u>8,445,390</u>	<u>7,609,104</u>	<u>7,436,500</u>

(Continued)

CITY OF GRIFFIN, GEORGIA

**CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Business-type activities:						
Charges for services ^(g)						
Water and wastewater	11,598,846	13,637,367	14,549,148	15,597,379	15,251,076	15,916,076
Electric	30,882,003	32,074,655	36,704,106	37,354,903	39,249,939	42,584,904
Solid waste	4,105,470	4,708,706	4,733,764	5,205,147	5,158,117	5,294,230
Stormwater	1,511,957	1,519,387	1,656,357	1,576,150	1,657,443	1,845,721
Airport	439,151	471,849	536,607	637,397	650,450	486,881
Welcome center	22,346	9,486	3,375	-	-	-
Golf course	333,218	193,584	13,000	16,988	183,752	316,858
Operating grants and contributions	105,000	158,883	155,219	155,219	157,276	206,103
Capital grants and contributions ^(f)	603,498	4,319	11,800	-	127,333	735,186
Total business-type activities program revenues	<u>49,601,489</u>	<u>52,778,236</u>	<u>58,363,376</u>	<u>60,543,183</u>	<u>62,435,386</u>	<u>67,385,959</u>
Total primary government program revenues	<u>54,501,753</u>	<u>59,440,347</u>	<u>65,819,381</u>	<u>68,988,573</u>	<u>70,044,490</u>	<u>74,822,459</u>
General revenues and other changes in net assets						
Primary government:						
Governmental activities:						
Property taxes	4,950,494	4,966,178	4,875,516	4,976,391	4,843,964	4,721,865
Sales taxes	3,214,610	3,370,370	3,713,381	3,643,076	3,786,058	3,249,639
Insurance premium tax	1,007,341	1,091,683	1,174,508	1,228,829	1,281,805	1,312,511
Alcoholic beverage taxes	569,880	583,404	607,163	616,134	646,473	644,810
Business occupational taxes	457,428	457,860	451,474	462,636	442,655	384,289
Other taxes	158,789	175,018	186,959	181,064	181,316	166,668
Franchise fees	565,660	571,945	596,534	599,456	612,240	621,589
Unrestricted investment earnings	116,630	115,668	112,359	314,039	73,214	(158,665)
Gain on sale of assets	-	-	71,085	21,607	82,281	50,012
Transfers	1,942,295	7,791,881	4,522,658	5,952,873	4,825,307	6,197,941
Total governmental activities general revenues and other changes in net assets	<u>12,983,127</u>	<u>19,124,007</u>	<u>16,311,637</u>	<u>17,996,105</u>	<u>16,775,313</u>	<u>17,190,659</u>
Business-type activities:						
Unrestricted investment earnings	286,495	742,558	811,917	747,202	619,561	372,215
Gain on sale of assets	265,698	-	42,631	572,424	(4,567)	-
Transfers	(1,942,295)	(7,791,881)	(4,522,658)	(5,952,873)	(4,825,307)	(6,197,941)
Total business type activities general revenues and other changes in net assets	<u>(1,390,102)</u>	<u>(7,049,323)</u>	<u>(3,668,110)</u>	<u>(4,633,247)</u>	<u>(4,210,313)</u>	<u>(5,825,726)</u>

(Continued)

CITY OF GRIFFIN, GEORGIA

**CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Total primary government general revenues and other changes in net assets	11,593,025	12,074,684	12,643,527	13,362,858	12,565,000	11,364,933
Change in net assets						
Governmental activities	(2,738,623)	3,777,506	(461,702)	303,657	(1,152,211)	(5,224)
Business-type activities	(1,845,371)	(2,869,236)	2,127,565	374,621	(1,367,819)	1,721,556
Total primary government change in net assets	<u>\$ (4,583,994)</u>	<u>\$ 908,270</u>	<u>\$ 1,665,863</u>	<u>\$ 678,278</u>	<u>\$ (2,520,030)</u>	<u>\$ 1,716,332</u>

- (a) Increase in number of police officers and fire fighters, increased health care costs, and change in allocation of expenses caused increase from FY 05 to FY 06.
- (b) City has been constructing a large new regional water distribution facility, which was completed in Feb 2006. Costs during 2006 increased as plant operations began.
- (c) Electric expenses increased from FY 05 to FY 06 primarily due to increased energy costs and purchases during the summer months which also yielded a corresponding increase in sales.
- (d) During the middle of FY 05, the City privatized its golf course operations effectively eliminating most operating costs of the golf course.
- (e) Increase from FY 05 to FY 06 due mostly to an increase in traffic fines and forfeitures from increased City policing and traffic efforts.
- (f) Revenues from FY 04 were from donated roads from the completion of new subdivisions.
- (g) Revenue growth from year to year due mostly to increased rates for services due to rising energy costs.

