

**CITY OF GRIFFIN, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2004**

Prepared by:  
Griffin Finance Department

# CITY OF GRIFFIN, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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### TABLE OF CONTENTS

#### INTRODUCTORY SECTION

	Page
Letter of Transmittal .....	i - iv
Organizational Chart.....	v
List of Principal Officials.....	vi

#### FINANCIAL SECTION

Independent Auditor's Report .....	1 and 2
Management's Discussion and Analysis .....	3 - 11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	12
Statement of Activities .....	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund .....	17 and 18
Statement of Net Assets – Proprietary Funds .....	19 and 20
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	21 and 22
Statement of Cash Flows – Proprietary Funds.....	23 - 26
Statement of Fiduciary Net Assets – Fiduciary Fund.....	27
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund.....	28
Notes to Financial Statements.....	29 - 60
Combining Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	61 and 62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	63 and 64
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Community Development Block Grant .....	65
Hotel / Motel Tax Fund.....	66
Multiple Grant Fund .....	67

**CITY OF GRIFFIN, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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**TABLE OF CONTENTS (Continued)**  
**FINANCIAL SECTION (Continued)**

	Page
<b>Combining Statements and Schedules (Continued):</b>	
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds .....	68
Combining Statement of Net Assets – Nonmajor Enterprise Funds .....	69
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds .....	70
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	71 and 72
Combining Statement of Net Assets – Internal Service Funds .....	73
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds .....	74
Combining Statement of Cash Flows – Internal Service Funds .....	75

**STATISTICAL SECTION**

**Fund information:**

General Governmental Expenditures by Function .....	76 and 77
General Governmental Revenues by Source .....	78 and 79
General Governmental Tax Revenues by Source .....	80
Property Tax Levies and Collections .....	81 and 82
Assessed and Estimated Actual Value of Taxable Property .....	83
Property Tax Rates - All Tax Districts .....	84
Principal Taxpayers .....	85
Computation of Legal Debt Margin .....	86
Computation of Direct and Overlapping Governmental Activities Debt .....	87
Revenue Bond Coverage - Combined Public Utility Revenue Bonds .....	88
Demographic Statistics - Population .....	89
Property Value, Construction and Bank Deposits .....	90
Top Ten Sewer Customers .....	91
Top Ten Water Customers .....	92
Top Ten Electric Customers .....	93
Miscellaneous Statistical Information .....	94 and 95

**COMPLIANCE SECTION**

Schedule of Expenditures of Federal Awards .....	96
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 <i>Government Auditing Standards</i> .....	97 and 98
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	99 and 100
Schedule of Findings and Questioned Costs .....	101 and 102

# **INTRODUCTORY SECTION**



# CITY OF GRIFFIN

 SINCE 1840

April 15, 2005

**Commission Members**

Cynthia Reid Ward  
Mayor

Bill Landrum  
Mayor Pro-Tem

Walker Cook, Jr.

Cora Flowers

Doug Hollberg

Rodney McCord

Joanne Todd

**City Manager**

Kenny L. Smith

**Finance Department**

Finance Director

Christopher Pike, CPA

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

State law requires that all 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 by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Griffin, Georgia for the year ended June 30, 2004.

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 both 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.

The City of Griffin's financial statements have been audited by Mauldin & Jenkins CPA, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Griffin for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Griffin, Georgia's financial statements for the fiscal year ended June 30, 2004 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"*

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial reports in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Griffin's MD&A can be found immediately following the report of the independent auditors.

### ***Profile of the Government***

The City of Griffin, incorporated in 1843, is located in the central portion of the state and currently occupies a land area of 14.1 square miles. 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 appropriated 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 the budget, appointing committees, and hiring both the City's manager and legal counsel. The government's manager is responsible for carrying out the day to day operations of the government, and for appointing the heads of the various departments. The Board is elected on a non-partisan basis, and serves staggered terms, meaning elections are held every two years with three Commissioners on one cycle and four Commissioners the next cycle. The Honorary Mayor is elected by the Board, and serves for one year only.

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 agencies of the City of Griffin are required to submit requests for appropriations to the City Manager on March 31. The government's manager uses these requests as a starting point for developing the proposed budget. The City's manager then presents this 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 appropriated budget is prepared by fund, function (e.g., Public Safety), and department (Police). Department heads 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 fund types as well as enterprise funds are presented within this report.

### ***Factors affecting Financial Condition***

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.

### ***Local Economy***

The City of Griffin currently enjoys a favorable economic environment and local indicators point to its continued presence. The region has a varied manufacturing and industrial base that adds to the relative stability of the region. Major industries with corporate headquarters or divisions located within the City's boundaries or in close proximity include medical, manufacturing including automotive parts and materials packaging, as well as retail and real estate development.

The City expects to maintain its vibrant downtown area with a variety of stores, specialty shops, and commercial businesses. Meanwhile, there continues to be a discernable trend toward steady residential growth.

### ***Long Term Financial Planning***

The City is in the process of developing a regional water distribution system, providing water to the surrounding counties and cities contained within. During the prior fiscal year, the City issued revenue bonds for the creation of a new reservoir and necessary distribution infrastructure, providing a superior revenue stream in years to come. Contracts for construction have been let, and construction is currently underway.

### ***Cash Management Policies and Practices***

Cash temporarily idle during the year was invested primarily in certificates of deposit. Restricted cash in the Water/Wastewater and Electric Funds were held in obligations of the federal government and the Local Government Investment Pool. Pension assets were held in a diversified portfolio of debt and equity securities.

### ***Pension and Other Post Employment Retirement Benefits***

The City of Griffin maintains a single employer defined benefit pension plan for all of its covered employees. Each year, an independent actuary engaged by the pension board calculates the contribution that the City must make to the pension plan in order to ensure that the plan will be able to meet its current and future obligations to employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The City also provides a portion of post-retirement health and dental benefits to retirees on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements

for these benefits in connection with an employer's obligation to make these payments, and no such liability has been recorded.

Additional information on the City's pension plan and its funding progress can be found in the notes to the financial statements.

***Acknowledgements***

The preparation of this financial statement has been accomplished through the dedicated efforts of the Accounting Division of the Department of Finance. We would also like to thank the Board of Commissioners for their cooperation and all City department heads for their positive attitude towards budget responsibility. Finally, we would like to thank the City Manager for his leadership and support in steering the financial affairs of the City of Griffin in a responsible manner.

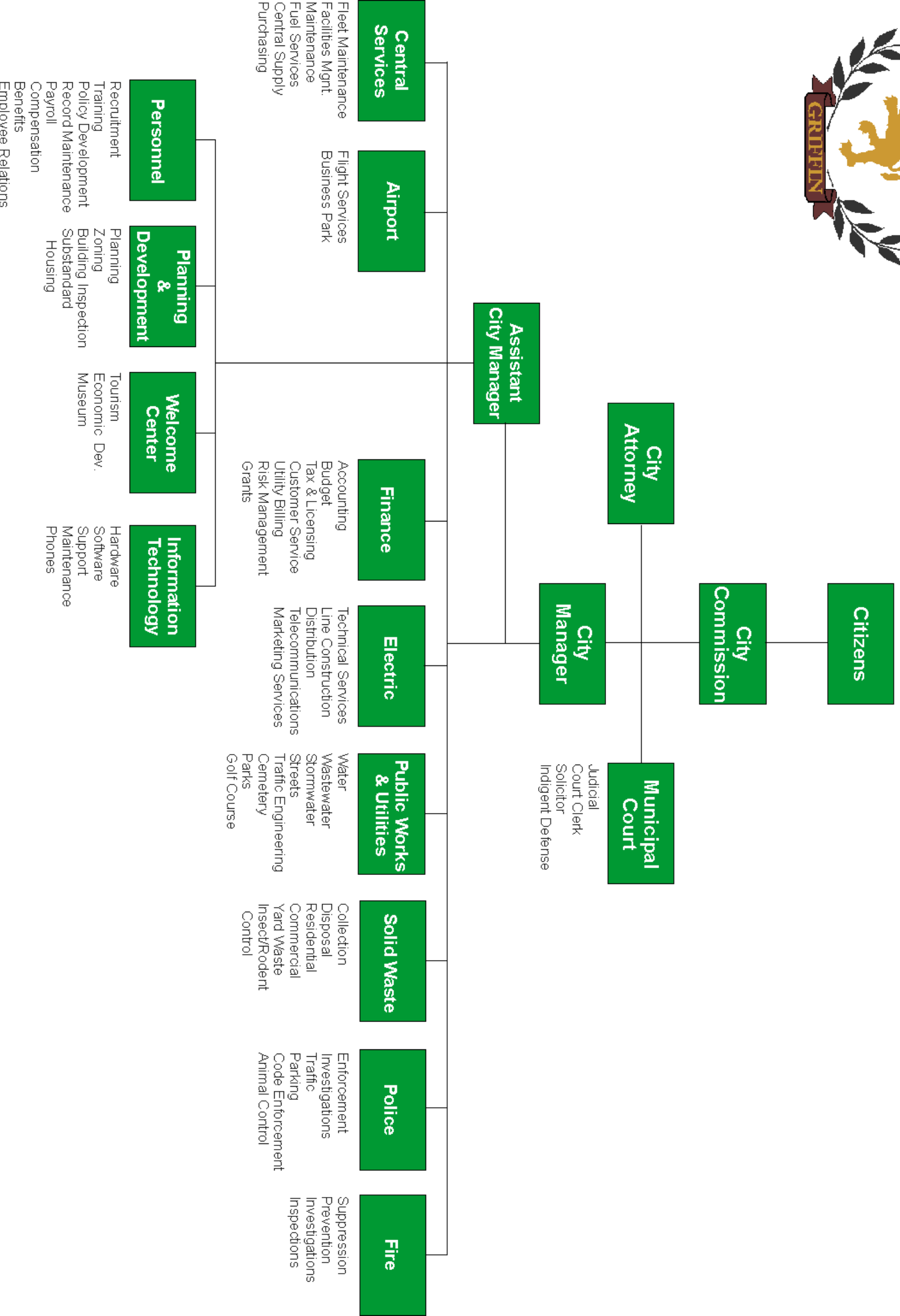
Respectfully submitted,

Chris Pike  
Finance Director





# 2004 Organization Chart



# CITY OF GRIFFIN, GEORGIA

## PRINCIPAL OFFICIALS JUNE 30, 2004

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Mayor - Council Member – District I	Cynthia Reid Ward
Council Member – At Large	Doug S Hollberg
Council Member – District II	Cora Flowers
Council Member – District III	William D. Landrum
Council Member – District IV	Joanne Todd
Council Member – District V	Walker Cook, Jr.
Council Member – District VI	Rodney McCord
City Manager & City Clerk	Kenny Smith
Assistant City Manager	Vacant
City Attorney	Andrew Whalen
Municipal Court Judge	A. Ronald Cook
Municipal Court Prosecutor	E. Carl Touchstone
City Auditor	Mauldin & Jenkins, LLC
Finance Director	Christopher J. Pike, CPA
Fire Chief	Tommy Jones (Interim)
Police Chief	Frank Strickland
Water/Wastewater Director	Dr. Brant Keller
Electric Director	Vacant
Public Works Director	Dr. Brant Keller
Solid Waste Director	H. George Reid
Airport Manager	Bob Stapleton
Developmental Services Director	Vacant

# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2004, 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, each major fund, and the aggregate remaining fund information of the City of Griffin, Georgia, as of June 30, 2004, 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 March 2, 2005, 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.

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The management's discussion and analysis (on pages 3 through 11) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 tables 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 accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Griffin, Georgia. The combining and individual nonmajor fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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 tables 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  
March 2, 2005

# CITY OF GRIFFIN, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2004. 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 \$72,103,760 (*net assets*). Of this amount, \$19 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$4,583,994.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund deficit of \$810,442, a decrease of \$4,326,840 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was a negative \$3,155,025, or (15)% of total general fund expenditures.
- The City's total debt decreased by \$1,406,744 during the current fiscal year. This decrease consisted of new debt of \$493,766, an increase in the landfill postclosure care costs of \$66,795 and scheduled payments of \$1,967,305.

### 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

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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 sewer, electric, 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 ten 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 nine governmental funds (three special revenue funds, four 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

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**Proprietary funds.** The City maintains one type 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.

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 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 statements can be found on pages 27 and 28 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 29 - 60 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 61 - 68 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 \$72,103,760 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (70.6 percent) 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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Griffin's Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 2,601,743	\$ 33,083,511	\$ 61,607,382	\$ 91,289,939	\$ 64,209,125	\$ 124,373,450
Capital assets	13,019,339	13,976,508	87,820,231	78,616,046	100,839,570	92,592,554
Total assets	15,621,082	47,060,019	149,427,613	169,905,985	165,048,695	216,966,004
Other liabilities	1,469,524	1,078,965	7,040,735	7,115,020	8,510,259	8,193,985
Long-term liabilities outstanding	2,224,475	2,713,343	82,210,201	83,013,144	84,434,676	85,726,487
Total liabilities	3,693,999	3,792,308	89,250,936	90,128,164	92,944,935	93,920,472
Net assets:						
Invested in capital assets, net of related debt	12,732,908	13,115,881	38,011,083	45,868,960	50,743,991	58,984,841
Restricted	-	31,792,140	2,319,938	32,712,071	2,319,938	64,504,211
Unrestricted	(805,825)	(1,640,310)	19,845,656	1,196,790	19,039,831	(443,520)
Total net assets	\$ 11,927,083	\$ 43,267,711	\$ 60,176,677	\$ 79,777,821	\$ 72,103,760	\$ 123,045,532

An additional portion of the City's net assets (3.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$19,039,831) 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, 2004 decreased the City of Griffin's net assets by \$2,738,623. Business-type activities during the same period decreased net assets by \$1,845,371 for a total reduction in net assets of \$4,583,994. 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	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 4,320,663	\$ 6,164,745	\$ 48,892,991	\$ 48,450,907	\$ 53,213,654	\$ 54,615,652
Operating grants and contributions	347,941	2,129,847	105,000	-	452,941	2,129,847
Capital grants and contributions	231,660	606,095	603,498	509,660	835,158	1,115,755
<b>General revenues:</b>						
Property taxes	4,950,494	4,486,104	-	-	4,950,494	4,486,104
Sales taxes	3,214,610	2,895,960	-	-	3,214,610	2,895,960
Insurance premium tax	1,007,341	1,045,113	-	-	1,007,341	1,045,113
Other taxes	1,186,097	1,240,360	-	-	1,186,097	1,240,360
Franchise fees	565,660	639,879	-	-	565,660	639,879
Unrestricted investment earnings	116,630	1,936,193	286,495	1,251,867	403,125	3,188,060
Miscellaneous	-	126,526	-	-	-	126,526
Gain on sale of capital assets	-	88,823	265,698	-	265,698	88,823
<b>Total revenues</b>	<b>15,941,096</b>	<b>21,359,645</b>	<b>50,153,682</b>	<b>50,212,434</b>	<b>66,094,778</b>	<b>71,572,079</b>
<b>Expenses:</b>						
General government	4,029,945	7,421,103	-	-	4,029,945	7,421,103
Judicial	16,453	-	-	-	16,453	-
Public safety	11,702,958	10,615,790	-	-	11,702,958	10,615,790
Public works	3,835,115	3,415,968	-	-	3,835,115	3,415,968
Parks and recreation	346,028	314,564	-	-	346,028	314,564
Housing and development	672,308	750,830	-	-	672,308	750,830
Pension benefits	-	1,655,525	-	-	-	1,655,525
Other	-	45,220	-	-	-	45,220
Interest on long-term debt	19,207	-	-	-	19,207	-
Water and wastewater	-	-	13,451,905	11,363,033	13,451,905	11,363,033
Electric	-	-	27,476,473	26,613,161	27,476,473	26,613,161
Solid Waste	-	-	5,261,465	5,108,210	5,261,465	5,108,210
Stormwater	-	-	1,782,002	1,819,636	1,782,002	1,819,636
Airport operations	-	-	1,196,739	1,003,110	1,196,739	1,003,110
Welcome Center	-	-	94,566	89,246	94,566	89,246
Golf Course	-	-	793,608	807,984	793,608	807,984
<b>Total expenses</b>	<b>20,622,014</b>	<b>24,219,000</b>	<b>50,056,758</b>	<b>46,804,380</b>	<b>70,678,772</b>	<b>71,023,380</b>
Change in net assets before transfers	(4,680,918)	(2,859,355)	96,924	3,408,054	(4,583,994)	548,699
Transfers	1,942,295	361,392	(1,942,295)	(361,392)	-	-
Change in net assets	(2,738,623)	(2,497,963)	(1,845,371)	3,046,662	(4,583,994)	548,699
Net assets, beginning	43,267,711	45,765,674	79,777,821	76,731,159	123,045,532	122,496,833
Prior period adjustment	(28,602,005)	-	(17,755,773)	-	(46,357,778)	-
Net assets, beginning as restated	14,665,706	45,765,674	62,022,048	76,731,159	76,687,754	122,496,833
<b>Net assets, ending</b>	<b>\$ 11,927,083</b>	<b>\$ 43,267,711</b>	<b>\$ 60,176,677</b>	<b>\$ 79,777,821</b>	<b>\$ 72,103,760</b>	<b>\$ 123,045,532</b>

As can be seen above, the governmental activities show a deficit of revenues under expenditures before transfers of \$4,680,918 and \$2,859,355, for 2004 and 2003, 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 operating 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 Council 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 decreased net assets by \$1,743,385 in 2004 and increased net assets by \$3,046,662 in 2003.