CITY OF GRIFFIN, GEORGIA

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
General Fund						
Reserved	\$ 15,578	\$ 692,937	\$ 303,356	\$ 219,852	\$ 160,471	\$ 180,051
Unreserved	(3,155,025)	36,786	1,214,341	1,123,751	1,190,065	742,294
Total General fund	<u>\$ (3,139,447)</u>	<u>\$ 729,723</u>	<u>\$ 1,517,697</u>	<u>\$ 1,343,603</u>	<u>\$ 1,350,536</u>	<u>\$ 922,345</u>
All Other Governmental Funds						
Reserved	\$ 2,020,401	\$ 2,087,065	\$ 2,205,166	\$ 2,449,134	\$ 2,276,217	\$ 2,148,241
Unreserved, reported in:						
Special revenue funds	-	51,224	58,201	121,906	143,212	138,022
Capital projects funds	308,604	303,956	150,991	149,806	20,061	(83,019)
Total all other governmental funds	<u>\$ 2,329,005</u>	<u>\$ 2,442,245</u>	<u>\$ 2,414,358</u>	<u>\$ 2,720,846</u>	<u>\$ 2,439,490</u>	<u>\$ 2,203,244</u>
Total all governmental funds	<u>\$ (810,442)</u>	<u>\$ 3,171,968</u>	<u>\$ 3,932,055</u>	<u>\$ 4,064,449</u>	<u>\$ 3,790,026</u>	<u>\$ 3,125,589</u>

CITY OF GRIFFIN, GEORGIA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Revenues:						
Property taxes	\$ 5,028,368	\$ 4,947,851	\$ 4,917,436	\$ 4,954,777	\$ 4,798,148	\$ 4,682,938
Other taxes	5,408,048	5,678,335	6,133,485	6,131,739	6,338,307	5,672,072
Charges for services	2,756,654	4,186,746	4,594,007	4,633,730	5,271,919	5,075,420
Licenses and permits	493,902	488,576	521,097	545,177	396,528	300,540
Intergovernmental	347,941	449,113	413,975	363,998	397,585	406,984
Franchise fees	565,660	571,945	596,534	599,456	612,240	621,589
Fines and forfeitures	977,980	662,494	1,178,213	1,581,007	1,177,709	1,309,886
Interest revenues	116,236	115,657	112,359	314,039	68,533	(159,027)
Rental income	41,308	53,505	69,743	238,126	215,418	191,521
Contributions and donations	100	6,970	16,276	5,953	21,046	4,314
Other revenues	50,719	814,707	662,694	741,899	128,899	147,835
Total revenues	15,786,916	17,975,899	19,215,819	20,109,901	19,426,332	18,254,072
Expenditures:						
Current:						
General government ^(c)	4,036,999	4,563,333	5,412,240	10,291,124	4,405,393	4,144,099
Judicial ^(a)	16,453	308,837	133,113	138,431	154,045	154,315
Public safety ^(b)	11,871,145	12,086,794	13,146,161	13,835,808	14,183,441	14,329,207
Public works	3,759,057	3,427,799	3,055,377	3,664,722	3,712,634	3,535,617
Parks and recreation	348,834	315,171	472,303	432,342	451,220	543,691
Housing and development	670,576	394,161	590,356	745,818	800,422	566,739
Capital outlay	339,740	11,584	37,745	10,734	258,331	300,440
Debt service:						
Principal	-	29,059	129,983	261,154	544,731	663,610
Interest and fiscal charges	-	40,106	21,826	38,150	353,919	235,199
Total expenditures	21,042,804	21,176,844	22,999,104	29,418,283	24,864,136	24,472,917
Excess of revenues over expenditures	(5,255,888)	(3,200,945)	(3,783,285)	(9,308,382)	(5,437,804)	(6,218,845)

(Continued)

CITY OF GRIFFIN, GEORGIA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS**

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Other financing sources (uses)						
Transfers in	5,498,379	19,174,484	17,260,996	17,794,362	18,151,245	18,079,107
Transfers out	(4,569,331)	(12,568,233)	(13,501,313)	(12,783,193)	(13,744,540)	(12,524,699)
Capital leases	-	577,104	628,514	4,408,000	756,676	-
Proceeds from the sale of capital assets	-	-	155,175	21,607	-	-
Total other financing sources (uses)	<u>929,048</u>	<u>7,183,355</u>	<u>4,543,372</u>	<u>9,440,776</u>	<u>5,163,381</u>	<u>5,554,408</u>
Net change in fund balances	<u>\$ (4,326,840)</u>	<u>\$ 3,982,410</u>	<u>\$ 760,087</u>	<u>\$ 132,394</u>	<u>\$ (274,423)</u>	<u>\$ (664,437)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.00%</u>	<u>0.34%</u>	<u>0.69%</u>	<u>1.26%</u>	<u>3.78%</u>	<u>3.84%</u>

^(a) Beginning in fiscal year 2004, the City began the process of creating and operating a Municipal Court. During FY 05, the City purchased for the Municipal Court assets including software and equipment.