### City of Griffin Enterprise Net Operating Income (Loss), Nonoperating Revenues (Expenses) and Transfers

	2004	2003
Net operating income (loss):		
Water / Wastewater Fund	\$ 1,838,024	\$ 1,643,370
Electric Utility Fund	3,424,143	4,822,701
Solid Waste Fund	(1,093,443)	(563,050)
Nonmajor Enterprise Funds	(1,460,690)	(558,543)
Total net operating income (loss)	2,708,034	5,344,478
Nonoperating revenues (expenses)	(2,771,016)	(1,936,424)
Income (loss) before transfers and contributions	(62,982)	3,408,054
Capital contributions	293,174	-
Transfers in (out)	(1,973,577)	(361,392)
Changes in net assets	\$ (1,743,385)	\$ 3,046,662

### 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, outflow, 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 2004 and 2003, the combined ending fund balances of the City's governmental funds were a negative \$840,442. A negative \$2,846,421 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, \$2,035,979 is reserved to indicate that it is not available for new spending because it is committed for 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 2004 the General Fund had a negative fund balance of \$3,139,447. This is a reduction of \$4,560,437 from the beginning fund balance.

## 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.

As discussed in the business-type activities above, the City's net assets decreased by \$1,743,385 in 2004 and increased by \$3,046,662 in 2003, as a result of operations in the proprietary funds.

### Capital Asset and Debt Administration

**Capital Assets.** At the end of the fiscal year ending June 30, 2004, governmental activities and business-type activities had capital assets of \$100,839,570 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 10.3% (a 1.9% increase for governmental activities and an 11.7% increase for business-type activities). The major increase in capital assets for governmental activities was from the completion of a new motor pool facility building and the purchase of new motor pool vehicles and equipment. The City has not completed its inventory and analysis of its roads, highways and bridges as capital assets of the City purchased in prior years and thus, these infrastructure items are not included in this report. The major increase in capital assets for the business-type activities was from the construction of a new regional water supply system within the City's Water / Wastewater fund funded by Series 2002 revenue bonds.

	<b>City of Griffin's Capital Assets (net of depreciation)</b>					
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 995,389	\$ 1,201,786	\$ 7,494,342	\$ 7,610,758	\$ 8,489,731	\$ 8,812,544
Land improvements	-	-	2,698,322	2,724,151	2,698,322	2,724,151
Buildings and improvements	3,245,332	2,139,758	12,704,938	11,888,046	15,950,270	14,027,804
Improvements other than buildings	-	-	41,514,666	38,225,767	41,514,666	38,225,767
Machinery and equipment	4,752,206	4,000,382	5,850,089	6,185,768	10,602,295	10,186,150
Infrastructure	3,195,282	-	-	-	3,195,282	-
Construction in progress	831,130	5,636,262	17,557,874	11,981,556	18,389,004	17,617,818
<b>Total</b>	<b>13,019,339</b>	<b>12,978,188</b>	<b>87,820,231</b>	<b>78,616,046</b>	<b>100,839,570</b>	<b>91,594,234</b>

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

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**Debt Administration.** At the end of June 30, 2004, the City had \$2,224,475 of outstanding long-term debt related to governmental activities and \$82,210,201 of long-term debt related to business-type activities for a total of \$84,434,676 compared to the previous year's total of \$85,761,439. This is a reduction of \$1,326,763 due mostly to the scheduled amortization payments. At the end of 2004, the City had total bonded debt outstanding of \$76,470,000 as compared to \$77,705,000 in 2003. 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 was 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 to the water and wastewater system. The bond proceeds along with investment earnings will be used to construct a regional water supply. The project budget is as follows:

<u>Water System Improvements</u>	
Reservoir, access road, and wetland mitigation	\$ 7,112,000
Water transmission mains	13,417,000
Raw water intake and pumping	3,268,000
Water treatment plant	14,532,000
Land acquisition	2,650,000
Contingency	2,021,000
Water treatment plant sludge dewatering	1,200,000
	<u>44,200,000</u>
 <u>Sewer System Improvements</u>	
Wastewater treatment plant sludge removal	800,000
Ison Branch sewer line	1,700,000
Upgrades to wastewater treatment and lift station	2,300,000
Sewer extensions inside City	500,000
	<u>5,300,000</u>
 <u>System wide Improvements</u>	
Global Positioning System/Geographic Information System	500,000
	<u>\$ 50,000,000</u>

Additional information on the City's debt can be found in Note 6 on pages 45 - 51 of this report.

### **Factors affecting the FY 2004-05 Budget:**

The Mayor and Council of the City of Griffin considered many factors when approving the City's 2005 budget and are very aware of present economic conditions and their effect on its citizens. The Mayor and Council 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Annually, the City Manager submits to the Mayor and Council 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.

Budgets are adopted for all governmental funds, the Water / Wastewater Fund, Electric Utility Fund, Solid Waste Fund, Stormwater Utility Fund, Airport Fund, Welcome Center Fund, and Golf Course Fund (Enterprise Funds). Budgets for the Enterprise Funds are prepared for planning and control purposes only. Budgets are adopted for all special revenue funds as well as capital projects funds on a fiscal year basis. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget. No supplemental appropriations were made for the years ended June 30, 2004 and 2003.

### **Requests for Information**

This financial report is designed to provide a general overview 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, 2004**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,184,706	\$ 677,899	\$ 1,862,605
Investments	1,557,016	187,953	1,744,969
Taxes receivable	963,343	-	963,343
Accounts receivable, net of allowances	407,663	8,328,384	8,736,047
Due from other governments	318,426	-	318,426
Due from Spalding County	54,318	-	54,318
Internal balances	(5,287,153)	5,287,153	-
Inventories	120,299	1,093,073	1,213,372
Prepaid expenses	22,621	5,951	28,572
Restricted assets:			
Cash and cash equivalents	-	11,774,629	11,774,629
Investments	-	32,496,413	32,496,413
Deferred charges	-	1,755,927	1,755,927
Assets held for resale	206,397	-	206,397
Other noncurrent asset	3,054,107	-	3,054,107
Capital assets:			
Nondepreciable	1,826,519	25,052,216	26,878,735
Depreciable, net of accumulated depreciation	11,192,820	62,768,015	73,960,835
Total assets	<u>15,621,082</u>	<u>149,427,613</u>	<u>165,048,695</u>
<b>LIABILITIES</b>			
Accounts payable	844,077	4,978,119	5,822,196
Accrued liabilities	621,517	517,686	1,139,203
Due to Spalding County	1,475	-	1,475
Due to other governments	2,455	-	2,455
Customer deposits payable	-	1,544,930	1,544,930
Capital leases due within one year	186,837	-	186,837
Capital leases due in more than one year	99,594	-	99,594
Notes payable due within one year	-	140,204	140,204
Notes payable due in more than one year	-	2,793,258	2,793,258
Bonds payable due within one year	-	1,305,000	1,305,000
Bonds payable due in more than one year	-	75,165,000	75,165,000
Compensated absences due within one year	875,400	556,000	1,431,400
Compensated absences due in more than one year	1,062,644	564,669	1,627,313
Landfill postclosure care costs due within one year	-	55,000	55,000
Landfill postclosure care costs due in more than one year	-	1,631,070	1,631,070
Total liabilities	<u>3,693,999</u>	<u>89,250,936</u>	<u>92,944,935</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	12,732,908	38,011,083	50,743,991
Restricted for debt service	-	2,319,938	2,319,938
Unrestricted	(805,825)	19,845,656	19,039,831
Total net assets	<u>\$ 11,927,083</u>	<u>\$ 60,176,677</u>	<u>\$ 72,103,760</u>

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, 2004**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 4,029,945	\$ 2,711,372	\$ 17,424	\$ -	\$ (1,301,149)	\$ (1,301,149)
Judicial	16,453	7,128	-	-	(9,325)	(9,325)
Public safety	11,702,958	1,081,453	328,090	-	(10,293,415)	(10,293,415)
Public works	3,835,115	138,404	2,427	231,660	(3,462,624)	(3,462,624)
Parks and recreation	346,028	39,088	-	-	(306,940)	(306,940)
Housing and development	672,308	343,218	-	-	(329,090)	(329,090)
Interest on long-term debt	19,207	-	-	-	(19,207)	(19,207)
Total governmental activities	<u>20,622,014</u>	<u>4,320,663</u>	<u>347,941</u>	<u>231,660</u>	<u>(15,721,750)</u>	<u>(15,721,750)</u>
Business-type activities:						
Water and Wastewater	13,451,905	11,598,846	-	164,414	-	(1,688,645)
Electric	27,476,473	30,882,003	-	-	-	3,405,530
Solid Waste	5,261,465	4,105,470	-	-	-	(1,155,995)
Stormwater	1,782,002	1,511,957	-	128,760	-	(141,285)
Airport	1,196,739	439,151	105,000	310,324	-	(342,264)
Welcome Center	94,566	22,346	-	-	-	(72,220)
Golf Course	793,608	333,218	-	-	-	(460,390)
Total business-type activities	<u>50,056,758</u>	<u>48,892,991</u>	<u>105,000</u>	<u>603,498</u>	<u>-</u>	<u>(455,269)</u>
Total primary government	<u>\$ 70,678,772</u>	<u>\$ 53,213,654</u>	<u>\$ 452,941</u>	<u>\$ 835,158</u>	<u>(15,721,750)</u>	<u>(16,177,019)</u>
General revenues:						
Property taxes					4,950,494	4,950,494
Sales taxes					3,214,610	3,214,610
Insurance premium tax					1,007,341	1,007,341
Alcoholic beverage taxes					569,880	569,880
Other taxes					616,217	616,217
Franchise fees					565,660	565,660
Unrestricted investment earnings					116,630	286,495
Gain on sale of capital assets					-	265,698
Transfers					1,942,295	(1,942,295)
Total general revenues and transfers					<u>12,983,127</u>	<u>(1,390,102)</u>
Change in net assets					(2,738,623)	(1,845,371)
Net assets, beginning of year as restated					14,665,706	62,022,048
Net assets, end of year					<u>\$ 11,927,083</u>	<u>\$ 60,176,677</u>
						<u>\$ 72,103,760</u>

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



**CITY OF GRIFFIN, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004**

<b>ASSETS</b>	<b>General</b>	<b>Other Governmental Funds</b>	<b>Totals Governmental Funds</b>
Cash and cash equivalents	\$ 729,143	\$ 452,518	\$ 1,181,661
Investments	143,829	1,413,187	1,557,016
Taxes receivable, net	960,394	2,949	963,343
Accounts receivable, net	407,663	-	407,663
Due from other governments	95,579	222,847	318,426
Due from Spalding County	54,318	-	54,318
Due from other funds	312,384	274,402	586,786
Prepaid expenditures	15,578	-	15,578
Assets held for resale	-	206,397	206,397
Total assets	<u>\$ 2,718,888</u>	<u>\$ 2,572,300</u>	<u>\$ 5,291,188</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 575,608	\$ 25,327	\$ 600,935
Accrued liabilities	607,875	-	607,875
Deferred revenues	165,346	-	165,346
Due to Spalding County	1,475	-	1,475
Due to other governments	2,455	-	2,455
Due to other funds	4,505,576	217,968	4,723,544
Total liabilities	<u>5,858,335</u>	<u>243,295</u>	<u>6,101,630</u>
<b>FUND BALANCES</b>			
Fund balances:			
Reserved for:			
Prepaid expenditures	15,578	-	15,578
Special projects	-	2,020,401	2,020,401
Unreserved, reported in:			
General fund	(3,155,025)	-	(3,155,025)
Capital projects funds	-	308,604	308,604
Total fund balances	<u>(3,139,447)</u>	<u>2,329,005</u>	<u>(810,442)</u>
Total liabilities and fund balances	<u>\$ 2,718,888</u>	<u>\$ 2,572,300</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.			8,413,794
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			165,346
Net pension asset that is not a financial asset in governmental activities and therefore not reported in governmental funds.			3,054,107
Internal service funds are used by management to charge the costs of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			3,012,428
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.			<u>(1,908,150)</u>
Net assets of governmental activities			<u>\$ 11,927,083</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, 2004**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 5,028,368	\$ -	\$ 5,028,368
Other taxes	5,366,702	41,346	5,408,048
Charges for services	2,676,039	80,615	2,756,654
Licenses and permits	493,902	-	493,902
Intergovernmental	78,481	269,460	347,941
Franchise fees	565,660	-	565,660
Fines and forfeitures	977,980	-	977,980
Interest revenue	8,776	107,460	116,236
Rental income	41,308	-	41,308
Contributions and donations	100	-	100
Other revenues	50,719	-	50,719
Total revenues	<u>15,288,035</u>	<u>498,881</u>	<u>15,786,916</u>
<b>Expenditures</b>			
Current:			
General government	4,036,999	-	4,036,999
Judicial	16,453	-	16,453
Public safety	11,796,780	74,365	11,871,145
Public works	3,751,790	7,267	3,759,057
Parks and recreation	348,834	-	348,834
Housing and development	637,425	33,151	670,576
Capital outlay	-	339,740	339,740
Total expenditures	<u>20,588,281</u>	<u>454,523</u>	<u>21,042,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,300,246)</u>	<u>44,358</u>	<u>(5,255,888)</u>
<b>Other financing sources (uses)</b>			
Transfers in	5,109,078	389,301	5,498,379
Transfers out	<u>(4,369,269)</u>	<u>(200,062)</u>	<u>(4,569,331)</u>
Total other financing sources	<u>739,809</u>	<u>189,239</u>	<u>929,048</u>
Net change in fund balances	<u>(4,560,437)</u>	<u>233,597</u>	<u>(4,326,840)</u>
<b>Fund balances, beginning of year</b>	1,092,092	1,816,287	2,908,379
<b>Prior period adjustment</b>	<u>328,898</u>	<u>279,121</u>	<u>608,019</u>
<b>Fund balances, beginning of year as restated</b>	<u>1,420,990</u>	<u>2,095,408</u>	<u>3,516,398</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ (3,139,447)</u>	<u>\$ 2,329,005</u>	<u>\$ (810,442)</u>

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, 2004**

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

Net change in fund balances - total governmental funds	\$ (4,326,840)
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 capital outlays exceeded depreciation in the current period.	238,408
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(77,874)
Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities.	871,417
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>556,266</u>
	<u>\$ (2,738,623)</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, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 4,956,690	\$ 4,956,690	\$ 5,028,368	\$ 71,678
Other taxes	5,914,000	5,914,000	5,366,702	(547,298)
Charges for services	2,643,353	2,643,353	2,676,039	32,686
Licenses and permits	341,250	341,250	493,902	152,652
Intergovernmental	275,000	275,000	78,481	(196,519)
Franchise fees	735,000	735,000	565,660	(169,340)
Fines and forfeitures	1,043,600	1,043,600	977,980	(65,620)
Interest revenue	38,944	38,944	8,776	(30,168)
Rental income	40,000	40,000	41,308	1,308
Contributions and donations	4,000	4,000	100	(3,900)
Other revenues	5,000	5,000	50,719	45,719
Total revenues	<u>15,996,837</u>	<u>15,996,837</u>	<u>15,288,035</u>	<u>(708,802)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Legislative	765,125	733,125	551,264	181,861
Executive	338,129	338,129	430,783	(92,654)
Elections	10,000	10,000	3,043	6,957
Administrative services	2,852,511	2,852,511	2,689,310	163,201
Central services	503,110	503,110	194,292	308,818
Legal	180,325	180,325	168,307	12,018
Total general government	<u>4,649,200</u>	<u>4,617,200</u>	<u>4,036,999</u>	<u>580,201</u>
<b>Judicial</b>	<u>19,500</u>	<u>19,500</u>	<u>16,453</u>	<u>3,047</u>
<b>Public safety:</b>				
Police	6,602,286	6,602,286	7,760,414	(1,158,128)
Fire	4,270,317	4,270,317	3,892,213	378,104
Other protection	130,962	130,962	144,153	(13,191)
Total public safety	<u>11,003,565</u>	<u>11,003,565</u>	<u>11,796,780</u>	<u>(793,215)</u>
<b>Public works:</b>				
Administration	204,068	204,068	189,822	14,246
Highways and streets	2,459,243	2,459,243	2,984,928	(525,685)
Cemetery	509,651	509,651	577,040	(67,389)
Total public works	<u>3,172,962</u>	<u>3,172,962</u>	<u>3,751,790</u>	<u>(578,828)</u>
<b>Parks and recreation:</b>				
Recreation	45,961	45,961	28,811	17,150
Parks	317,772	317,772	320,023	(2,251)
Total parks and recreation	<u>363,733</u>	<u>363,733</u>	<u>348,834</u>	<u>14,899</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, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures: (Continued)</b>				
<b>Housing and development:</b>				
Protective inspection	\$ 667,511	\$ 699,511	\$ 637,425	\$ 62,086
Total housing and development	<u>667,511</u>	<u>699,511</u>	<u>637,425</u>	<u>62,086</u>
Total expenditures	<u>19,876,471</u>	<u>19,876,471</u>	<u>20,588,281</u>	<u>(711,810)</u>
Deficiency of revenues under expenditures	<u>(3,879,634)</u>	<u>(3,879,634)</u>	<u>(5,300,246)</u>	<u>(1,420,612)</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,931,021	4,931,021	5,109,078	178,057
Transfers out	<u>(1,051,387)</u>	<u>(1,051,387)</u>	<u>(4,369,269)</u>	<u>(3,317,882)</u>
Total other financing sources	<u>3,879,634</u>	<u>3,879,634</u>	<u>739,809</u>	<u>(3,139,825)</u>
Net change in fund balances	-	-	<u>(4,560,437)</u>	<u>(4,560,437)</u>
<b>Fund balances, beginning of year</b>	<u>1,092,092</u>	<u>1,092,092</u>	<u>1,092,092</u>	<u>-</u>
<b>Prior period adjustment</b>			<u>328,898</u>	
<b>Fund balances, beginning of year as restated</b>			<u>1,420,990</u>	
<b>Fund balances, end of year</b>	<u>\$ 1,092,092</u>	<u>\$ 1,092,092</u>	<u>\$ (3,139,447)</u>	<u>\$ (4,560,437)</u>

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

**CITY OF GRIFFIN, GEORGIA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004**

	<b>Water / Wastewater Utility Fund</b>	<b>Electric Utility Fund</b>	<b>Solid Waste Fund</b>	<b>Nonmajor Enterprise Funds</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 43,141	\$ 403,296	\$ 3,885	\$ 227,577
Investments	-	187,953	-	-
Accounts receivable, net of allowances	930,820	7,135,548	178,050	83,966
Due from other funds	2,502,188	1,633,339	-	88,085
Inventories	132,567	949,079	-	11,427
Prepaid expenses	2,027	1,058	1,298	1,568
Total current assets	<u>3,610,743</u>	<u>10,310,273</u>	<u>183,233</u>	<u>412,623</u>
<b>NONCURRENT ASSETS</b>				
Restricted assets, cash	11,508,138	69,117	41,900	155,474
Restricted assets, investments	30,454,622	2,041,791	-	-
Deferred charges	1,755,927	-	-	-
Capital assets:				
Nondepreciable	22,116,046	407,814	13,293	2,515,063
Depreciable, net of accumulated depreciation	39,189,936	11,210,415	747,513	11,620,151
Total noncurrent assets	<u>105,024,669</u>	<u>13,729,137</u>	<u>802,706</u>	<u>14,290,688</u>
Total assets	<u>108,635,412</u>	<u>24,039,410</u>	<u>985,939</u>	<u>14,703,311</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	2,120,078	2,652,477	79,284	126,280
Accrued liabilities	68,879	349,451	52,922	46,434
Compensated absences	358,991	300,299	321,970	139,409
Current portion - notes payable	30,269	-	-	109,935
Current portion - capital leases payable	-	-	-	-
Customer deposits payable	2,250	1,542,680	-	-
Due to other funds	53,395	-	-	113,459
Total current liabilities	<u>2,633,862</u>	<u>4,844,907</u>	<u>454,176</u>	<u>535,517</u>
<b>PAYABLE FROM RESTRICTED ASSETS</b>				
Revenue bonds payable, current portion	<u>1,305,000</u>	-	-	-
<b>NONCURRENT LIABILITIES</b>				
Revenue bonds payable, net of current portion	75,165,000	-	-	-
Capital leases payable, net of current portion	-	-	-	-
Notes payable, net of current portion	238,929	-	-	2,554,329
Landfill postclosure care costs	-	-	1,686,070	-
Total long-term liabilities	<u>75,403,929</u>	<u>-</u>	<u>1,686,070</u>	<u>2,554,329</u>
Total liabilities	<u>79,342,791</u>	<u>4,844,907</u>	<u>2,140,246</u>	<u>3,089,846</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	14,161,098	11,618,229	760,806	11,470,950
Restricted for debt service	2,319,938	-	-	-
Unrestricted	12,811,585	7,576,274	(1,915,113)	142,515
Total net assets	<u>\$ 29,292,621</u>	<u>\$ 19,194,503</u>	<u>\$ (1,154,307)</u>	<u>\$ 11,613,465</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 - Internal Service Funds</u>
\$ 677,899	\$ 3,045
187,953	-
8,328,384	-
4,223,612	80,000
1,093,073	120,299
5,951	7,043
<u>14,516,872</u>	<u>210,387</u>
11,774,629	-
32,496,413	-
1,755,927	-
25,052,216	-
<u>62,768,015</u>	<u>4,605,545</u>
<u>133,847,200</u>	<u>4,605,545</u>
<u>148,364,072</u>	<u>4,815,932</u>
4,978,119	243,142
517,686	13,642
1,120,669	29,894
140,204	-
-	186,837
1,544,930	-
166,854	-
<u>8,468,462</u>	<u>473,515</u>
<u>1,305,000</u>	<u>-</u>
75,165,000	-
-	99,594
2,793,258	-
1,686,070	-
<u>79,644,328</u>	<u>99,594</u>
<u>89,417,790</u>	<u>573,109</u>
38,011,083	4,319,114
2,319,938	-
18,615,261	(76,291)
<u>58,946,282</u>	<u>\$ 4,242,823</u>
1,230,395	
<u>\$ 60,176,677</u>	

**CITY OF GRIFFIN, GEORGIA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<b>Water / Wastewater Utility Fund</b>	<b>Electric Utility Fund</b>	<b>Solid Waste Fund</b>	<b>Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 11,500,059	\$ 29,810,094	\$ 4,049,197	\$ 2,262,136
Other services	98,787	1,071,909	56,273	44,536
Total operating revenues	<u>11,598,846</u>	<u>30,882,003</u>	<u>4,105,470</u>	<u>2,306,672</u>
<b>OPERATING EXPENSES</b>				
Personal services	3,218,661	2,257,959	2,407,277	1,477,430
Purchased or contracted services	3,868,647	1,565,547	1,515,274	1,401,485
Purchased power	-	22,793,426	-	-
Supplies	838,468	86,922	71,374	164,668
Miscellaneous	511,679	125,872	1,117,860	360,227
Depreciation	1,323,367	628,134	87,128	363,552
Total operating expenses	<u>9,760,822</u>	<u>27,457,860</u>	<u>5,198,913</u>	<u>3,767,362</u>
Operating income (loss)	<u>1,838,024</u>	<u>3,424,143</u>	<u>(1,093,443)</u>	<u>(1,460,690)</u>
<b>NONOPERATING INCOME (EXPENSES)</b>				
Intergovernmental	-	-	-	415,324
Interest income	271,803	13,431	174	1,087
Interest expense	(3,652,194)	-	(1,822)	(84,517)
Gain on sale of capital assets	265,698	-	-	-
Total nonoperating income (expenses)	<u>(3,114,693)</u>	<u>13,431</u>	<u>(1,648)</u>	<u>331,894</u>
Income (loss) before contributions and transfers	<u>(1,276,669)</u>	<u>3,437,574</u>	<u>(1,095,091)</u>	<u>(1,128,796)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>164,414</u>	<u>-</u>	<u>-</u>	<u>128,760</u>
<b>TRANSFERS</b>				
Transfers out	(1,548,932)	(4,301,808)	(16,484)	(232,628)
Transfers in	1,128,272	-	1,553,116	1,444,887
Total transfers	<u>(420,660)</u>	<u>(4,301,808)</u>	<u>1,536,632</u>	<u>1,212,259</u>
Change in net assets	<u>(1,532,915)</u>	<u>(864,234)</u>	<u>441,541</u>	<u>212,223</u>
<b>NET ASSETS, beginning of year</b>	<u>30,825,536</u>	<u>38,784,393</u>	<u>(1,233,350)</u>	<u>11,401,242</u>
<b>Prior period adjustment</b>	<u>-</u>	<u>(18,725,656)</u>	<u>(362,498)</u>	<u>-</u>
<b>NET ASSETS, beginning of year as restated</b>	<u>30,825,536</u>	<u>20,058,737</u>	<u>(1,595,848)</u>	<u>11,401,242</u>
<b>NET ASSETS, end of year</b>	<u>\$ 29,292,621</u>	<u>\$ 19,194,503</u>	<u>\$ (1,154,307)</u>	<u>\$ 11,613,465</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 Funds</u>
\$ 47,621,486	\$ 3,712,975
1,271,505	21,374
<u>48,892,991</u>	<u>3,734,349</u>
9,361,327	700,386
8,350,953	584,703
22,793,426	-
1,161,432	641,925
2,115,638	755,328
2,402,181	1,308,292
<u>46,184,957</u>	<u>3,990,634</u>
<u>2,708,034</u>	<u>(256,285)</u>
415,324	-
286,495	394
(3,738,533)	(19,207)
265,698	-
<u>(2,771,016)</u>	<u>(18,813)</u>
(62,982)	(275,098)
<u>293,174</u>	<u>-</u>
(6,099,852)	(4,688)
4,126,275	1,049,217
<u>(1,973,577)</u>	<u>1,044,529</u>
(1,743,385)	769,431
	<u>3,473,392</u>
	<u>-</u>
	<u>3,473,392</u>
	<u>\$ 4,242,823</u>
(101,986)	
<u>\$ (1,845,371)</u>	

**CITY OF GRIFFIN, GEORGIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Water / Wastewater Utility Fund</u>	<u>Electric Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 9,079,155	\$ 28,825,777	\$ 3,685,705	\$ 2,090,580
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(4,947,423)	(23,704,044)	(2,730,525)	(2,027,383)
Payments to employees	(3,146,759)	(2,292,152)	(2,372,990)	(1,461,300)
Net cash provided by (used in) operating activities	<u>984,973</u>	<u>2,829,581</u>	<u>(1,417,810)</u>	<u>(1,398,103)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental grant	-	-	-	415,324
Transfers out	(1,548,932)	(4,301,808)	(16,484)	(232,628)
Transfers in	<u>1,128,272</u>	-	<u>1,553,116</u>	<u>1,444,887</u>
Net cash provided by (used) in noncapital financing activities	<u>(420,660)</u>	<u>(4,301,808)</u>	<u>1,536,632</u>	<u>1,627,583</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(10,003,793)	(914,485)	(102,285)	(409,045)
Proceeds from the sale of capital assets	382,114	-	-	-
Proceeds from notes payable	-	-	-	493,766
Principal paid on bonds	(1,235,000)	-	-	-
Principal paid on notes payable and capital leases	(38,378)	-	(45,123)	(94,527)
Landfill postclosure care costs	-	-	27,876	-
Interest paid	(3,482,613)	-	(2,090)	(82,463)
Net cash used in capital and related financing activities	<u>(14,377,670)</u>	<u>(914,485)</u>	<u>(121,622)</u>	<u>(92,269)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(28,159,515)	(3,404,937)	-	-
Proceeds from the sale of investments	349,522	4,010,541	-	-
Interest and dividends received	271,803	11,790	174	1,087
Net cash provided by (used in) investing activities	<u>(27,538,190)</u>	<u>617,394</u>	<u>174</u>	<u>1,087</u>
Decrease in cash and cash equivalents	(41,351,547)	(1,769,318)	(2,626)	138,298
<b>Cash and cash equivalents:</b>				
Beginning of year	<u>52,902,826</u>	<u>2,241,731</u>	<u>48,411</u>	<u>244,753</u>
End of year	<u>\$ 11,551,279</u>	<u>\$ 472,413</u>	<u>\$ 45,785</u>	<u>\$ 383,051</u>
<b>Classified as:</b>				
Cash and cash equivalents	\$ 43,141	\$ 403,296	\$ 3,885	\$ 227,577
Restricted assets, cash	11,508,138	69,117	41,900	155,474
	<u>\$ 11,551,279</u>	<u>\$ 472,413</u>	<u>\$ 45,785</u>	<u>\$ 383,051</u>

(Continued)