^(b) Increased costs associated with an increased number of police and fire fighters during FY 06.

^(c) Revenues / costs increased from 04 to 05 due to implementation of new customer service fees and changes in calculation of indirect costs from percentage of budget to number of employees.

CITY OF GRIFFIN, GEORGIA

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(in thousands)**

Fiscal Year	Property Tax	Sales and Use Tax	Business Tax	Other (1)	Total
2000	\$ 4,108	\$ 2,809	\$ 684	\$ 2,130	\$ 9,731
2001	4,239	3,113	655	2,326	10,333
2002	4,524	3,190	776	2,159	10,649
2003	4,486	2,896	657	2,268	10,307
2004	5,028	3,215	532	2,227	11,002
2005	4,948	3,370	458	2,422	11,198
2006	4,917	3,713	451	2,565	11,646
2007	4,955	3,643	463	2,625	11,686
2008	4,798	3,786	443	2,722	11,749
2009	4,683	3,250	384	2,660	10,977

Notes: (1) - Includes alcohol business taxes, hotel/motel taxes, insurance premium taxes and franchise fees.

CITY OF GRIFFIN, GEORGIA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30th	Digest Tax Year	Residential Property	Commercial Property	Industrial Property	Other Property^(a)	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
2000	1999	\$ 174,753,897	\$ 182,283,890	\$ 120,858,795	\$ 44,589,683	\$ 100,255,887	\$ 422,230,378	9.59	\$ 1,055,575,945	40%
2001	2000	177,286,288	197,463,311	109,733,687	47,717,556	77,248,255	454,952,587	9.46	1,137,381,468	40%
2002	2001	181,162,531	164,282,332	134,639,995	49,988,941	62,316,600	467,757,199	9.46	1,169,392,998	40%
2003	2002	225,185,563	184,250,927	121,063,929	51,100,078	60,473,712	521,126,785	9.46	1,302,816,963	40%
2004	2003	231,355,236	192,989,523	112,364,838	49,553,046	37,244,849	549,017,794	8.85	1,372,544,485	40%
2005	2004	231,872,215	207,106,048	108,584,842	48,325,817	32,542,463	563,346,459	8.85	1,408,366,148	40%
2006	2005	239,844,598	208,381,823	117,296,925	45,801,333	53,678,663	557,646,016	8.65	1,394,115,040	40%
2007	2006	246,541,282	210,914,389	110,413,777	44,082,271	41,696,761	570,254,958	8.63	1,425,637,395	40%
2008	2007	254,831,321	223,094,624	104,413,194	46,821,405	45,219,895	583,940,649	8.63	1,459,851,623	40%
2009	2008	258,674,420	229,962,338	97,850,407	44,945,446	50,826,550	580,606,061	8.63	1,451,515,153	40%

Source: Spalding County Tax Commissioner

Note: Property in the City is reassessed periodically. Property is assessed at 40% of the fair market value; therefore, the assessed values are equal to 40% of the estimated actual value. Tax rates are per \$1,000 of assessed value. Tax year levied fund the following fiscal year, i.e., taxes levied for 2008 are used for fiscal year ending in 2009.

(a) Other property consists of agricultural, utilities, historic, mobile homes, etc.

CITY OF GRIFFIN, GEORGIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$1,000 of assessed value)