<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 43,681,217	\$ -
-	3,734,349
(33,409,375)	(2,180,595)
(9,273,201)	(760,262)
<u>998,641</u>	<u>793,492</u>
415,324	-
(6,099,852)	(4,688)
<u>4,126,275</u>	<u>969,217</u>
<u>(1,558,253)</u>	<u>964,529</u>
(11,429,608)	(1,317,432)
382,114	-
493,766	-
(1,235,000)	-
(178,028)	(514,670)
27,876	-
<u>(3,567,166)</u>	<u>(24,267)</u>
<u>(15,506,046)</u>	<u>(1,856,369)</u>
(31,564,452)	-
4,360,063	-
284,854	394
<u>(26,919,535)</u>	<u>394</u>
(42,985,193)	(97,954)
<u>55,437,721</u>	<u>100,999</u>
<u>\$ 12,452,528</u>	<u>\$ 3,045</u>
\$ 677,899	\$ 3,045
11,774,629	-
<u>\$ 12,452,528</u>	<u>\$ 3,045</u>

**CITY OF GRIFFIN, GEORGIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Water / Wastewater Utility Fund</u>	<u>Electric Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Enterprise Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 1,838,024	\$ 3,424,143	\$ (1,093,443)	\$ (1,460,690)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,323,367	628,134	87,128	363,552
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(70,898)	(344,058)	80,235	44,235
(Increase) decrease in inventories	17,357	108,174	-	14,924
Increase in due from other funds	(2,502,188)	(1,633,339)	-	(36,793)
Increase in prepaids and other assets	(2,027)	(1,058)	(1,298)	(1,568)
Increase (decrease) in accounts payable	253,792	619,359	(24,080)	(78,660)
Increase (decrease) in accrued liabilities	74,151	107,055	33,648	17,600
Decrease in customer deposits	-	(78,829)	-	-
Increase in due to other funds	53,395	-	(500,000)	(260,703)
Net cash provided by (used in) operating activities	<u>\$ 984,973</u>	<u>\$ 2,829,581</u>	<u>\$ (1,417,810)</u>	<u>\$ (1,398,103)</u>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets from developers	<u>\$ 164,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,760</u>

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

<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 2,708,034	\$ (256,285)
2,402,181	1,308,292
(290,486)	-
140,455	(42,484)
(4,172,320)	-
(5,951)	(7,043)
770,411	(149,112)
232,454	(59,876)
(78,829)	-
(707,308)	-
<u>\$ 998,641</u>	<u>\$ 793,492</u>
<u>\$ 293,174</u>	<u>\$ -</u>

**CITY OF GRIFFIN, GEORGIA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**JUNE 30, 2004**

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	<u>Pension Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 770,840
Accounts receivable	310,452
Prepaid expenses	58,178
Investments, at fair value:	
United States government securities	337,456
Equities - common stock and mutual funds	31,640,516
Total investments	<u>31,977,972</u>
Total assets	<u>33,117,442</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 33,117,442</u>

A schedule of funding progress is presented on page 54.

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

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2004

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	<u>Pension Trust Fund</u>
<b>Additions</b>	
<b>Contributions:</b>	
Employer	\$ 2,528,978
	<u>2,528,978</u>
<b>Investment income:</b>	
Net appreciation in fair value of investments	1,727,751
Interest and dividends	1,108,190
	<u>2,835,941</u>
Less - investment agent's management fees	89,673
	<u>2,746,268</u>
 Total additions	 <u>5,275,246</u>
<b>Deductions</b>	
Benefits paid	1,739,708
	<u>1,739,708</u>
 Total deductions	 <u>1,739,708</u>
 Net increase	 3,535,538
<b>Net assets available for benefits:</b>	
Beginning of year	<u>29,581,904</u>
 End of year	 <u>\$ 33,117,442</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

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### **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 Mayor / 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 the Mayor and seven (7) Commission members with 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.

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14 "The Financial Reporting Entity", the City was determined to have no component units as of June 30, 2004.

#### **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

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### 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. 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, 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

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### 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 funds** account for the acquisition of fixed assets and construction or improvement of major capital projects such as construction of new roads.

The **Pension Trust Fund** is used to account for the activities of the City's Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified City employees.

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

## NOTES TO FINANCIAL STATEMENTS

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### 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 sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 enterprise 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 enterprise 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

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### 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 governmental funds 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

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### 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 participant's 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 expense 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" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

## NOTES TO FINANCIAL STATEMENTS

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### 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

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, 2004, \$297,678 was capitalized within the Water / Wastewater Utility Fund.

## NOTES TO FINANCIAL STATEMENTS

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### 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.



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **L. Compensated Absences**

City employees accrue vacation in different amounts, according to the number of years of service. Employees under ten years of service accrue two weeks of vacation each year. Upon reaching ten years of service, employees can accrue three weeks per year. These days can be taken either through time off or by payment upon termination. The third week accrued for employees over ten years of service can also be paid out as additional compensation while still employed.

Employees earn sick leave in proportion to actual hours worked. Sick leave, however, is not paid upon termination if termination is by manner other than death or retirement. One-half of the excess accrued hours over 60 days at the end of the year are paid out to employees. 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 when it is expected to be liquidated with expendable available resources.

#### **M. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. 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. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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 457 plan. Accordingly, the balances and transactions of the City's 457 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

#### 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 fund balance sheet and the government-wide statement of net assets

The governmental fund 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 \$1,908,150 difference are as follows:

Compensated absences	\$ 1,908,150
Net adjustment to reduce <i>fund balance - total governmental</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 1,908,150</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 fund 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 \$238,408 difference are as follows:

Capital outlay	\$ 537,430
Depreciation expense	<u>(299,022)</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>\$ 238,408</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 \$566,266 difference are as follows:

Compensated absences	\$ (38,480)
Net pension obligation	<u>594,746</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>\$ 556,266</u></u>

### NOTE 3. CASH AND INVESTMENTS

#### Cash and Cash Equivalents

The City's deposits include cash on deposit with financial institutions, cash equivalents, including money market accounts, and cash invested in the State of Georgia's local government investment pool, Georgia Fund 1. Cash equivalents subject to federal and state depository insurance are classified as deposits.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. CASH AND INVESTMENTS (Continued)

#### Cash and Cash Equivalents (Continued)

At June 30, 2004, the City's deposits were \$20,134,363 and the bank balance was \$21,135,169. The amount of cash held in bank is classified into three categories of custodial credit risk: 1) cash that is insured or collateralized with securities held by the City or by its agent in the City's name, 2) cash collateralized with securities held by the pledging institution's trust department or agent in the City's name and 3) uncollateralized bank accounts.

The City's deposits are classified as follows at June 30, 2004:

<u>Category</u>	
1	\$ 5,260,269
2	15,874,900
3	-
Total	<u>\$ 21,135,169</u>

#### Investments

The City's investment policies are authorized by State statutes and City ordinances. Permissible investments include securities of the United States Treasury, agencies and instrumentalities, repurchase agreements and the Local Government Investment Pool (LGIP) administered by the State of Georgia.

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City can elect to have their funds deposited in MEAG's voluntary flexible operating account fund in lieu of receiving a refund. This voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct the MEAG to retain or use the discretionary funds. At June 30, 2004, the City's balance in the discretionary stabilization fund was \$187,953 and this amount is included in the following analysis.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND INVESTMENTS (Continued)

#### Investments (Continued)

Governmental investments are categorized as either (1) insured or registered, or securities held by the City or its agent in the City's name, (2) uninsured and unregistered, securities held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name. The table below categorized the City's investments in the classifications given above.

	Risk Category			Total	
	1	2	3	Cost	Fair Value
U.S. Government Securities	\$ -	\$ 6,955,384	\$ -	\$ 6,849,561	\$ 6,955,384
Government Bonds		19,650,000		19,650,000	19,650,000
Equities	-	32,322,891	-	29,054,202	32,322,891
	\$ -	\$ 58,928,275	\$ -		
Investment in Georgia Fund 1				1,564,790	1,564,790
Total Investments				\$ 57,118,553	\$ 60,493,065

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized gain of \$1,641 reflected as investment income in the Electric Revenue Fund and an unrealized gain of \$1,157,485 in the Pension Trust Fund.

A reconciliation of cash and investments of the primary government as shown above to the corresponding amounts shown on the statement of net assets is as follows:

Cash - Primary Government - above	\$ 20,134,363
Investments - above	60,493,065
Total	\$ 80,627,428
Amounts as presented on the entity wide statement of net assets:	
Governmental activities:	
Cash and cash equivalents	\$ 1,184,706
Investments	1,557,016
Business-type activities:	
Cash and cash equivalents	677,899
Investments	187,953
Restricted cash and cash equivalents	11,774,629
Restricted investments	32,496,413
Amounts as presented on the fiduciary statement of net assets:	
Cash and cash equivalents	770,840
Investments	31,977,972
Total	\$ 80,627,428

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES

#### Accounts Receivable

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

	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Water / Wastewater</b>	<b>Electric</b>
Receivables:				
Taxes	\$ 1,108,246	\$ 2,949	\$ -	\$ -
Accounts	407,663	-	937,703	10,937,548
Intergovernmental	95,579	222,847	-	-
Gross receivables	1,611,488	225,796	937,703	10,937,548
Less: allowance for uncollectibles	(147,852)	-	(6,883)	(3,802,000)
Net total receivables	\$ 1,463,636	\$ 225,796	\$ 930,820	\$ 7,135,548
	<b>Solid Waste</b>	<b>Nonmajor Enterprise</b>		<b>Total</b>
Receivables:				
Taxes	\$ -	\$ -		\$ 1,111,195
Accounts	178,050	83,966		12,544,930
Notes	-	-		318,426
Gross receivables	178,050	83,966		13,974,551
Less: allowance for uncollectibles	-	-		(3,956,735)
Net total receivables	\$ 178,050	\$ 83,966		\$ 10,017,816

#### Property Taxes

Property taxes were levied on behalf of the City by Spalding County on September 3, 2003 (Levy Date) based upon property values assessed as of January 1. The billings were mailed on October 1, 2003 and payable on or before December 1, 2003 for the fiscal year 2003 tax. Taxes not paid within 30 days of the December 1 due date were subject to property tax liens on January 2, 2004. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during fiscal year 2003 for the City's operations was 8.85 mills (mill equals \$1 per thousand dollars of assessed value).

The City does maintain an allowance for uncollectible property taxes. At June 30, 2004, the allowance for uncollectible property taxes was \$147,852.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 995,389	\$ -	\$ -	\$ -	\$ 995,389
Construction in progress	<u>5,636,262</u>	<u>419,498</u>	<u>-</u>	<u>(5,224,630)</u>	<u>831,130</u>
Total capital assets, not being depreciated	<u>6,631,651</u>	<u>419,498</u>	<u>-</u>	<u>(5,224,630)</u>	<u>1,826,519</u>
Capital assets, being depreciated:					
Buildings and improvements	2,916,983	18,945	-	1,184,745	4,120,673
Machinery and equipment	15,473,381	1,184,759	(10,625)	986,383	17,633,898
Infrastructure	<u>-</u>	<u>231,660</u>	<u>-</u>	<u>3,053,502</u>	<u>3,285,162</u>
Total capital assets, being depreciated	<u>18,390,364</u>	<u>1,435,364</u>	<u>(10,625)</u>	<u>5,224,630</u>	<u>25,039,733</u>
Less accumulated depreciation for:					
Buildings and improvements	(777,225)	(98,116)	-	-	(875,341)
Machinery and equipment	(11,472,999)	(1,419,318)	10,625	-	(12,881,692)
Infrastructure	<u>-</u>	<u>(89,880)</u>	<u>-</u>	<u>-</u>	<u>(89,880)</u>
Total accumulated depreciation	<u>(12,250,224)</u>	<u>(1,607,314)</u>	<u>10,625</u>	<u>-</u>	<u>(13,846,913)</u>
Total capital assets, being depreciated, net	<u>6,140,140</u>	<u>(171,950)</u>	<u>-</u>	<u>5,224,630</u>	<u>11,192,820</u>
Governmental activities capital assets, net	<u>\$ 12,771,791</u>	<u>\$ 247,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,019,339</u>

The net beginning balance of capital assets has been decreased by \$1,204,717 to properly reflect City assets as of June 30, 2003. Of this amount, \$206,397 of land recorded within the Cemetery Trust Fund was reclassified out of capital assets to assets held for resale.

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, \$4,605,545 of internal service fund's capital assets are 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>
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$ 7,610,758	\$ -	\$ (116,416)	\$ -	\$ 7,494,342
Construction in progress	11,981,556	10,313,423	(37,440)	(4,699,665)	17,557,874
Total capital assets, not being depreciated	<u>19,592,314</u>	<u>10,313,423</u>	<u>(153,856)</u>	<u>(4,699,665)</u>	<u>25,052,216</u>
Capital assets, being depreciated:					
Land improvements	3,089,054	-	-	51,944	3,140,998
Buildings	21,071,216	19,970	-	1,150,622	22,241,808
Improvements other than buildings	49,924,908	1,117,546	-	3,469,246	54,511,700
Machinery and equipment	15,864,102	309,283	-	27,853	16,201,238
Total capital assets, being depreciated	<u>89,949,280</u>	<u>1,446,799</u>	<u>-</u>	<u>4,699,665</u>	<u>96,095,744</u>
Less accumulated depreciation for:					
Land improvements	(364,903)	(77,773)	-	-	(442,676)
Buildings	(9,183,170)	(353,700)	-	-	(9,536,870)
Improvements other than buildings	(11,699,141)	(1,297,893)	-	-	(12,997,034)
Machinery and equipment	(9,678,334)	(672,815)	-	-	(10,351,149)
Total accumulated depreciation	<u>(30,925,548)</u>	<u>(2,402,181)</u>	<u>-</u>	<u>-</u>	<u>(33,327,729)</u>
Total capital assets, being depreciated, net	<u>59,023,732</u>	<u>(955,382)</u>	<u>-</u>	<u>4,699,665</u>	<u>62,768,015</u>
Business-type activities activities capital assets, net	<u>\$ 78,616,046</u>	<u>\$ 9,358,041</u>	<u>\$ (153,856)</u>	<u>\$ -</u>	<u>\$ 87,820,231</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	\$	92,566
Public safety		79,267
Public works		119,346
Parks and recreation		2,655
Housing and development		5,188
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		<u>1,308,292</u>
Total depreciation expense - governmental activities	\$	<u><u>1,607,314</u></u>
Business-type activities:		
Water and wastewater	\$	1,323,367
Electric		628,134
Solid waste		87,128
Stormwater		180,752
Airport		118,720
Welcome center		41,829
Golf course		22,251
Total depreciation expense - business-type activities	\$	<u><u>2,402,181</u></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 Fund's revenue bonds outstanding at June 30, 2004 are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Combined Utility, Series 1993A	\$ 9,505,000	4.40% - 5.50%	2014	\$ 2,065,000
Combined Utility, Series 1996	6,925,000	4.10% - 5.40%	2016	5,105,000
Combined Utility, Series 1997	6,610,000	3.90% - 5.25%	2017	4,950,000
Combined Utility, Series 2002	64,385,000	2.00% - 5.125%	2033	<u>64,350,000</u>
				76,470,000
			Less current portion	<u>(1,305,000)</u>
				<u><u>\$ 75,165,000</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (Continued)

#### Combined Public Utility Revenue Refunding and Improvement Bonds, Series 1993A and Combined Public Utility Revenue Improvement Bonds, Series 1993B

The City of Griffin Combined Public Utility Revenue Refunding and Improvement Bonds, Series 1993A and the City of Griffin Combined Public Utility Revenue Improvement Bonds, Series 1993B (collectively the "Series 1993 Bonds") were issued October 1, 1993. The Series 1993 bonds were issued to provide funds to refund all of the City's outstanding Combined Public Utility Revenue Improvement Bonds, Series 1988A and to finance the cost of adding to, extending, and improving the City's water and sewer systems. The Series 1993 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, sewer, and electric system, remaining after the payment of expenses of operating, maintaining, and repairing the system. The Series 1993 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 1993 bonds. No recourse may be had against the General Fund of the City for payment of the Series 1993 bonds.