	Fiscal Year Ended June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Municipal rates:										
City of Griffin:										
Maintenance and operations	16.00	15.61	14.97	13.66	14.53	14.61	14.97	15.11	15.18	14.95
Debt service	-	-	-	-	-	-	-	-	-	-
Sales tax reduction	(6.54)	(6.15)	(6.12)	(4.81)	(5.68)	(5.96)	(6.34)	(6.51)	(6.54)	(6.35)
Total City of Griffin	9.46	9.46	8.85	8.85	8.85	8.65	8.63	8.60	8.64	8.60
City of Orchard Hill maintenance and operations	5.00	5.00	5.00	5.00	5.00	4.99	4.95	4.95	4.95	4.95
City of Sunny Side maintenance and operations	5.00	5.00	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36
Spalding County rates:										
Unincorporated maintenance and operations	9.70	9.70	9.88	11.91	13.53	13.46	13.41	13.39	13.89	13.88
Fire protection (1)	5.26	5.13	5.16	4.58	4.70	4.76	4.81	4.81	4.83	4.82
Insurance premium rollback (1)	(2.18)	(2.05)	(2.08)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)	(1.79)	(1.79)
Board of Education	18.02	19.57	18.94	18.55	18.95	18.90	18.85	18.82	18.81	18.80
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated Spalding County	31.05	32.60	32.15	33.80	35.82	35.68	35.56	35.51	35.99	35.96
Total Municipalities:										
City of Griffin	37.43	38.98	37.92	39.56	41.58	41.26	41.14	41.08	41.07	41.53
City of Orchard Hill	32.97	34.52	34.07	35.71	37.73	37.60	37.46	37.43	37.38	37.88
City of Sunny Side	32.97	34.52	33.43	35.07	37.09	36.97	36.87	36.84	36.79	37.29

Source: Spalding County Tax Commissioner

(1) Fire protection and insurance premium rollback is applied only to unincorporated rates.

CITY OF GRIFFIN, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30th	Digest Tax Year	Taxes Levied for the Fiscal Year ^a	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2000	1999	\$ 4,091,152	\$ 4,014,424	98.12%	\$ 75,032	\$ 4,089,456	99.96%	\$ 1,696
2001	2000	4,303,851	4,118,179	95.69%	184,367	4,302,546	99.97%	1,305
2002	2001	4,424,983	4,270,548	96.51%	152,784	4,423,332	99.96%	1,651
2003	2002	4,611,972	4,393,246	95.26%	204,523	4,597,769	99.69%	14,203
2004	2003	4,858,911	4,696,598	96.66%	152,492	4,849,090	99.80%	9,821
2005	2004	4,985,616	4,863,916	97.56%	114,116	4,978,032	99.85%	7,584
2006	2005	4,823,638	4,702,117	97.48%	108,177	4,810,294	99.72%	13,344
2007	2006	4,921,300	4,807,096	97.68%	83,360	4,890,456	99.37%	30,844
2008	2007	5,021,890	4,843,578	96.45%	91,403	4,934,981	98.27%	86,909
2009	2008	5,015,275	4,809,253	95.89%	-	4,809,253	95.89%	206,022

Sources: Spalding County Tax Commissioner's Office and City of Griffin Department of Finance.

NOTE: The amount of taxes collected within the fiscal year of the levy for 1997 through 1999 was not available.

^a Digest tax year levied actually fund the following fiscal year (i.e., taxes levied for 1996 are used for fiscal year ending in 1997).

CITY OF GRIFFIN, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND FIVE YEARS AGO

<u>Taxpayer</u>	<u>2009</u>			<u>2004</u>		
	<u>Taxable Assessed Value (In thousands)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
NACOM	\$ 69,150	1	4.76%	\$ 109,007	1	7.74%
Tenet-Spalding Regional Hospital	37,298	2	2.57%	27,492	2	1.95%
Wal-Mart Stores	27,920	3	1.92%	24,413	5	1.73%
Exo-Tech Packaging LLC	27,703	4	1.91%	17,928	7	1.27%
Bandag Inc.	22,218	5	1.53%	21,211	6	1.51%
Weyerhaeuser Co.	20,185	6	1.39%	17,953	8	1.27%
Halpem Enterprises, Inc.	14,845	7	1.02%	17,684	9	1.26%
Lowe's Home Centers, Inc.	11,783	8	0.81%	11,985	11	0.85%
Home Depot	11,180	9	0.77%	-		-
Walden Point	9,293	10	0.64%	-		-
Cooper Standard	-		-	25,808	3	1.83%
Bellsouth Telecomm	-		-	25,782	4	1.83%
Griffin Crossing, LLC	-		-	12,124	10	0.86%
Total	\$ 251,575		17.33%	\$ 311,387		14.37%

Source: Spalding County Tax Assessor
Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA
TOP TEN SEWER CUSTOMERS
CURRENT YEAR AND FIVE YEARS AGO

Customer	2009				2004			
	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Kennedy Road Middle School	482,432	\$ 82,705	1	1.55 %				
AMI Griffin-Spalding Co. Hospital	160,958	104,968	2	1.97	203,310	\$ 96,999	3	2.06 %
Northside Griffin, LLC	154,163	97,967	3	1.84	-	-		-
Westdale Freddie Properties, LLC	107,508	70,679	4	1.33	-	-		-
Southern Terry	104,469	66,460	5	1.25	533,998	246,825	1	5.24
Spalding Co. Correctional Institute	89,779	57,326	6	1.08	64,318	32,504	9	0.69
Yazaki	82,883	53,913	7	1.01	-	-		-
Spalding High School	75,990	47,319	8	0.89	-	-		-
Brightmoor Health	71,924	44,972	9	0.84	-	-		-
Riverside Uniform Rental	68,201	43,774	10	0.82	-	-		-
National Housing Management Service	-	-		-	261,765	120,326	2	2.56
Nacom	-	-		-	175,191	83,299	4	1.77
Copper Standard	-	-		-	174,968	82,775	5	1.76
Griffin Housing Authority	-	-		-	144,400	68,645	6	1.46
First National Bank	-	-		-	74,492	36,139	7	0.77
Fashion Industries	-	-		-	138,053	35,101	8	0.75
University of Georgia, Griffin Campus	-	-		-	65,952	31,656	10	0.67
	<u>1,398,307</u>	<u>\$ 670,083</u>		<u>12.58 %</u>	<u>1,836,447</u>	<u>\$ 834,269</u>		<u>17.73 %</u>

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA
TOP TEN WATER CUSTOMERS
CURRENT YEAR AND FIVE YEARS AGO

Customer	2009				2004			
	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Coweta County Water and Sewer	7,779,407	\$ 1,967,469	1	19.28 %	758,103	\$ 161,512	3	2.38 %
Springs Ind. Inc.	1,063,820	354,252	2	3.47	4,039,295	878,959	1	12.94
City of Zebulon	895,579	298,763	3	2.93	533,998	177,424	2	2.61
Kennedy Road Middle School	241,224	37,477	4	0.37	-	-		-
AMI Griffin-Spalding Co. Hospital	160,958	77,421	5	0.76	160,602	58,785	8	0.87
Northside Griffin, LLC	154,163	115,180	6	1.13	-	-		-
Del Webb's SCP HOA	141,566	104,375	7	1.02	-	-		-
City of Williamson	129,501	43,586	8	0.43	174,968	60,300	7	0.89
Westdale Freddie Properties, LLC	107,508	54,798	9	0.54	-	-		-
Southern Terry	104,469	48,610	10	0.48	261,765	99,299	4	1.46
National Housing Management Service	-	-		-	203,310	70,619	5	1.04
NACOM	-	-		-	175,340	60,679	6	0.89
Griffin Housing Authority	-	-		-	144,408	49,995	9	0.74
Spalding Co. Correctional Institute	-	-		-	116,342	44,224	10	0.65
	<u>10,778,195</u>	<u>\$ 3,101,931</u>		<u>30.39 %</u>	<u>6,568,131</u>	<u>\$ 1,661,796</u>		<u>24.47 %</u>

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA
TOP TEN ELECTRIC CUSTOMERS
CURRENT YEAR AND FIVE YEARS AGO

Customer	2009			Percentage of Total Revenues	2004			Percentage of Total Revenues
	Usage (in kHz)	Charges	Rank		Usage (in kHz)	Charges	Rank	
Exopac	17,802,018	\$ 1,116,454	2	2.79 %	18,200,204	\$ 831,607	3	2.79 %
Bandag, Inc.	16,986,475	1,303,106	1	3.25	22,050,964	1,123,527	1	3.77
Caterpillar Inc.	13,345,174	812,339	3	2.03	7,529,110	529,168	4	1.78
AMI Griffin-Spalding Co. Hospital	8,764,857	677,513	4	1.69	7,615,522	485,843	5	1.63
University of Georgia, Griffin Campus	7,459,183	645,270	5	1.61	10,139,469	457,817	7	1.54
Norcom	7,333,996	436,769	10	1.09	-	-		-
City of Griffin WasteWater Treatment Plant	6,870,704	586,521	6	1.46	-	-		-
WAL-MART Store #01-932,	6,836,552	555,333	7	1.39	7,756,410	391,764	9	1.31
Weyerhaeuser Co.	6,180,671	434,778	8	1.09	6,442,200	444,260	8	1.49
Southern Terry	4,920,208	384,227	9	0.96	6,523,172	340,641	10	1.14
Cooper Standard	-	-		-	17,704,729	1,016,728	2	3.41
Filter Plant/River and Reservoir PMP	-	-		-	7,249,019	479,204	6	1.61
	<u>96,499,838</u>	<u>\$ 6,952,310</u>		<u>17.36 %</u>	<u>111,210,799</u>	<u>\$ 6,100,559</u>		<u>20.47 %</u>