#### Combined Public Utility Revenue Bonds, Series 1996

The City of Griffin Combined Public Utility Revenue Bonds, Series 1996 were issued October 1, 1996. The Series 1996 bonds were issued to provide funds to finance the cost of making additions, extensions, and improvements to the City's water and sewer systems. The Series 1996 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, sewer, and electric system, remaining after the payment of expenses of operating, maintaining, and repairing the system. The Series 1996 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 1996 bonds. No recourse may be had against the General Fund of the City for payment of the Series 1996 bonds.

#### Combined Public Utility Revenue Bonds, Series 1997

The City of Griffin Combined Public Utility Revenue Bonds, Series 1997 were issued December 1, 1996. The Series 1997 bonds were issued to provide funds to finance the cost of making additions, extensions, and improvements to the City's water and sewer systems. The Series 1997 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, sewer, and electric system, remaining after the payment of expenses of operating, maintaining, and repairing the system. The Series 1997 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 1997 bonds. No recourse may be had against the General Fund of the City for payment of the Series 1997 bonds.

## 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 sewer 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, sewer, 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.

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>
2005	\$ 3,340,444	\$ 1,305,000	\$ 2,035,444
2006	5,446,054	1,435,000	4,011,054
2007	5,444,708	1,500,000	3,944,708
2008	5,107,268	1,570,000	3,537,268
2009	5,109,414	1,635,000	3,474,414
2010 - 2014	25,540,784	9,295,000	16,245,784
2015 - 2019	25,537,250	11,770,000	13,767,250
2020 - 2014	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>\$ 141,936,560</u>	<u>\$ 76,470,000</u>	<u>\$ 65,466,560</u>

#### **Other Long-Term Debt:**

The Water and Wastewater Fund has incurred debt to the Georgia Environmental Facilities Authority for water and sewer system improvements. This note is as follows at June 30, 2004:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 653,145	5.80%	2010	\$ 269,198
		Less current portion	(30,269)
			<u>\$ 238,929</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (Continued)

#### Other Long-Term Debt (Continued):

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>
2005	\$ 41,544	\$ 30,269	\$ 11,275
2006	55,393	42,447	12,946
2007	55,393	44,963	10,430
2008	55,393	47,628	7,765
2009	55,393	50,451	4,942
2010	55,393	53,440	1,953
	<u>\$ 318,509</u>	<u>\$ 269,198</u>	<u>\$ 49,311</u>

The Stormwater Fund has incurred debt to the Georgia Environmental Facilities Authority for utility system improvements. This note is as follows at June 30, 2004:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 2,691,113	3.75%	2022	\$ 2,664,264
		Less current portion	(109,935)
			<u>\$ 2,554,329</u>

The Stormwater 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>
2005	\$ 208,311	\$ 109,935	\$ 98,376
2006	208,311	114,116	94,195
2007	208,311	118,456	89,855
2008	208,311	122,961	85,350
2009	208,311	127,637	80,674
2010 - 2014	1,041,556	714,798	326,758
2015 - 2019	1,041,556	861,458	180,098
2020 - 2022	520,779	494,903	25,876
	<u>\$ 3,645,446</u>	<u>\$ 2,664,264</u>	<u>\$ 981,182</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM DEBT (Continued)

#### 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 Motor Pool Fund payments with annual interest rates varying from 4.33% to 6.16%.

The following is an analysis of equipment leased under capital leases as of June 30, 2004:

	<b>Governmental Capital Assets</b>	<b>Motor Pool Fund</b>	<b>Total</b>
Equipment	\$ 129,815	\$ 1,523,548	\$ 1,653,363
Less accumulated depreciation	(88,022)	(941,380)	(1,029,402)
Carrying value	\$ 41,793	\$ 582,168	\$ 623,961

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, 2004:

<b>Fiscal year ending</b>	<b>Motor Pool Fund</b>
2005	\$ 196,760
2006	102,215
Total minimum lease payments	298,975
Less amount representing interest	(12,544)
Present value of future minimum lease payments	286,431
Less current maturities	(186,837)
	\$ 99,594

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM DEBT (Continued)

#### 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 sites for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately \$1,049,714 over the remaining 19 year period. These costs are based on what it would cost to perform all postclosure care in 2004, 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.

State and federal laws and regulations require the City to place a final cover on its Shoal Creek Landfill Phase 2 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, 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 2 below reported as landfill closure and postclosure care liability at June 30, 2004, represents the cumulative amount reported to date based on the use of 77 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$192,425 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. 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	\$ 1,049,714
Shoal Creek Road Landfill Phase 2 closure and postclosure care costs	<u>636,356</u>
Total closure and postclosure care costs recorded within the Solid Waste Fund	<u><u>\$ 1,686,070</u></u>

The City has also begun the process of constructing a new landfill, the Shoal Creek Landfill Phase 3. 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. Engineering studies estimate closure and postclosure costs of approximately \$2,056,390 for the Phase 3 landfill. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City will report 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 once the landfill begins to accept waste. As of June 30, 2004 this facility is not yet operational and is not accepting waste. Consequently, there has not been an amount of closure or postclosure care costs recorded within the Solid Waste Fund.

## 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, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 801,789	\$ -	\$ (515,358)	\$ 286,431	\$ 186,837
Compensated absences	1,911,554	991,322	(964,832)	1,938,044	875,400
Governmental activity					
Long-term liabilities	<u>\$ 2,713,343</u>	<u>\$ 991,322</u>	<u>\$ (1,480,190)</u>	<u>\$ 2,224,475</u>	<u>\$ 1,062,237</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 77,705,000	\$ -	\$ (1,235,000)	\$ 76,470,000	\$ 1,305,000
Notes payable	2,572,601	493,766	(132,905)	2,933,462	140,204
Compensated absences	1,067,178	595,496	(542,005)	1,120,669	556,000
Capital leases	45,123	-	(45,123)	-	-
Landfill closure / postclosure	1,658,194	66,795	(38,919)	1,686,070	55,000
Business-type activity					
Long-term liabilities	<u>\$ 83,048,096</u>	<u>\$ 1,156,057</u>	<u>\$ (1,993,952)</u>	<u>\$ 82,210,201</u>	<u>\$ 2,056,204</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, \$29,894 of internal service fund's compensated absences and \$286,431 of internal service fund's capital leases are 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 compensated absences has been reduced by \$327,546 to properly reflect the correct compensated absences balance as of July 1, 2003.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7. OPERATING LEASES

The City, as lessee, has entered into an operating lease agreement for 5,000 square feet of office space in Griffin, Georgia. This office space is leased for a term of 5 years. Rental expense under the noncancelable operating leases during the year ended June 30, 2004 was \$8,000.

The future minimum lease payments on the lease are as follows:

2005	\$	24,000
2006		24,000
2007		24,000
2008		24,000
2009		16,000
	\$	<u>112,000</u>

### NOTE 8. PENSION PLAN

#### A. Plan Description

The City of Griffin maintains a single-employer defined benefit pension plan, the City of Griffin Employee Aid Fund ("the Plan"). The Plan is administered by a board of trustees in accordance with a trust agreement between the City of Griffin and the board of trustees. The board of trustees acts in the dual capacity of the administrator of the Plan and trustee of the trust fund created in accordance with the Plan and Trust Agreement. Benefit provisions and contributions are established and may be amended by the City Council.

The Plan covers all employees of the City of Griffin employed on a monthly basis receiving a salary or wage of more than \$100 per month. Employees become eligible to participate in the Plan after six months and are fully vested after the earlier of the completion of 10 years service or reaching normal retirement age. The normal retirement age is reached at the earlier of attaining age 55 and completion of 25 years of employment or attaining the age of 65 and completion of 5 years of employment. Benefit provisions are established by City Ordinance. The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. At July 1, 2003, the date of the most recent actuarial valuation, there were 624 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	129
Vested terminated employees not yet receiving benefits	49
Active employees	446
Total	<u>624</u>



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLAN (Continued):

#### A. Plan Description (Continued)

The Plan issues a publicly available actuarial report that includes required supplementary information. That report may be obtained by calling (770) 662-1580. The Plan does not issue a stand alone financial statement.

#### B. Summary of Significant Accounting Policies

**Basis of Accounting.** The financial statements of the Plan are prepared using the accrual basis of accounting. The City's contributions are recognized as revenue in the period in which the contributions are due. Investment income is recognized by the Plan when earned.

**Method Used to Value Investments.** Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

#### C. Funding Policy

The City is required to contribute all amounts necessary to fund the plan, using the actuarial basis specified by the pension board. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. Administrative costs of the Plan are financed through investment income.

The annual required contribution for the current year was determined as part of the July 1, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8% per year, compounded annually and net of investment expenses and (b) projected salary increases of 5% per year due to merit increases. Both (a) and (b) included an inflation component of 4.04%. The period, and related method for amortizing the initial unfunded actuarial accrued liability is 40 years from 1983 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. These amortization periods are closed for this plan year.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN (Continued):

#### D. Annual Pension Cost

The City's annual pension cost and net pension asset for 2003 were computed as follows:

Annual pension cost	\$ 1,535,101
Contributions made	<u>2,129,847</u>
Change in net pension asset	594,746
Net pension asset beginning of year	2,459,361
Net pension asset end of year	<u><u>\$ 3,054,107</u></u>

#### E. Schedule of Employer Contributions

Fiscal Year Ended June 30,	Actuarially Required Contribution (ARC)	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of ARC Contributed	Net Pension (Asset)
2003	\$ 1,955,007	\$ 1,535,101	\$ 2,129,847	108.9 %	\$ (3,054,107)
2002	1,269,322	1,074,446	2,323,241	183.0	(2,459,361)
2001	1,322,668	1,197,620	1,653,052	125.0	(1,210,565)
2000	1,290,342	1,226,493	1,577,291	122.2	(755,133)
1999	1,228,897	1,228,897	1,633,232	132.9	(404,335)

#### F. Schedule of Funding Progress

The information presented below is based on the annual actuarial valuations as of July 1 of each year.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2003	\$ 29,581,904	\$ 43,342,397	\$ 13,760,493	68.3 %	\$ 15,375,420	89.5 %
2002	27,257,827	39,898,022	12,640,195	68.3	13,468,715	93.8
2000	24,674,875	33,047,220	8,372,345	74.7	10,615,599	78.9
1998	21,929,029	29,779,677	7,850,648	73.6	9,750,599	80.5
1996	16,079,476	25,813,609	9,734,133	62.3	8,642,184	112.6

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

#### A. Excess of Expenditures over Appropriations

The following general fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2004:

Executive	\$ 92,654
Police	1,158,128
Other public safety protection	13,191
Highways and streets	525,685
Cemetery	67,389
Parks	2,251

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

#### B. Deficit Fund Balance/Retained Earnings

The following funds had deficit fund balances/retained earnings at June 30, 2004:

General Fund	\$ 3,139,447
Solid Waste Fund	1,154,307
Multiple Grant Fund	6,674

The fund deficit in the General Fund will be reduced through controlled spending and transfers from the City's enterprise funds. The fund deficit in the Solid Waste Fund will be reduced through increased user charges and General Fund appropriations. The Fund deficit in the Multiple Grant Fund will be reduced by appropriations from the General Fund.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2004 are as follows:

<u>Due To</u>	<u>Due From</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water / Wastewater</u>	<u>Nonmajor Enterprise</u>	
General Fund	\$ -	\$ 217,968	\$ -	\$ 94,416	\$ 312,384
Nonmajor Governmental	274,402	-	-	-	274,402
Water / Wastewater	2,502,188	-	-	-	2,502,188
Electric	1,560,901	-	53,395	19,043	1,633,339
Internal Service Funds	80,000	-	-	-	80,000
Nonmajor enterprise	88,085	-	-	-	88,085
Total	<u>\$ 4,505,576</u>	<u>\$ 217,968</u>	<u>\$ 53,395</u>	<u>\$ 113,459</u>	<u>\$ 4,890,398</u>

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

Interfund transfers for the year ended June 30, 2004 consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>			
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water / Wastewater</u>	<u>Solid Waste</u>
General Fund	\$ -	\$ 355,675	\$ -	\$ 1,553,116
Nonmajor Governmental	200,062	-	-	-
Water / Wastewater	1,524,556	12,188	-	-
Electric	3,161,660	5,938	1,128,272	-
Solid Waste	-	8,242	-	-
Internal Service	-	2,344	-	-
Nonmajor Enterprise	222,800	4,914	-	-
Total	<u>\$ 5,109,078</u>	<u>\$ 389,301</u>	<u>\$ 1,128,272</u>	<u>\$ 1,553,116</u>

<u>Transfer From</u>	<u>Internal Service</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
	General Fund		
Nonmajor Governmental	\$ 1,015,591	\$ 1,444,887	\$ 4,369,269
Water / Wastewater	-	-	200,062
Electric	12,188	-	1,548,932
Solid Waste	5,938	-	4,301,808
Internal Service	8,242	-	16,484
Nonmajor Enterprise	2,344	-	4,688
Total	<u>4,914</u>	<u>-</u>	<u>232,628</u>
	<u>\$ 1,049,217</u>	<u>\$ 1,444,887</u>	<u>\$ 10,673,871</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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11. 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.

### **NOTE 12. HOTEL/MOTEL LODGING TAX**

The City has levied a 7% lodging tax. For the fiscal year ended June 30, 2004, \$41,346 of hotel / motel tax was collected. Of the total collected, over 80% was used for the promotion of tourism within the City (\$6,000 to the Griffin Chamber of Commerce, \$23,100 to the Griffin Mainstreet Program, and \$5,500 to the City's annual fireworks).

### **NOTE 13. 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 Trial Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2004, the City paid \$23,226 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 a RDC. Separate financial statements may be obtained from: McIntosh Trial Regional Development Center; 120 North Hill Street; Griffin, Georgia 30224.

### **NOTE 14. BULK POWER CONTRACTS**

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, 2004, the City is an electric utility participant in MEAG and is committed to four power sales contracts with MEAG, under which MEAG is the bulk power supplier to the City. The terms of these contracts constitute a binding obligation until the issuance of bonds and the interest has been paid or until the projects are retired from service, not to exceed 50 years. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to \$10,785,828 in 2004.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 15. COMMITMENTS AND CONTINGENCIES**

In addition to the liabilities enumerated in the balance sheet at June 30, 2004, the City has contractual commitments on uncompleted construction contracts of approximately \$12,655,000. Of this amount, approximately \$10,422,000 is for the completion of a new water treatment plant.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor 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 government expects such amounts, if any, to be immaterial.

### **NOTE 16. 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.

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 pool's 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 pool's 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 worker's 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 17. POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care benefits, as per the requirements of a local ordinance, for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City with a minimum of 10 years of service. At June 30, 2004, there were 71 retirees eligible for the benefits. The cost of retiree health care benefit premiums is recognized as an expense as premiums are incurred. For fiscal year 2004, those costs were approximately \$388,000.