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Estimated Actual Value of Taxable Property ¹	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Notes Payable	Capital Leases	Water Revenue Bonds	Notes Payable	Capital Leases				
2000	\$ -	\$ -	\$ 1,152,809	\$ 23,225,298	\$ 3,160,549	\$ -	\$ 27,538,656	6.52%	\$ 1,433.26	\$ 1,174.31
2001	-	-	3,014,998	21,765,000	2,679,787	-	27,459,785	6.04%	1,406.46	1,184.94
2002	-	-	1,917,814	20,680,000	2,512,291	-	25,110,105	5.37%	1,334.86	1,081.45
2003	-	-	801,789	77,705,000	2,572,601	45,123	81,124,513	15.57%	4,108.19	3,475.77
2004	-	-	286,431	76,470,000	2,933,462	-	79,689,893	14.51%	3,229.06	3,405.99
2005	-	-	548,045	75,165,000	2,786,172	624,868	79,124,085	14.05%	3,397.93	3,397.93
2006	-	-	1,046,576	74,499,000	2,629,328	1,027,587	79,202,491	14.20%	3,209.31	3,377.36
2007	-	-	5,193,422	72,887,000	2,465,581	785,542	81,331,545	14.26%	3,173.79	3,468.15
2008	-	-	5,405,367	71,209,000	2,294,762	596,074	79,505,203	13.62%	3,002.35	3,390.27
2009	-	-	4,741,757	69,472,000	2,116,108	419,957	76,749,822	13.22%	2,859.32	3,272.77

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See Schedule 7, Assessed Value and Estimated Actual Value of Taxable Property for property values and Schedule 16, Demographic and Economic Statistics for population data.

* Information not available.

CITY OF GRIFFIN, GEORGIA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In thousands)**

	Fiscal Year ^a									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 42,223	\$ 45,495	\$ 46,776	\$ 52,113	\$ 54,902	\$ 56,335	\$ 55,765	\$ 57,026	\$ 58,394	\$ 58,061
Total net debt applicable to limit	-	476	7,245	801	286	548	1,047	5,193	5,405	4,742
Legal debt margin	<u>\$ 42,223</u>	<u>\$ 45,019</u>	<u>\$ 39,531</u>	<u>\$ 51,312</u>	<u>\$ 54,616</u>	<u>\$ 55,787</u>	<u>\$ 54,718</u>	<u>\$ 51,833</u>	<u>\$ 52,989</u>	<u>\$ 53,319</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	1.05%	15.49%	1.54%	0.52%	0.97%	1.88%	9.11%	9.26%	8.17%

Legal Debt Margin Calculation for Fiscal Year 2007

Total assessed value	\$ 631,433
Less Exempt:	50,827
Total taxable assessed value:	<u>580,606</u>
Debt limit (10% of total taxable assessed value)	58,061
 Debt applicable to limit:	
Capital leases	<u>4,742</u>
 Legal debt margin	<u>\$ 53,319</u>

Note: Under state finance law, the City'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.

^a Digest tax year levied actually fund the following fiscal year (i.e., taxes levied for 1996 are used for fiscal year ending in 1997).

CITY OF GRIFFIN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2009

(in thousands)

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Griffin (1)</u>	<u>Amount Applicable to City of Griffin</u>
Debt repaid with property taxes:			
Spalding County:			
Griffin-Spalding County School System Bonds	\$ -	39.79%	\$ -
Subtotal, overlapping debt	-		-
Direct:			
City of Griffin capital leases	4,742	100.00%	4,742
Total	<u>\$ 4,742</u>		<u>\$ 4,742</u>

Notes: (1) - The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF GRIFFIN, GEORGIA
REVENUE BOND COVERAGE
COMBINED PUBLIC UTILITY REVENUE BONDS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Operating Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 58,501	\$ 42,597	\$ 15,904	\$ 1,737	\$ 3,342	\$ 5,079	\$ 3.13
2008	54,501	42,491	12,010	1,678	3,400	5,078	2.37
2007	52,952	38,590	14,362	1,612	3,463	5,075	2.83
2006	51,253	37,321	13,932	1,435	5,446	6,881	2.02
2005	45,712	33,892	11,820	1,305	3,705	5,010	2.36
2004	42,481	35,267	7,214	1,235	3,652	4,887	1.48
2003	41,686	34,190	7,496	1,140	995	2,135	3.51
2002	37,687	33,777	3,910	1,085	1,174	2,259	1.73
2001	41,278	30,290	10,988	1,460	1,152	2,612	4.21
2000	40,474	33,492	6,982	1,035	1,197	2,232	3.13

Note: Amounts above are in thousands.

(1) Operating revenue includes operating revenue and interest of the Water / Wastewater fund and the Electric Fund.

(2) Direct operating expenses do not include depreciation.

CITY OF GRIFFIN, GEORGIA

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate ⁽¹⁾</u>
2000	23,451	\$ 19,214	1.22	4.40%
2001	23,174	19,524	1.19	4.90%
2002	23,219	18,811	1.23	6.80%
2003	23,340	19,747	1.18	7.80%
2004	23,397	24,679	0.95	6.50%
2005	23,286	23,286	1.00	8.20%
2006	23,451	24,679	0.95	6.80%
2007	23,451	25,626	0.92	5.60%
2008	23,451	26,481	0.89	5.40%
2009	23,451	26,842	0.87	8.50%

* Source - Georgia Department Of Labor

⁽¹⁾ Source - U.S. Bureau of Labor Statistics for all of Spalding County

CITY OF GRIFFIN, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2009			2000		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Caterpillar, Inc	780	1	5.91%	—		—
Southern Terry	400	2	3.03%	—		—
AEP Industries	250	3	1.89%	214	9	1.91%
Supreme Corporation	235	4	1.78%	190	10	1.69%
Nacom	220	5	1.67%	762	2	6.79%
Fashion Industries, Inc	200	6	1.52%	285	7	2.54%
EXOPack	200	7	1.52%	—		—
William Carter Co	168	8	1.27%	611	3	5.44%
Weyerhaeuser	145	9	1.10%	—		—
Vernay Manufacturing, Inc	142	10	1.08%	—		—
Dundee Mills, Inc	—		—	1,940	1	17.29%
5 Rubber Corp	—		—	577	4	5.14%
Thomaston Mills	—		—	370	5	3.30%
Metrotrans Corp	—		—	315	6	2.81%
Southern Bell	—		—	215	8	1.92%
Total	2,740		20.77%	5,479		48.82%

* Sources- Griffin-Spalding Chamber of Commerce/
Revenue bonds series 1997/GA Dept of Labor

CITY OF GRIFFIN, GEORGIA

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST SIX FISCAL YEARS**

Function	Full-time Equivalent Employees as of June 30th					
	2004	2005	2006	2007	2008	2009
General government						
Administration	49	47	47	52	52	50
Judicial	1	1	1	1	1	1
Public Safety	168	181	183	172	183	166
Public Works	71	53	40	44	52	49
Development	7	5	6	6	7	6
Water/Wastewater Operations	71	74	81	69	69	53
Electric operations	40	54	29	44	55	45
Solid Waste operations	58	58	56	54	54	45
Airport operations	6	6	6	3	4	4
Welcome Center	1	1	1	1	2	2
Stormwater	13	17	14	12	12	13
Motor Pool	18	14	13	13	14	13
Griffin Business and Tourism	-	-	1	1	1	1
Total	503	511	478	472	506	448

Source: City Finance Department

Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS

Function/Program	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Police						
Physical arrests	2,272	4,320	2,404	4,417	2,631	2,612
Parking violations	1,517	1,627	621	1,234	1,387	958
Traffic violations	11,009	11,488	10,813	8,465	9,856	9,231
Fire						
Emergency responses	1,079	1,111	938	1,268	1,210	1,121
Fires extinguished	73	97	122	231	192	173
Inspections	384	792	1,000	1,243	1,185	1,336
Refuse Collection						
Refuse collected (tons per day)	44	38	38	38	38	49
Other Public Works						
Street resurfacing (miles)	N/A	6	2.8	2.5	2.8	0.0
Potholes repaired	N/A	682	1,053	1,051	1,052	387
Parks and recreation						
Athletic field permits issued	N/A	356	360	358	361	350
Water						
New connections	N/A	99	136	120	122	63
Water main breaks	N/A	34	39	49	50	35
Average daily consumption (millions of gallons)	5.8	9.5	1.03	8.94	8.94	9.11
Peak daily consumption (millions of gallons)	N/A	1.08	1.23	1.20	1.21	1.24
Wastewater						
Average daily sewage treatment (millions of gallons)	N/A	514	460	500	500	323

Sources: Various City departments.

Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST SIX FISCAL YEARS

Function/Program	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Police						
Stations	2	2	2	2	2	2
Zone officers	112	112	112	111	99	56
Patrol units	102	102	102	102	102	102
Fire stations	3	3	3	3	3	3
Public works						
Streets (miles)	163	165	165	165	165	165
Streetlights	879	879	879	879	879	879
Traffic signals	879	879	879	913	913	913
Parks and recreation						
Acreage	207	207	207	207	207	207
Playgrounds	3	3	3	3	3	3
Water						
Water mains (miles)	700	700	700	700	700	700
Fire hydrants	7,392	7,392	7,392	7,392	7,392	7,392
Storage capacity (thousands of gallons)	500	500	500	500	500	500
Wastewater						
Sanitary sewers (miles)	160	160	160	213	213	243
Storm sewers (miles)	75	75	75	91	91	85
Treatment capacity (thousands of gallons)	2.45	6.00	6.00	6.00	6.00	5.75

Sources: Various City departments.