### NOTE 18. PRIOR PERIOD ADJUSTMENTS

The City has determined that a restatement of beginning governmental activities net assets is required to reflect corrections for errors in the June 30, 2003 financial report. These restatements are as follows:

Governmental activities net assets as previously reported	\$ 43,267,711
Adjustment needed to remove Pension Trust Fund Net Assets from governmental activities	(29,581,904)
Adjustment to properly allocate internal service fund net assets between governmental activities and business-type activities	(1,332,381)
Adjustment needed to properly state City capital assets	(998,320)
Adjustment needed to record beginning net pension asset	2,459,361
Adjustment needed to recognize certain deferred revenues	243,220
Individual fund level prior period adjustments discussed below	<u>608,019</u>
Total prior period adjustments	<u>(28,602,005)</u>
Governmental activities net assets as restated	<u>\$ 14,665,706</u>

The City has determined that a restatement of General Fund assets and liabilities is required to reflect corrections to beginning balances of deferred revenues, accounts receivable, and accrued liabilities. The restatement within the General Fund properly decreased deferred revenues by \$287,595, increased accounts receivable by \$86,955, and increased accrued liabilities by \$45,652 for a resulting increase in fund balance of \$328,898.

The City has determined that a restatement of Special Purpose Local Option Sales Tax Fund assets and liabilities is required to reflect corrections to beginning balances of cash and accounts payable. The restatement within the Special Purpose Local Option Sales Tax Fund properly increased cash by \$17,243 and decreased accounts payable by \$48,210 for a resulting increase in fund balance of \$65,453.

The City has determined that a restatement of the Cemetery Trust Fund assets is required to reflect corrections to beginning balances of investments. The restatement within the Cemetery Trust Fund properly increased investments and fund balance by \$213,668.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 18. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The City has determined that a restatement of beginning business-type activities net assets is required to reflect corrections for errors in the June 30, 2003 financial report. These restatements are as follows:

Business-type activities net assets as previously reported	\$ 79,777,821
Adjustment to properly allocate internal service fund net assets between governmental activities and business-type activities	1,332,381
Individual fund level prior period adjustments discussed below	<u>(19,088,154)</u>
Business-type activities net assets as restated	<u>\$ 62,022,048</u>

The City has determined that a restatement of the Electric Utility Fund assets is required to reflect corrections to beginning balances of investments and cash. The restatement within the Electric Utility Fund properly decreased investments by \$18,787,452 and increased cash by \$61,796 for a resulting decrease in fund balance of \$18,725,656.

The City has determined that a restatement of the Solid Waste Fund liabilities is required to reflect corrections to beginning balances of the landfill closure / postclosure care costs. The restatement within the Solid Waste Fund properly increased the landfill closure / postclosure care cost liability and decreased fund balance by \$362,498.

### NOTE 19. SUBSEQUENT EVENT

In July 2004, the City issued a tax anticipation note in the amount of \$2,520,000. The note bears interest at 1.74% and is due on December 31, 2004.



**COMBINING STATEMENTS  
AND SCHEDULES**

# CITY OF GRIFFIN, GEORGIA

## NONMAJOR GOVERNMENTAL FUNDS

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### 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 **Community Development Block Grant Fund** accounts for grant revenues and expenditures relating to specific community development projects.

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.

### 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 **General Facilities Replacement Fund** accounts for general facilities replacement capital projects of the City. Funding is provided by transfers from the General Fund.

The **General Equipment Replacement Fund** accounts for general equipment replacement capital projects of the City. Funding is provided by transfers from the General Fund.

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** accounts for expenditures relating to renovation of existing City buildings, recreation projects and construction of roads. Funding is provided by approved allocations of County collected special purpose sales taxes.

### 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, 2004**

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>	
	<u>Community Development Block Grant Fund</u>	<u>Hotel / Motel Tax Fund</u>	<u>Multiple Grant Fund</u>	<u>General Capital Projects Fund</u>	<u>General Facilities Replacement Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,093	\$ -	\$ 1,002	\$ 71,600	\$ -
Investments	-	-	-	-	-
Taxes receivable	-	2,949	-	-	-
Due from other governments	23,149	-	199,698	-	-
Due from other funds	-	5,397	-	153,723	40,000
Assets held for resale	-	-	-	-	-
Total assets	<u>\$ 26,242</u>	<u>\$ 8,346</u>	<u>\$ 200,700</u>	<u>\$ 225,323</u>	<u>\$ 40,000</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 25,327	\$ -
Due to other funds	-	-	207,374	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>207,374</u>	<u>25,327</u>	<u>-</u>
<b>FUND BALANCES</b>					
Reserved:					
Reserved for special projects	26,242	8,346	-	-	-
Unreserved, designated for capital projects	-	-	-	199,996	40,000
Unreserved, undesignated	-	-	(6,674)	-	-
Total fund balances	<u>26,242</u>	<u>8,346</u>	<u>(6,674)</u>	<u>199,996</u>	<u>40,000</u>
Total liabilities and fund balances	<u>\$ 26,242</u>	<u>\$ 8,346</u>	<u>\$ 200,700</u>	<u>\$ 225,323</u>	<u>\$ 40,000</u>

Capital Project Funds		Permanent Funds		Totals
General Equipment Replacement Fund	Special Purpose Local Option Sales Tax Fund	Cemetery Trust Fund	Mausoleum Trust Fund	
\$ -	\$ -	\$ 367,896	\$ 8,927	\$ 452,518
-	-	1,141,750	271,437	1,413,187
-	-	-	-	2,949
-	-	-	-	222,847
40,000	35,282	-	-	274,402
-	-	206,397	-	206,397
<u>\$ 40,000</u>	<u>\$ 35,282</u>	<u>\$ 1,716,043</u>	<u>\$ 280,364</u>	<u>\$ 2,572,300</u>
\$ -	\$ -	\$ -	\$ -	\$ 25,327
-	-	10,594	-	217,968
-	-	10,594	-	243,295
-	-	1,705,449	280,364	2,020,401
40,000	35,282	-	-	315,278
-	-	-	-	(6,674)
<u>40,000</u>	<u>35,282</u>	<u>1,705,449</u>	<u>280,364</u>	<u>2,329,005</u>
<u>\$ 40,000</u>	<u>\$ 35,282</u>	<u>\$ 1,716,043</u>	<u>\$ 280,364</u>	<u>\$ 2,572,300</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, 2004**

	Special Revenue Funds			Capital Project Funds	
	Community Development Block Grant Fund	Hotel / Motel Tax Fund	Multiple Grant Fund	General Capital Projects Fund	General Facilities Replacement Fund
<b>Revenues:</b>					
Other taxes	\$ -	\$ 41,346	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Intergovernmental	-	-	267,033	-	-
Interest revenue	1	-	101	1,173	-
Total revenues	<u>1</u>	<u>41,346</u>	<u>267,134</u>	<u>1,173</u>	<u>-</u>
<b>Expenditures:</b>					
Public safety	-	-	74,365	-	-
Public works	-	-	-	-	-
Housing and development	151	33,000	-	-	-
Capital outlay	-	-	-	339,740	-
Total expenditures	<u>151</u>	<u>33,000</u>	<u>74,365</u>	<u>339,740</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150)</u>	<u>8,346</u>	<u>192,769</u>	<u>(338,567)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	6,801	302,500	40,000
Transfers out	-	-	(199,698)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(192,897)</u>	<u>302,500</u>	<u>40,000</u>
Net change in fund balances	(150)	8,346	(128)	(36,067)	40,000
<b>Fund balances, beginning of year</b>	<u>26,392</u>	<u>-</u>	<u>(6,546)</u>	<u>236,063</u>	<u>-</u>
<b>Prior period adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, beginning of year as restated</b>	<u>26,392</u>	<u>-</u>	<u>(6,546)</u>	<u>236,063</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 26,242</u>	<u>\$ 8,346</u>	<u>\$ (6,674)</u>	<u>\$ 199,996</u>	<u>\$ 40,000</u>

Capital Project Funds		Permanent Funds		Totals
General Equipment Replacement Fund	Special Purpose Local Option Sales Tax Fund	Cemetery Trust Fund	Mausoleum Trust Fund	
\$ -	\$ -	\$ -	\$ -	\$ 41,346
-	-	80,615	-	80,615
-	2,427	-	-	269,460
-	410	102,560	3,215	107,460
-	2,837	183,175	3,215	498,881
-	-	-	-	74,365
-	-	7,267	-	7,267
-	-	-	-	33,151
-	-	-	-	339,740
-	-	7,267	-	454,523
-	2,837	175,908	3,215	44,358
40,000	-	-	-	389,301
-	-	(364)	-	(200,062)
40,000	-	(364)	-	189,239
40,000	2,837	175,544	3,215	233,597
-	(33,008)	1,316,237	277,149	1,816,287
-	65,453	213,668	-	279,121
-	32,445	1,529,905	277,149	2,095,408
<u>\$ 40,000</u>	<u>\$ 35,282</u>	<u>\$ 1,705,449</u>	<u>\$ 280,364</u>	<u>\$ 2,329,005</u>

**CITY OF GRIFFIN, GEORGIA**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004**

	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Interest income	\$ -	\$ 1	\$ 1
<b>EXPENDITURES</b>			
Housing and development	-	151	(151)
Total expenditures	-	151	(151)
Deficiency of revenues under expenditures	-	(150)	(150)
<b>FUND BALANCES, beginning of year</b>	<u>26,392</u>	<u>26,392</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 26,392</u>	<u>\$ 26,242</u>	<u>\$ (150)</u>

**CITY OF GRIFFIN, GEORGIA**

**HOTEL / MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004**

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	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Other taxes	<u>\$ 43,000</u>	<u>\$ 41,346</u>	<u>\$ (1,654)</u>
<b>EXPENDITURES</b>			
Housing and development	<u>43,000</u>	<u>33,000</u>	<u>10,000</u>
Total expenditures	<u>43,000</u>	<u>33,000</u>	<u>10,000</u>
 Excess of revenues over expenditures	 -	 8,346	 8,346
<b>FUND BALANCES, beginning of year</b>	<u>26,392</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 26,392</u>	<u>\$ 8,346</u>	<u>\$ 8,346</u>



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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004**

	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Intergovernmental	\$ 83,823	\$ 267,033	\$ 183,210
Interest	-	101	101
Total revenues	<u>83,823</u>	<u>267,134</u>	<u>183,311</u>
<b>EXPENDITURES</b>			
Public safety	100,885	74,365	26,520
Total expenditures	<u>100,885</u>	<u>74,365</u>	<u>26,520</u>
Excess (deficiency) of revenues over expenditures	(17,062)	192,769	209,831
<b>Other financing sources (uses)</b>			
Transfers in	18,000	6,801	(11,199)
Transfers out	-	(199,698)	(199,698)
Total other financing sources (uses)	<u>18,000</u>	<u>(192,897)</u>	<u>(210,897)</u>
Net change in fund balance	938	(128)	(1,066)
<b>FUND BALANCES, beginning of year</b>	<u>(6,546)</u>	<u>(6,546)</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ (5,608)</u>	<u>\$ (6,674)</u>	<u>\$ (1,066)</u>

**CITY OF GRIFFIN, GEORGIA**

**SCHEDULE OF EXPENDITURES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS  
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Stormwater improvements	\$ 1,000,000	\$ 1,000,000	\$ 1,718,799	\$ -	\$ 1,718,799
Street improvements	3,500,000	3,500,000	3,527,919	-	3,527,919
	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 5,246,718</u>	<u>\$ -</u>	<u>\$ 5,246,718</u>

## CITY OF GRIFFIN, GEORGIA NONMAJOR ENTERPRISE FUNDS

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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, 2004**

	<b>Stormwater Utility Fund</b>	<b>Airport Fund</b>	<b>Welcome Center Fund</b>	<b>Golf Course Fund</b>	<b>Totals</b>
<b>ASSETS</b>					
Cash	\$ 2,037	\$ 62,478	\$ -	\$ 163,062	\$ 227,577
Accounts receivable, net of allowances	50,379	33,542	-	45	83,966
Due from other funds	-	-	88,085	-	88,085
Inventories	-	11,427	-	-	11,427
Prepaid expenses	488	488	104	488	1,568
Total current assets	<u>52,904</u>	<u>107,935</u>	<u>88,189</u>	<u>163,595</u>	<u>412,623</u>
<b>RESTRICTED ASSETS, Cash</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,474</u>	<u>155,474</u>
<b>CAPITAL ASSETS</b>					
Nondepreciable	169,923	479,640	365,500	1,500,000	2,515,063
Depreciable, net of accumulated depreciation	<u>6,368,297</u>	<u>2,992,331</u>	<u>1,915,931</u>	<u>343,592</u>	<u>11,620,151</u>
Total capital assets	<u>6,538,220</u>	<u>3,471,971</u>	<u>2,281,431</u>	<u>1,843,592</u>	<u>14,135,214</u>
Total assets	<u>6,591,124</u>	<u>3,579,906</u>	<u>2,369,620</u>	<u>2,162,661</u>	<u>14,703,311</u>
<b>LIABILITIES</b>					
Accounts payable	22,462	77,539	-	26,279	126,280
Accrued liabilities	20,561	8,728	1,904	15,241	46,434
Compensated absences	41,454	16,168	-	81,787	139,409
Current portion - notes payable	109,935	-	-	-	109,935
Due to other funds	94,416	-	-	19,043	113,459
Total current liabilities	<u>288,828</u>	<u>102,435</u>	<u>1,904</u>	<u>142,350</u>	<u>535,517</u>
<b>LONG-TERM LIABILITIES</b>					
Notes payable, net of current portion	<u>2,554,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,554,329</u>
Total long-term liabilities	<u>2,554,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,554,329</u>
Total liabilities	<u>2,843,157</u>	<u>102,435</u>	<u>1,904</u>	<u>142,350</u>	<u>3,089,846</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	3,873,956	3,471,971	2,281,431	1,843,592	11,470,950
Unrestricted	<u>(125,989)</u>	<u>5,500</u>	<u>86,285</u>	<u>176,719</u>	<u>142,515</u>
Total net assets	<u>\$ 3,747,967</u>	<u>\$ 3,477,471</u>	<u>\$ 2,367,716</u>	<u>\$ 2,020,311</u>	<u>\$ 11,613,465</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, 2004**