Note: No capital asset indicators are available for the general government functions.

Note: Information prior to 2004 was not available.

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Honorable Mayor and Members
of the City Commission
Griffin, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Griffin, Georgia, as of and for the year ended June 30, 2009, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated December 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses, as items 2009 – 1 and 2009 – 2, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009 - 1 and 2009 - 2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Griffin, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance of other matters that are required to be reported under *Government Auditing Standards*.

The City of Griffin, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Griffin, Georgia's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Commission, others within the entity, and the State of Georgia and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 17, 2009

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2009

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

Not applicable as a single audit was not performed for the year ended June 30, 2009 due to the City not expending \$500,000 or more of federal funds.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2009 - 1. Management of Accounts Payable and Accrued Liabilities

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The City did not properly address the above criteria as of June 30, 2009 as it relates to accounts payable items within the General Fund, the Water and Wastewater Fund, the Electric Revenue Fund, the Solid Waste Fund, and the Airport Fund.

Context: We addressed this matter with City officials and they were able to determine the amount of accounts payable that should be recorded in these funds as of June 30, 2009.

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2009

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2009 - 1. Management of Accounts Payable and Accrued Liabilities (Continued)

Effect: Several audit adjustments to correct accounts payable and accrued liabilities within the General Fund, the Water and Wastewater Fund, the Electric Revenue Fund, the Solid Waste Fund, and the Airport Fund were required to be reported as of June 30, 2009.

Recommendation: We recommend the City begin recognizing and recording accounts payable as required, and record the necessary adjustments to reflect the accounts payable balances at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to improve our accounts payable reconciliation process in future years for year end and month end reporting purposes.

2009 - 2. Management of Prepaid Assets

Criteria: Generally accepted accounting principles require that significant amounts of prepaid items on hand at year end be reported as an asset.

Condition: The City did not properly record prepaid expenses and expenditure transactions based on the above criteria as of June 30, 2009.

Context: See above condition.

Effect: Several audit adjustments to correct prepaid items were required to be reported within the General Fund, the Water and Wastewater Fund, the Electric Revenue Fund, the Solid Waste Fund, the Airport Fund, the Stormwater Fund, and the Motor Pool Fund as of June 30, 2009.

Recommendation: We recommend the City record all prepaid items based on the above criteria.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will record all prepaid items based on the above criteria.

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF GRIFFIN, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

STATUS OF PRIOR YEAR AUDIT FINDINGS

2008 - 1. Management of Due to / From Accounts

For the year ending June 30, 2008, we noted the City's unadjusted trial balance reported significant amounts of overstated and understated pooled cash for the General Fund, Water and Sewer Fund, Electric Revenue Fund, Solid Waste Fund, Airport Fund, Motor Pool Fund, and the Municipal Court Fund.

Status: The above finding was corrected for the year ended June 30, 2009.

2008 - 2. Accounts Receivable

For the year ending June 30, 2008, the City did not properly reconcile monthly its general ledger and subsidiary listings and did not record various year end accounts receivable within the City's Funds.

Status: The above finding was corrected for the year ended June 30, 2009.

2008 - 3. Management of Accounts Payable and Accrued Liabilities

For the year ending June 30, 2008, the City improperly recorded payable and accrued expenditure/expense items within the General Fund, the Capital Projects Fund, the Electric Revenue Fund, the Solid Waste Fund, and the Airport Fund.

Status: The above finding was not corrected for the year ended June 30, 2009. See finding 2009-1.

2008 - 4. Management of Prepaid Assets

For the year ending June 30, 2008, we noted that the City did not properly record prepaid expenses and expenditure transactions.

Status: The above finding was not corrected for the year ended June 30, 2009. See finding 2009-2.

2008 - 5. Management of Inventory Accounts

For the year ending June 30, 2008, we noted that the City did not properly record inventory transactions.

Status: The above finding was corrected for the year ended June 30, 2009.

CITY OF GRIFFIN, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

STATUS OF PRIOR YEAR AUDIT FINDINGS (Continued)

2008 - 6. Special Revenue Fund and Debt Service Fund Budgets

For the year ending June 30, 2008, we noted that the City did not adopt a budget for the Confiscated Assets special revenue fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Status: The above finding was corrected for the year ended June 30, 2009.