	<b>Stormwater Utility Fund</b>	<b>Airport Fund</b>	<b>Welcome Center Fund</b>	<b>Golf Course Fund</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,473,053	\$ 433,781	\$ 22,346	\$ 332,956	\$ 2,262,136
Other services	38,904	5,370	-	262	44,536
Total operating revenues	<u>1,511,957</u>	<u>439,151</u>	<u>22,346</u>	<u>333,218</u>	<u>2,306,672</u>
<b>OPERATING EXPENSES</b>					
Personal services	640,801	303,935	5,900	526,794	1,477,430
Purchased or contracted service	674,389	571,633	44,537	110,926	1,401,485
Supplies	106,166	14,690	2,300	41,512	164,668
Miscellaneous	83,792	186,884	-	89,551	360,227
Depreciation	180,752	118,720	41,829	22,251	363,552
Total operating expenses	<u>1,685,900</u>	<u>1,195,862</u>	<u>94,566</u>	<u>791,034</u>	<u>3,767,362</u>
Operating loss	<u>(173,943)</u>	<u>(756,711)</u>	<u>(72,220)</u>	<u>(457,816)</u>	<u>(1,460,690)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental	-	415,324	-	-	415,324
Interest revenue	-	259	-	828	1,087
Interest expense	(84,517)	-	-	-	(84,517)
Total nonoperating revenues (expenses)	<u>(84,517)</u>	<u>415,583</u>	<u>-</u>	<u>828</u>	<u>331,894</u>
Loss before contributions and transfers	<u>(258,460)</u>	<u>(341,128)</u>	<u>(72,220)</u>	<u>(456,988)</u>	<u>(1,128,796)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>128,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,760</u>
<b>TRANSFERS</b>					
Transfers out	(226,548)	(1,876)	(344)	(3,860)	(232,628)
Transfers in	-	678,631	71,155	695,101	1,444,887
Total transfers	<u>(226,548)</u>	<u>676,755</u>	<u>70,811</u>	<u>691,241</u>	<u>1,212,259</u>
Change in net assets	<u>(356,248)</u>	<u>335,627</u>	<u>(1,409)</u>	<u>234,253</u>	<u>212,223</u>
<b>NET ASSETS, beginning of year</b>	<u>4,104,215</u>	<u>3,141,844</u>	<u>2,369,125</u>	<u>1,786,058</u>	<u>11,401,242</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,747,967</u>	<u>\$ 3,477,471</u>	<u>\$ 2,367,716</u>	<u>\$ 2,020,311</u>	<u>\$ 11,613,465</u>

**CITY OF GRIFFIN, GEORGIA**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<b>Stormwater Utility Fund</b>	<b>Airport Fund</b>	<b>Welcome Center Fund</b>	<b>Golf Course Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,648,843	\$ 213,550	\$ 22,722	\$ 205,465	\$ 2,090,580
Payments to suppliers	(982,677)	(723,934)	(87,633)	(233,139)	(2,027,383)
Payments to employees	(645,054)	(295,222)	(5,900)	(515,124)	(1,461,300)
Net cash provided by (used in) operating activities	<u>21,112</u>	<u>(805,606)</u>	<u>(70,811)</u>	<u>(542,798)</u>	<u>(1,398,103)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental grant	-	415,324	-	-	415,324
Transfers out	(226,548)	(1,876)	(344)	(3,860)	(232,628)
Transfers in	-	678,631	71,155	695,101	1,444,887
Net cash provided by (used in) noncapital financing activities	<u>(226,548)</u>	<u>1,092,079</u>	<u>70,811</u>	<u>691,241</u>	<u>1,627,583</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(118,168)	(268,297)	-	(22,580)	(409,045)
Proceeds from notes payable	493,766	-	-	-	493,766
Principal paid on notes payable and capital leases	(94,527)	-	-	-	(94,527)
Interest paid	(82,463)	-	-	-	(82,463)
Net cash provided by (used in) capital and related financing activities	<u>198,608</u>	<u>(268,297)</u>	<u>-</u>	<u>(22,580)</u>	<u>(92,269)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	-	259	-	828	1,087
Net cash provided by investing activities	<u>-</u>	<u>259</u>	<u>-</u>	<u>828</u>	<u>1,087</u>
Increase (decrease) in cash and cash equivalents	(6,828)	18,435	-	126,691	138,298
<b>Cash and cash equivalents:</b>					
Beginning of year	<u>8,865</u>	<u>44,043</u>	<u>-</u>	<u>191,845</u>	<u>244,753</u>
End of year	<u>\$ 2,037</u>	<u>\$ 62,478</u>	<u>\$ -</u>	<u>\$ 318,536</u>	<u>\$ 383,051</u>
<b>Classified as:</b>					
Cash	\$ 2,037	\$ 62,478	\$ -	\$ 163,062	\$ 227,577
Restricted assets, cash	-	-	-	155,474	155,474
	<u>\$ 2,037</u>	<u>\$ 62,478</u>	<u>\$ -</u>	<u>\$ 318,536</u>	<u>\$ 383,051</u>

(Continued)

**CITY OF GRIFFIN, GEORGIA**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Stormwater Utility Fund</u>	<u>Airport Fund</u>	<u>Welcome Center Fund</u>	<u>Golf Course Fund</u>	<u>Totals</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>					
Operating loss	\$ (173,943)	\$ (756,711)	\$ (72,220)	\$ (457,816)	\$ (1,460,690)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities					
Depreciation and amortization	180,752	118,720	41,829	22,251	363,552
(Increase) decrease in accounts receivable	42,470	(601)	-	2,366	44,235
Decrease in inventory	-	14,924	-	-	14,924
Increase in due from other funds	-	-	(36,793)	-	(36,793)
Increase in prepaids and other assets	(488)	(488)	(104)	(488)	(1,568)
Increase (decrease) in accounts payable	(117,842)	34,298	(3,899)	8,783	(78,660)
Increase (decrease) in accrued liabilities	(4,253)	9,252	376	12,225	17,600
Increase in due to other funds	94,416	(225,000)	-	(130,119)	(260,703)
Net cash provided by (used in) operating activities	<u>\$ 21,112</u>	<u>\$ (805,606)</u>	<u>\$ (70,811)</u>	<u>\$ (542,798)</u>	<u>\$ (1,398,103)</u>
<b>Noncash investing, capital, and financing activities:</b>					
Contributions of capital assets from developers	<u>\$ 128,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,760</u>

## **CITY OF GRIFFIN, GEORGIA INTERNAL SERVICE FUNDS**

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

The **Motor Pool Fund** accounts for the rental of motor vehicles and equipment to other departments and related costs.

The **Insurance Risk Fund** accounts for insurance claims related to automobile and property damage, general liability, personal injury and errors and omissions. The fund is financed by transfers from other City funds.

The **Health Insurance Stabilization Fund** accounts for insurance claims related to health, life, workers compensation and unemployment. The fund is financed by transfers from other City funds.



**CITY OF GRIFFIN, GEORGIA  
INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2004**

ASSETS	Motor Pool Fund	Insurance Risk Fund	Health Insurance Stabilization Fund	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,045	\$ -	\$ -	\$ 3,045
Due from other funds	-	40,000	40,000	80,000
Inventory	120,299	-	-	120,299
Prepaid expenses	7,043	-	-	7,043
Total current assets	<u>130,387</u>	<u>40,000</u>	<u>40,000</u>	<u>210,387</u>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Depreciable, net of accumulated depreciation	<u>4,605,545</u>	-	-	<u>4,605,545</u>
Total noncurrent assets	<u>4,605,545</u>	-	-	<u>4,605,545</u>
Total assets	<u>4,735,932</u>	<u>40,000</u>	<u>40,000</u>	<u>4,815,932</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	243,142	-	-	243,142
Accrued liabilities	13,642	-	-	13,642
Compensated absences	29,894	-	-	29,894
Capital leases payable	186,837	-	-	186,837
Total current liabilities	<u>473,515</u>	-	-	<u>473,515</u>
<b>LONG-TERM LIABILITIES</b>				
Capital leases payable	<u>99,594</u>	-	-	<u>99,594</u>
Total long-term liabilities	<u>99,594</u>	-	-	<u>99,594</u>
Total liabilities	<u>573,109</u>	-	-	<u>573,109</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	4,319,114	-	-	4,319,114
Unrestricted	(156,291)	40,000	40,000	(76,291)
Total net assets	<u>\$ 4,162,823</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 4,242,823</u>

**CITY OF GRIFFIN, GEORGIA  
INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Motor Pool Fund</u>	<u>Insurance Risk Fund</u>	<u>Health Insurance Stabilization Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,712,975	\$ -	\$ -	\$ 3,712,975
Miscellaneous income	21,374	-	-	21,374
Total operating revenues	<u>3,734,349</u>	<u>-</u>	<u>-</u>	<u>3,734,349</u>
<b>OPERATING EXPENSES</b>				
Personal services	700,386	-	-	700,386
Purchased or contracted service	584,703	-	-	584,703
Supplies	641,925	-	-	641,925
Miscellaneous	755,328	-	-	755,328
Depreciation	1,308,292	-	-	1,308,292
Total operating expenses	<u>3,990,634</u>	<u>-</u>	<u>-</u>	<u>3,990,634</u>
Operating loss	<u>(256,285)</u>	<u>-</u>	<u>-</u>	<u>(256,285)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	394	-	-	394
Interest expense	(19,207)	-	-	(19,207)
Total nonoperating expenses	<u>(18,813)</u>	<u>-</u>	<u>-</u>	<u>(18,813)</u>
Loss before operating transfers	(275,098)	-	-	(275,098)
<b>TRANSFERS</b>				
Transfers out	(4,688)	-	-	(4,688)
Transfers in	969,217	40,000	40,000	1,049,217
	<u>964,529</u>	<u>40,000</u>	<u>40,000</u>	<u>1,044,529</u>
Change in net assets	689,431	40,000	40,000	769,431
<b>TOTAL NET ASSETS, beginning of year</b>	<u>3,473,392</u>	<u>-</u>	<u>-</u>	<u>3,473,392</u>
<b>TOTAL NET ASSETS, end of year</b>	<u>\$ 4,162,823</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 4,242,823</u>

**CITY OF GRIFFIN, GEORGIA  
INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Motor Pool Fund</u>	<u>Insurance Risk Fund</u>	<u>Health Insurance Stabilization Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 3,734,349	\$ -	\$ -	\$ 3,734,349
Payments to suppliers	(2,180,595)	-	-	(2,180,595)
Payments to employees	(760,262)	-	-	(760,262)
Net cash provided by operating activities	<u>793,492</u>	<u>-</u>	<u>-</u>	<u>793,492</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	969,217	-	-	969,217
Transfers out	(4,688)	-	-	(4,688)
Net cash used in noncapital financing activities	<u>964,529</u>	<u>-</u>	<u>-</u>	<u>964,529</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,317,432)	-	-	(1,317,432)
Principal paid on capital leases	(514,670)	-	-	(514,670)
Interest paid	(24,267)	-	-	(24,267)
Net cash used in capital and related financing activities	<u>(1,856,369)</u>	<u>-</u>	<u>-</u>	<u>(1,856,369)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends received	394	-	-	394
Net cash provided by investing activities	<u>394</u>	<u>-</u>	<u>-</u>	<u>394</u>
Net decrease in cash and cash equivalents	(97,954)	-	-	(97,954)
Cash and cash equivalents, beginning of year	100,999	-	-	100,999
Cash and cash equivalents, end of year	<u>\$ 3,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,045</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>				
Operating loss	\$ (256,285)	\$ -	\$ -	\$ (256,285)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	1,308,292	-	-	1,308,292
Change in assets and liabilities:				
Increase in inventory	(42,484)	-	-	(42,484)
Increase in prepaid expenses	(7,043)	-	-	(7,043)
Decrease in accounts payable	(149,112)	-	-	(149,112)
Decrease in accrued liabilities	(59,876)	-	-	(59,876)
Increase in due to other funds	-	-	-	-
Net cash provided by operating activities	<u>\$ 793,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793,492</u>

# **STATISTICAL SECTION**

**CITY OF GRIFFIN, GEORGIA**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN FISCAL YEARS**

(in thousands)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General government	\$ 4,037	\$ 8,376	\$ 3,487	\$ 2,222	\$ 1,962
Judicial	16	26	27	27	26
Public safety	11,871	10,391	9,810	7,239	6,649
Public works	3,759	3,353	2,818	2,338	2,148
Parks and recreation	349	307	316	831	702
Sanitation (2)	-	-	-	-	-
Housing and development	671	727	905	711	27
Non-departmental	-	132	-	1,405	6,483
Debt service	-	-	294	539	-
Capital outlay	340	1,464	2,188	2,705	533
	<u>\$ 21,043</u>	<u>\$ 24,776</u>	<u>\$ 19,845</u>	<u>\$ 18,017</u>	<u>\$ 18,530</u>

Notes: (1) - Includes only governmental fund types.

(2) - Sanitation services were moved to a separate enterprise fund beginning in 2000.

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	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>
\$	1,571	\$ 1,460	\$ 1,414	\$ 1,323	\$ 1,313
	27	27	25	25	25
	5,900	5,131	4,878	4,779	5,233
	1,933	1,660	1,557	1,472	1,343
	628	560	518	474	509
	3,197	2,784	2,998	3,107	3,135
	17	30	115	374	107
	4,370	4,730	5,093	3,841	3,743
	103	116	109	119	126
	705	875	550	510	711
<b>\$</b>	<b>18,451</b>	<b>\$ 17,373</b>	<b>\$ 17,257</b>	<b>\$ 16,024</b>	<b>\$ 16,245</b>

**CITY OF GRIFFIN, GEORGIA**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN FISCAL YEARS**

(in thousands)

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxes	\$ 11,002	\$ 10,585	\$ 10,984	\$ 11,149	\$ 9,046
Licenses and permits	494	228	311	265	851
Charges for services	2,757	2,784	253	1,783	531
Fines and forfeitures	978	55	45	59	76
Interest income	116	1,118	123	492	152
Contributions	-	-	11	34	-
Miscellaneous revenue	92	13	61	42	575
Intergovernmental revenues	348	328	39	559	1,200
	<u>\$ 15,787</u>	<u>\$ 15,111</u>	<u>\$ 11,827</u>	<u>\$ 14,383</u>	<u>\$ 12,431</u>

Notes: Does not include transfers or other financing sources.

(1) - Includes only governmental fund types.

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	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>
\$	9,649	\$ 8,026	\$ 6,982	\$ 5,924	\$ 5,678
	904	895	869	784	740
	4,151	3,679	3,251	2,907	3,042
	141	411	599	561	642
	144	87	73	96	77
	-	-	-	-	-
	1,211	171	685	198	95
	223	283	175	232	186
<b>\$</b>	<b>16,423</b>	<b>\$ 13,552</b>	<b>\$ 12,634</b>	<b>\$ 10,702</b>	<b>\$ 10,460</b>



**CITY OF GRIFFIN, GEORGIA**

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

(in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Business Tax</u>	<u>Other (1)</u>	<u>Total</u>
2004	\$ 5,028	\$ 3,215	\$ 532	\$ 2,227	\$ 11,002
2003	4,486	2,896	657	2,268	10,307
2002	4,524	3,190	776	2,159	10,649
2001	4,239	3,113	655	2,326	10,333
2000	4,108	2,809	684	2,130	9,731
1999	4,241	3,315	744	2,093	10,393
1998	3,166	2,847	730	2,012	8,755
1997	2,974	2,101	737	1,907	7,719
1996	2,403	1,746	692	1,775	6,616
1995	2,611	1,499	609	1,568	6,287

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

**CITY OF GRIFFIN, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<u>Tax Year</u>	<u>Fiscal Year Ended June 30,</u>	<u>Levy</u>	<u>Collections and Credits to June 30, 2003</u>	<u>Taxes Receivable June 30, 2003</u>
2003	2004	\$ 4,858,911	\$ -	\$ -
2002	2003	4,611,972	4,462,170	149,802
2001	2002	4,424,983	4,343,076	81,907
2000	2001	4,303,851	4,225,668	78,183
1999	2000	4,091,152	4,066,892	24,260
1998	1999	3,715,237	3,677,158	38,079
1997	1998	2,937,713	2,919,790	17,923
1996	1997	2,885,875	2,866,826	19,049
1995	1996	2,467,075	2,458,325	8,750
1994	1995	2,678,979	2,678,979	-
		<u>\$ 36,975,748</u>	<u>\$ 31,698,884</u>	<u>\$ 417,953</u>

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<b>Current Year Collections and Credits</b>	<b>Taxes Receivable June 30, 2004</b>	<b>Total Collections as Percent of Levy</b>	<b>Outstanding Delinquent Taxes as % of Levy</b>
\$ 4,746,492	\$ 112,419	97.69 %	2.31 %
87,776	62,026	98.66	1.34
60,097	21,810	99.51	0.49
14,674	63,509	98.52	1.48
10,348	13,912	99.66	0.34
3,479	34,600	99.07	0.93
2,014	15,909	99.46	0.54
439	18,610	99.36	0.64
195	8,555	99.65	0.35
-	-	100.00	0.00
<u>\$ 4,925,514</u>	<u>\$ 351,350</u>		

**CITY OF GRIFFIN, GEORGIA**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(in thousands)**

<b>Fiscal Year</b>	<b>Real Property Value</b>		<b>Personal Property Value</b>		<b>Public Utilities Value</b>		<b>Total Value</b>	
	<b>Assessed</b>	<b>Estimated</b>	<b>Assessed</b>	<b>Estimated</b>	<b>Assessed</b>	<b>Estimated</b>	<b>Assessed</b>	<b>Estimated</b>
2004	\$ 414,695	\$ 1,036,738	\$ 134,330	\$ 335,826	\$ 8,712	\$ 21,781	\$ 557,738	\$ 1,394,345
2003	396,798	991,996	135,034	337,585	9,301	23,252	541,133	1,352,833
2002	333,923	834,808	187,728	469,321	8,422	21,054	530,074	1,325,183
2001	326,801	817,003	195,932	489,831	9,467	23,668	532,201	1,330,502
2000	280,912	702,280	193,136	482,840	8,546	21,365	482,594	1,206,485
1999	264,536	661,340	185,797	464,491	8,704	21,760	459,037	1,147,591
1998	251,950	629,874	151,642	379,106	7,951	19,877	411,543	1,028,857
1997	245,576	613,941	118,273	295,683	7,951	19,877	371,800	929,501
1996	234,988	587,470	95,785	239,462	8,212	20,530	338,985	847,462
1995	229,394	573,484	95,480	238,700	7,470	18,676	332,344	830,860

NOTE: Total assessed value is based on approximately 40 percent of estimated value.

**CITY OF GRIFFIN, GEORGIA**

**PROPERTY TAX RATES - ALL TAX DISTRICTS**

**(Per \$1,000 of Assessed Value)**

**LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>City General Fund</b>	<b>City Bonds</b>	<b>Griffin - Spalding County Schools</b>	<b>Spalding County</b>	<b>State of Georgia</b>	<b>Total</b>
2004	8.85	0.00	18.95	13.53	0.25	41.58
2003	8.85	0.00	18.55	11.91	0.25	39.56
2002	9.46	0.00	18.94	9.88	0.25	38.53
2001	9.46	0.00	19.57	9.70	0.25	38.98
2000	9.46	0.00	18.02	9.70	0.25	37.43
1999	9.59	0.00	18.64	11.55	0.25	40.03
1998	8.32	0.28	18.83	11.55	0.25	39.23
1997	8.32	0.28	17.89	11.55	0.25	38.29
1996	7.27	0.33	17.91	11.55	0.25	37.31
1995	8.02	0.43	18.33	10.83	0.25	37.86

**CITY OF GRIFFIN, GEORGIA**

**PRINCIPAL TAXPAYERS**

**JUNE 30, 2004**

<u>Taxpayer</u>	<u>Purpose</u>	<u>Assessed Valuation (in thousands)</u>	<u>Percentage of Assessed Valuation to Total City Assessed Valuation</u>
NACOM	Electronic Automotive Components	\$ 109,007	7.82 %
Cooper Standard	Automotive Components	28,470	2.04
AMI Spalding Regional Hospital	Medical	27,492	1.97
Bellsouth Telecomm	Public Utility	25,771	1.85
Wal-Mart Stores	Consumer Product Retailer	24,413	1.75
Bandag Inc.	Retread Tires	21,211	1.52
Weyerhaeuser Company	Forest Products	17,953	1.29
Halpern Enterprises, Inc.	Retail Developer	17,928	1.29
Griffin Crossroads, LLC	Property Rental	12,090	0.87
Lowes Home Centers	Building Supplies	11,985	0.86
		<u>\$ 296,320</u>	<u>21.26 %</u>

Source: Spalding County Tax Assessor

**CITY OF GRIFFIN, GEORGIA**

**COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2004  
(in thousands)**

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Total Assessed Value of Taxable Property	\$ 557,738
Less Exemptions for Bond Purposes	<u>-</u>
Net Assessed Valuation of Taxable Property	<u>\$ 557,738</u>
Debt Limit - 10% of Assessed Value	\$ 55,774
Amount of Debt Application to Debt Limit:	
Capital leases	<u>\$ 286</u>
Legal Debt Margin	<u>\$ 55,488</u>

NOTE: The constitutional debt limit for direct general obligation tax bonds which may be issued by the Commissioners of the City of Griffin is 10% of the assessed valuation of taxable property within the City.

**CITY OF GRIFFIN, GEORGIA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**JUNE 30, 2004**

**(in thousands)**

<b>Jurisdiction</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to City of Griffin (1)</b>	<b>Amount Applicable to City of Griffin</b>
Debt repaid with property taxes:			
Spalding County:			
Capital leases	\$ 3,874	37.33%	\$ 1,446
Certificates of participation	<u>5,169</u>	37.33%	<u>1,930</u>
Subtotal, overlapping debt	9,043		3,376
Direct:			
City of Griffin capital leases	<u>286</u>	100.00%	<u>286</u>
Total	<u>\$ 9,329</u>		<u>\$ 3,662</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  
(in thousands)**

Fiscal Year	(1) Operating Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
1999	39,999	28,883	11,116	999	1,297	2,296	4.84
1998	37,530	26,361	11,169	962	1,354	2,316	4.82
1997	33,274	23,108	10,166	505	1,085	1,590	6.39
1996	32,694	23,386	9,308	478	657	1,135	8.20
1995	30,943	22,970	7,973	923	681	1,604	4.97

(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 POPULATION

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<u>Year</u>	<u>Population</u>	<u>Increase</u>	<u>% Increase Decrease)</u>
2004	24,642	123	0.5%
2003	24,520	122	0.5%
2002	24,398	361	1.5%
2001	24,037	586	2.5%
2000	23,451	1,901	8.8%
1999	21,550	51	0.2%
1998	21,499	(145)	-0.7%
1997	21,644	(156)	-0.7%
1996	21,800	15	0.1%
1995	21,785	(620)	-2.8%

Source: Census Bureau to year 2000. Years 2001 - 2004 estimated.

**CITY OF GRIFFIN, GEORGIA**

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS  
(value columns in thousands)**

<u>Fiscal Year</u>	<u>(4) Property Value</u>	<u>(1) Commercial and Residential Construction</u>		<u>(2), (3) Bank Deposits</u>
		<u>Number of Units</u>	<u>Value</u>	<u>Commercial Savings &amp; Loan</u>
2004	\$ 1,394,345	215	\$ 19,962	\$ 683,163
2003	1,352,833	104	19,907	624,613
2002	1,325,184	445	20,377	676,675
2001	1,330,502	842	17,394	569,435
2000	1,206,486	809	23,433	571,012
1999	1,147,592	795	14,107	578,360
1998	1,028,857	644	30,172	586,366
1997	929,500	650	26,504	545,956
1996	847,462	577	34,000	530,798
1995	830,860	629	13,135	526,075

Note: Residential construction figures include single-family and multi-family data.

- (1) Source: City of Griffin Building Inspector
- (2) Source: Federal Deposit Insurance Corporation Website - Summaries of deposits
- (3) Source: Local Credit Union Statistics for years 1999 - 2002 and National Credit Union Administration for years 2003 and 2004.
- (4) Estimated actual value

**CITY OF GRIFFIN, GEORGIA**

**TOP TEN SEWER CUSTOMERS**

**JUNE 30, 2004**

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<u>Customer</u>	<u>Usage (in gallons)</u>	<u>Charges</u>	<u>Percentage of Total Revenues</u>
Southern Terry	533,998	\$ 246,825	5.24
National Housing Management Service	261,765	120,326	2.56
AMI Griffin-Spalding Co. Hospital	203,310	96,999	2.06
NACOM	175,191	83,299	1.77
Cooper Standard	174,968	82,775	1.76
Griffin Housing Authority	144,400	68,645	1.46
Griffin Crossings	74,492	36,139	0.77
Fashion Industries	138,053	35,101	0.75
Spalding Co. CI	64,318	32,504	0.69
University of Georgia, Griffin Campus	65,952	31,656	0.67
	<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  
JUNE 30, 2004**

<u>Customer</u>	<u>Usage (in gallons)</u>	<u>Charges</u>	<u>Percentage of Total Revenues</u>
Springs Ind. Inc.	4,093,295	\$ 878,959	12.94 %
Southern Terry	533,998	177,424	2.61
City of Zebulon	758,103	161,512	2.38
National Housing Management Service	261,765	99,299	1.46
AMI Griffin-Spalding Co. Hospital	203,310	70,619	1.04
NACOM	175,340	60,679	0.89
Cooper Standard	174,968	60,300	0.89
University of Georgia, Griffin Campus	160,602	58,785	0.87
Griffin Housing Authority	144,408	49,995	0.74
Spalding Co. CI	116,342	44,224	0.65
	<u>6,622,131</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  
JUNE 30, 2004**

<u>Customer</u>	<u>Usage (in kwhs)</u>	<u>Charges</u>	<u>Percentage of Total Revenues</u>
Cooper Standard	22,050,964	\$ 1,123,527	3.77 %
Bandag, Inc.	17,704,729	1,016,728	3.41
Exopac	18,200,204	831,607	2.79
University of Georgia, Griffin Campus	7,529,110	529,168	1.78
AMI Griffin-Spalding Co. Hospital	7,615,522	485,843	1.63
WAL-MART Store #01-932,	7,249,019	479,204	1.61
Caterpillar Inc.	10,139,469	457,817	1.54
Filter Plant/River and Reservoir PMP	6,442,200	444,260	1.49
Weyerhaeuser Co.	7,756,410	391,764	1.31
Southern Terry	6,523,172	340,641	1.14
	<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

## MISCELLANEOUS STATISTICAL INFORMATION JUNE 30, 2004

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Date of incorporation	1843
Form of Government	Commission (7 members) City Manager
Area	14.14 square miles
Number of traffic signals	913
County maintained miles of roads:	
Paved	163
Unimproved	1
Police Protection:	
Number of stations	2
Number of vehicular patrol units	102
Number of policemen and officers	112
Fire Protection:	
Number of stations	3
Number of firemen and officers	64
Education:	
High Schools:	
Attendance centers	2
Number of Classrooms	161
Number of Faculty & Staff	285
Number of Students	2,709
Middle Schools:	
Attendance centers	4
Number of Classrooms	168
Number of Faculty & Staff	265
Number of Students	2,660
Elementary Schools:	
Attendance centers	10
Number of Classrooms	353
Number of Faculty & Staff	618
Number of Students	5,356
Building permits issued	215
Recreation and culture:	
Number of parks	29
Number of libraries	1
Electric System- Griffin Power (City Owned):	
Daily Average Consumption	1,102,549 kilowatt hours per day
Peak Demand	91,450 kilowatts
Average Number of Residential Customers	12,835
Average Residential Monthly Bill	\$54
Average Number of Commercial/Industrial Customers	2,064
Pole Miles of Transmission Lines	335
Primary Distribution Sub-System Capacity:	214 megawatts

# CITY OF GRIFFIN, GEORGIA

## MISCELLANEOUS STATISTICAL INFORMATION JUNE 30, 2004

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### Sewer System:

Miles of Sanitary Sewers	160
Number of Lift Stations	17
Sewer Treatment Facilities	4
Daily Average Treatment (Gallons)	2.45 MGD
Number of Service Connections	9,295

### Water System:

Miles of Water Mains	700
Daily Average Consumption (Gallons)	5.82 MGD
Plant Capacity (Gallons)	13.2 MGD
Plant Capacity Under Construction (Still Branch Plant)	12 million gallons
Peak Day Pumping Rate (MGD)	19.25 MGD
Number of Service Connections	11,038
Deep Wells	5
Number of Fire Hydrants	7,392
Ground Storage Capacity	500,000 gallons
Heads Creek Reservoir Capacity	620,000,000 gallons
Elevated Storage Capacity	4,000,000 gallons
Capacity Under Construction (Still Branch Reservoir)	3.5 billion gallons



## **COMPLIANCE SECTION**

**CITY OF GRIFFIN, GEORGIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2004**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Environmental Protection Agency			
Pass-through from the Georgia Environmental Facilities Authority			
Capitalization Grants for State Revolving Funds	66.458	CWSRF98-007NP	\$ 493,766
Total U.S. Environmental Protection Agency			<u>493,766</u>
U.S. Department of Transportation			
Pass-through from the Georgia Department of Transportation			
Airport Improvement Program	20.106	AP040-9560-25(255)	284,220
Total U.S. Department of Transportation			<u>284,220</u>
U.S. Department of Justice			
Direct Award			
Law Enforcement Block Grant	16.592	2003-LB-BX-0305	\$ 56,707
COPS Universal Hiring Program	16.710	2003-UM-WX-0247	150,223
COPS Homeland Security Overtime Program	16.710	2003-OM-WX-0169	49,475
Total U.S. Department of Justice			<u>256,405</u>
Total Federal Expenditures			<u>\$ 1,034,391</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



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**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***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Griffin, Georgia, as of and for the year ended June 30, 2004, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated March 2, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item B-1. We also noted certain additional matters that we reported to management of the City of Griffin, Georgia in a separate letter dated March 2, 2005.

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
March 2, 2005

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the City of Griffin, Georgia, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The City of Griffin, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Griffin, Georgia's management. Our responsibility is to express an opinion on the City of Griffin, Georgia's compliance based on our audit.

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

In our opinion, the City of Griffin, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

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**Internal Control Over Compliance**

The management of the City of Griffin, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Griffin, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
March 2, 2005

# CITY OF GRIFFIN, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2004

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### I. SCHEDULE OF FINDINGS AND QUESTIONED COSTS

#### A. SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Griffin.
2. No reportable conditions relating to the audit of the financial statements are reported in the 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*.
3. One instance of noncompliance disclosed during the audit of the financial statements of the City of Griffin is reported in the 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*, and is included in the Schedule of Findings and Questioned Costs as item B-1.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Griffin expresses an unqualified opinion.
6. No audit findings were noted that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs are: U.S. Environmental Protection Agency Capitalization Grant CFDA No. 66.458 and U.S. Department of Justice Local Law Enforcement Block Grant CFDA No. 16.592.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City of Griffin was not determined to be a low-risk auditee.

# CITY OF GRIFFIN, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2004

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### B. FINDINGS-FINANCIAL STATEMENTS AUDIT

#### 1. Uniform Chart of Accounts -

Condition: At June 30, 2004, the City of Griffin, Georgia had not yet fully adopted the State of Georgia Uniform Chart of Accounts in accordance with the Official Code of Georgia Annotated (OCGA) Section 36-81-1. Specifically, the City had not established an agency fund to account for the activities of the Municipal Court as required by the State of Georgia Uniform Chart of Accounts.

Recommendation: The City should establish immediately a separate agency fund to account for the activities of the Municipal Court in accordance with the Uniform Chart of Accounts.

Response: We concur with the recommendation. A corrective action plan has been implemented by the City to properly establish a separate agency fund to account for the activities of the City's Municipal Court.

### C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported

## II. STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported