



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

Prepared by:
Griffin Finance Department

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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CITY OF GRIFFIN, GEORGIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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INTRODUCTORY SECTION



CITY OF GRIFFIN

 SINCE 1840

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, 2005.

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, 2005, 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, 2005 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 Chairperson 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 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 current fiscal year, the City has used revenue bond proceeds 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 nearing completion.

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 and Other Post Employment Retirement Benefits

The City of Griffin maintains a single employer defined benefit pension plan for all of its covered employees. The day-to-day management of those assets and activities are handled by internal staff and the Georgia Municipal Employees Benefits System. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The City also provides a portion of post-retirement health and dental benefits to retirees on a pay-as-you-go basis. GAAP currently 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.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Griffin, Georgia, for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The June 30, 2004, was the first year the City has received a Certificate of Achievement. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting this report to the GFOA to determine its eligibility for another certificate.

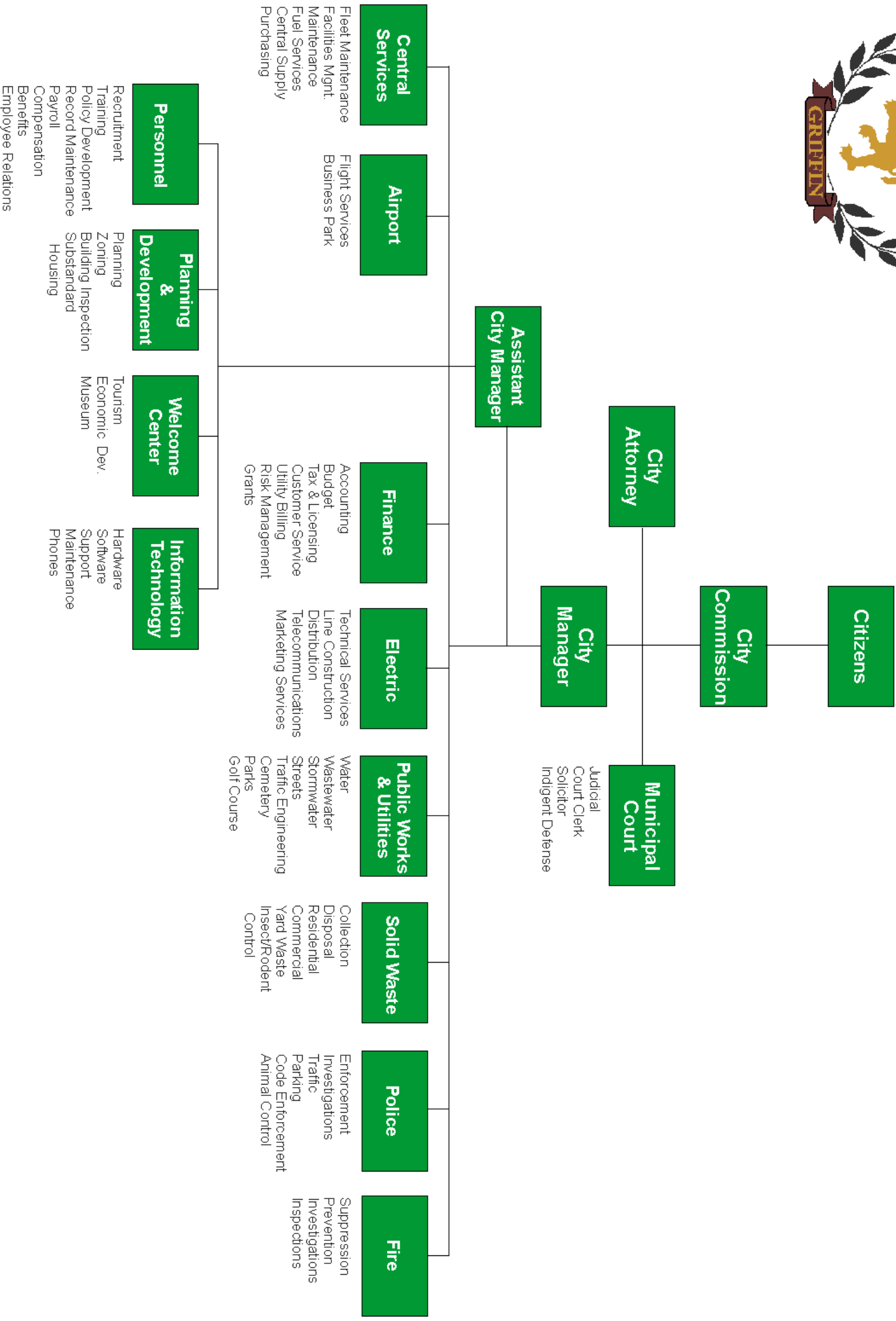
Acknowledgements

The preparation of this financial statement has been accomplished through the dedicated efforts of the Accounting Division of the Department of Administrative Services. 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,



2005 Organization Chart



CITY OF GRIFFIN, GEORGIA

PRINCIPAL OFFICIALS JUNE 30, 2005

| | |
|--|--------------------------|
| Chairperson - Council Member – District IV | Joann Todd |
| Council Member – At Large | Doug S. Hollberg |
| Council Member – District II | Cora Flowers |
| Council Member – District III | William D. Landrum |
| Council Member – District I | Cynthia Reid Ward |
| 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 |

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Griffin,
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**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, 2005, 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, 2005, 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 October 7, 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.

As described in Notes 1 and 5, the City has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of and for the year ended June 30, 2005.

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 combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds 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
October 7, 2005

CITY OF GRIFFIN, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Griffin, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Griffin, Georgia for the fiscal year ended June 30, 2005. 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 \$79,271,633 (*net assets*). Of this amount, \$15.5 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$908,270.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$3,171,968, an increase of \$3,982,410 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the general fund was \$729,723, or 3.5% of total general fund expenditures.
- The City's total debt decreased by \$490,806 during the current fiscal year. This decrease was mostly due to scheduled payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Griffin's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Griffin's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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 - 59 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 60 - 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 \$79,271,633 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (77.7%) 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 | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Current and other assets | \$ 7,691,865 | \$ 2,601,743 | \$ 38,455,822 | \$ 61,607,382 | \$ 46,147,687 | \$ 64,209,125 |
| Capital assets | 17,472,500 | 13,019,339 | 111,175,309 | 87,820,231 | 128,647,809 | 100,839,570 |
| Total assets | <u>25,164,365</u> | <u>15,621,082</u> | <u>149,631,131</u> | <u>149,427,613</u> | <u>174,795,496</u> | <u>165,048,695</u> |
| Other liabilities | 1,420,910 | 1,469,524 | 11,235,279 | 7,040,735 | 12,656,189 | 8,510,259 |
| Long-term liabilities outstanding | 1,779,263 | 2,224,475 | 81,088,411 | 82,210,201 | 82,867,674 | 84,434,676 |
| Total liabilities | <u>3,200,173</u> | <u>3,693,999</u> | <u>92,323,690</u> | <u>89,250,936</u> | <u>95,523,863</u> | <u>92,944,935</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 16,924,455 | 12,732,908 | 44,633,488 | 38,011,083 | 61,557,943 | 50,743,991 |
| Restricted | - | - | 2,212,070 | 2,319,938 | 2,212,070 | 2,319,938 |
| Unrestricted | 5,039,737 | (805,825) | 10,461,883 | 19,845,656 | 15,501,620 | 19,039,831 |
| Total net assets | <u>\$ 21,964,192</u> | <u>\$ 11,927,083</u> | <u>\$ 57,307,441</u> | <u>\$ 60,176,677</u> | <u>\$ 79,271,633</u> | <u>\$ 72,103,760</u> |

An additional portion of the City's net assets (2.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$15,501,620) 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, 2005, increased the City of Griffin's net assets by \$3,777,506. Business-type activities during the same period decreased net assets by \$2,869,236 for a total increase in net assets of \$908,270. Key elements of this increase are as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS

| City of Griffin's Changes in Net Assets | | | | | | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 6,212,998 | \$ 4,320,663 | \$ 52,615,034 | \$ 48,892,991 | \$ 58,828,032 | \$ 53,213,654 |
| Operating grants and contributions | 449,113 | 347,941 | 158,883 | 105,000 | 607,996 | 452,941 |
| Capital grants and contributions | - | 231,660 | 4,319 | 603,498 | 4,319 | 835,158 |
| General revenues: | | | | | | |
| Property taxes | 4,966,178 | 4,950,494 | - | - | 4,966,178 | 4,950,494 |
| Sales taxes | 3,370,370 | 3,214,610 | - | - | 3,370,370 | 3,214,610 |
| Insurance premium tax | 1,091,683 | 1,007,341 | - | - | 1,091,683 | 1,007,341 |
| Other taxes | 1,216,282 | 1,186,097 | - | - | 1,216,282 | 1,186,097 |
| Franchise fees | 571,945 | 565,660 | - | - | 571,945 | 565,660 |
| Unrestricted investment earnings | 115,668 | 116,630 | 742,558 | 286,495 | 858,226 | 403,125 |
| Gain on sale of capital assets | - | - | - | 265,698 | - | 265,698 |
| Total revenues | 17,994,237 | 15,941,096 | 53,520,794 | 50,153,682 | 71,515,031 | 66,094,778 |
| Expenses: | | | | | | |
| General government | 4,755,055 | 4,029,945 | - | - | 4,755,055 | 4,029,945 |
| Judicial | 232,360 | 16,453 | - | - | 232,360 | 16,453 |
| Public safety | 11,817,622 | 11,702,958 | - | - | 11,817,622 | 11,702,958 |
| Public works | 4,447,313 | 3,835,115 | - | - | 4,447,313 | 3,835,115 |
| Parks and recreation | 350,586 | 346,028 | - | - | 350,586 | 346,028 |
| Housing and development | 360,112 | 672,308 | - | - | 360,112 | 672,308 |
| Interest on long-term debt | 45,564 | 19,207 | - | - | 45,564 | 19,207 |
| Water and wastewater | - | - | 12,050,829 | 13,451,905 | 12,050,829 | 13,451,905 |
| Electric | - | - | 27,846,434 | 27,476,473 | 27,846,434 | 27,476,473 |
| Solid Waste | - | - | 5,452,149 | 5,261,465 | 5,452,149 | 5,261,465 |
| Stormwater | - | - | 1,821,120 | 1,782,002 | 1,821,120 | 1,782,002 |
| Airport operations | - | - | 882,948 | 1,196,739 | 882,948 | 1,196,739 |
| Welcome Center | - | - | 108,408 | 94,566 | 108,408 | 94,566 |
| Golf Course | - | - | 436,261 | 793,608 | 436,261 | 793,608 |
| Total expenses | 22,008,612 | 20,622,014 | 48,598,149 | 50,056,758 | 70,606,761 | 70,678,772 |
| Change in net assets before transfers | (4,014,375) | (4,680,918) | 4,922,645 | 96,924 | 908,270 | (4,583,994) |
| Transfers | 7,791,881 | 1,942,295 | (7,791,881) | (1,942,295) | - | - |
| Change in net assets | 3,777,506 | (2,738,623) | (2,869,236) | (1,845,371) | 908,270 | (4,583,994) |
| Net assets, beginning | 11,927,083 | 43,267,711 | 60,176,677 | 79,777,821 | 72,103,760 | 123,045,532 |
| Prior period adjustment | 6,259,603 | (28,602,005) | - | (17,755,773) | 6,259,603 | (46,357,778) |
| Net assets, beginning as restated | 18,186,686 | 14,665,706 | 60,176,677 | 62,022,048 | 78,363,363 | 76,687,754 |
| Net assets, ending | \$ 21,964,192 | \$ 11,927,083 | \$ 57,307,441 | \$ 60,176,677 | \$ 79,271,633 | \$ 72,103,760 |

As can be seen above, the governmental activities show a deficit of revenues under expenditures before transfers of \$4,014,375 and \$4,680,918, for 2005 and 2004, 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 Commission decides is best for the City. Traditionally, the City has relied upon those transfers to maintain the ad valorem tax rates at a reasonable level. In the absence of those transfers, the City would either have to raise the shortfall in revenues through increases in user fees or taxes, or to cut back the level of services it provides to the citizens.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. The City's business-type activities which include the Water/Wastewater Fund, Electric Utility Fund, Solid Waste Fund, and four non-major funds decreased net assets by \$2,300,953 in 2005 and decreased net assets by \$1,743,385 in 2004.

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

| | 2005 | 2004 |
|--|----------------|----------------|
| Net operating income (loss): | | |
| Water / Wastewater Fund | \$ 5,096,149 | \$ 1,838,024 |
| Electric Utility Fund | 4,367,827 | 3,424,143 |
| Solid Waste Fund | (278,532) | (1,093,443) |
| Nonmajor Enterprise Funds | (843,423) | (1,460,690) |
| Total net operating income | 8,342,021 | 2,708,034 |
| Nonoperating revenues (expenses) | (2,419,792) | (2,771,016) |
| Income (loss) before transfers and contributions | 5,922,229 | (62,982) |
| Capital contributions | - | 293,174 |
| Transfers in (out) | (8,223,182) | (1,973,577) |
| Changes in net assets | \$ (2,300,953) | \$ (1,743,385) |

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 2005 and 2004, the combined ending fund balances of the City's governmental funds were a positive \$3,171,968 and a negative \$810,442 respectively. A positive \$391,966 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, \$2,780,002 is reserved to indicate that it is not available for new spending because it is committed for prepaid items and capital projects.

The City of Griffin has only one major governmental fund which is the General Fund. The General Fund is the primary operating fund of the City. It accounts for many of the City's core services such as law enforcement, fire protection, planning, roads and streets, and administration. At the end of 2005 the General Fund had a positive fund balance of \$729,723. This is an increase of \$3,869,170 from the beginning fund balance. As noted earlier, this increase was due mostly to substantial transfers from the City's enterprise funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As discussed in the business-type activities above, the City's net assets decreased by \$2,869,236 in 2005 and decreased by \$1,845,371 in 2004, 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, 2005, governmental activities and business-type activities had capital assets of \$128,647,809 (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 27.6% (a 34.2% increase for governmental activities and a 26.6% increase for business-type activities). The major increase in capital assets for governmental activities was the inclusion of its inventory of roads, highways and bridges as capital assets of the City purchased in prior years. 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.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|-------------------|--------------------------|-------------------|--------------------|--------------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Land | \$ 995,389 | \$ 995,389 | \$ 7,494,342 | \$ 7,494,342 | \$ 8,489,731 | \$ 8,489,731 |
| Land improvements | - | - | 3,622,992 | 2,698,322 | 3,622,992 | 2,698,322 |
| Buildings and improvements | 3,216,851 | 3,245,332 | 12,421,329 | 12,704,938 | 15,638,180 | 15,950,270 |
| Improvements other than buildings | - | - | 41,374,136 | 41,514,666 | 41,374,136 | 41,514,666 |
| Machinery and equipment | 3,858,728 | 4,752,206 | 5,697,855 | 5,850,089 | 9,556,583 | 10,602,295 |
| Infrastructure | 8,564,357 | 3,195,282 | - | - | 8,564,357 | 3,195,282 |
| Construction in progress | 837,175 | 831,130 | 40,564,655 | 17,557,874 | 41,401,830 | 18,389,004 |
| Total | 17,472,500 | 13,019,339 | 111,175,309 | 87,820,231 | 128,647,809 | 100,839,570 |

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration. At the end of June 30, 2005, the City had \$1,779,263 of outstanding long-term liabilities related to governmental activities and \$81,088,411 of long-term liabilities related to business-type activities for a total of \$82,867,674 compared to the previous year's total of \$84,434,676. This is a reduction of \$1,567,002 due mostly to the scheduled amortization payments. At the end of 2005, the City had total bonded debt outstanding of \$75,165,000 as compared to \$76,470,000 in 2004. 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 |
| | 44,200,000 |
| <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 |
| | 5,300,000 |
| <u>System wide Improvements</u> | |
| Global Positioning System/Geographic Information System | 500,000 |
| | \$ 50,000,000 |

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 Commission 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 Commission chose to continue to use transfers from the business-type activities to the governmental activities instead of increasing taxes or rates within the governmental activities. There were no contemplated increases to the rates of the business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Budgets are adopted for the General Fund, 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. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget. During the year there was an approximate \$661,000 increase in appropriations between the original budget and the final amended budget for the City's General Fund. This increase was due mostly to additional funds needed within the City's police department for current operations and personnel expenditures. The increase was funded with larger than anticipated transfers from the City's enterprise funds.

Requests for Information

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

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF NET ASSETS
JUNE 30, 2005**

| ASSETS | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| Cash and cash equivalents | \$ 1,946,197 | \$ 1,287,731 | \$ 3,233,928 |
| Investments | 1,521,584 | 2,506,740 | 4,028,324 |
| Taxes receivable | 950,980 | - | 950,980 |
| Accounts receivable, net of allowances | 414,972 | 8,286,669 | 8,701,641 |
| Due from other governments | 55,344 | - | 55,344 |
| Due from Spalding County | 40,280 | - | 40,280 |
| Internal balances | (1,575,503) | 1,575,503 | - |
| Inventories | 159,128 | 869,226 | 1,028,354 |
| Prepaid expenses | 899,653 | 333,768 | 1,233,421 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 4,835,876 | 4,835,876 |
| Investments | - | 17,188,216 | 17,188,216 |
| Deferred charges | - | 1,572,093 | 1,572,093 |
| Assets held for resale | 225,123 | - | 225,123 |
| Other noncurrent asset | 3,054,107 | - | 3,054,107 |
| Capital assets: | | | |
| Nondepreciable | 1,832,564 | 48,058,997 | 49,891,561 |
| Depreciable, net of accumulated depreciation | 15,639,936 | 63,116,312 | 78,756,248 |
| Total assets | <u>25,164,365</u> | <u>149,631,131</u> | <u>174,795,496</u> |
| LIABILITIES | | | |
| Checks issued in excess of bank balance | 19,842 | 20,148 | 39,990 |
| Accounts payable | 1,052,490 | 8,259,382 | 9,311,872 |
| Accrued liabilities | 344,648 | 727,504 | 1,072,152 |
| Due to Spalding County | 1,475 | - | 1,475 |
| Due to other governments | 2,455 | - | 2,455 |
| Customer deposits payable | - | 2,228,245 | 2,228,245 |
| Capital leases due within one year | 118,763 | 153,102 | 271,865 |
| Capital leases due in more than one year | 429,282 | 471,766 | 901,048 |
| Notes payable due within one year | - | 156,845 | 156,845 |
| Notes payable due in more than one year | - | 2,629,327 | 2,629,327 |
| Bonds payable due within one year | - | 1,435,000 | 1,435,000 |
| Bonds payable due in more than one year | - | 73,730,000 | 73,730,000 |
| Compensated absences due within one year | 923,400 | 563,500 | 1,486,900 |
| Compensated absences due in more than one year | 307,818 | 187,799 | 495,617 |
| Landfill postclosure care costs due within one year | - | 55,000 | 55,000 |
| Landfill postclosure care costs due in more than one year | - | 1,706,072 | 1,706,072 |
| Total liabilities | <u>3,200,173</u> | <u>92,323,690</u> | <u>95,523,863</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 16,924,455 | 44,633,488 | 61,557,943 |
| Restricted for debt service | - | 2,212,070 | 2,212,070 |
| Unrestricted | 5,039,737 | 10,461,883 | 15,501,620 |
| Total net assets | <u>\$ 21,964,192</u> | <u>\$ 57,307,441</u> | <u>\$ 79,271,633</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, 2005

| 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 | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 4,755,055 | \$ 5,014,467 | \$ 177 | \$ - | \$ 259,589 | \$ - | \$ 259,589 |
| Judicial | 232,360 | 7,128 | - | - | (225,232) | - | (225,232) |
| Public safety | 11,817,622 | 672,323 | 448,936 | - | (10,696,363) | - | (10,696,363) |
| Public works | 4,447,313 | 122,543 | - | - | (4,324,770) | - | (4,324,770) |
| Parks and recreation | 350,586 | 55,880 | - | - | (294,706) | - | (294,706) |
| Housing and development | 360,112 | 340,657 | - | - | (19,455) | - | (19,455) |
| Interest on long-term debt | 45,564 | - | - | - | (45,564) | - | (45,564) |
| Total governmental activities | <u>22,008,612</u> | <u>6,212,998</u> | <u>449,113</u> | <u>-</u> | <u>(15,346,501)</u> | <u>-</u> | <u>(15,346,501)</u> |
| Business-type activities: | | | | | | | |
| Water and Wastewater | 12,050,829 | 13,637,367 | - | - | - | 1,586,538 | 1,586,538 |
| Electric | 27,846,434 | 32,074,655 | - | - | - | 4,228,221 | 4,228,221 |
| Solid Waste | 5,452,149 | 4,708,706 | - | - | - | (743,443) | (743,443) |
| Stormwater | 1,821,120 | 1,519,387 | - | - | - | (301,733) | (301,733) |
| Airport | 882,948 | 471,849 | 158,883 | 4,319 | - | (247,897) | (247,897) |
| Welcome Center | 108,408 | 9,486 | - | - | - | (98,922) | (98,922) |
| Golf Course | 436,261 | 193,584 | - | - | - | (242,677) | (242,677) |
| Total business-type activities | <u>48,598,149</u> | <u>52,615,034</u> | <u>158,883</u> | <u>4,319</u> | <u>-</u> | <u>4,180,087</u> | <u>4,180,087</u> |
| Total primary government | <u>\$ 70,606,761</u> | <u>\$ 58,828,032</u> | <u>\$ 607,996</u> | <u>\$ 4,319</u> | <u>(15,346,501)</u> | <u>4,180,087</u> | <u>(11,166,414)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 4,966,178 | - | 4,966,178 |
| Sales taxes | | | | | 3,370,370 | - | 3,370,370 |
| Insurance premium tax | | | | | 1,091,683 | - | 1,091,683 |
| Alcoholic beverage taxes | | | | | 583,404 | - | 583,404 |
| Business occupational taxes | | | | | 457,860 | - | 457,860 |
| Other taxes | | | | | 175,018 | - | 175,018 |
| Franchise fees | | | | | 571,945 | - | 571,945 |
| Unrestricted investment earnings | | | | | 115,668 | 742,558 | 858,226 |
| Transfers | | | | | 7,791,881 | (7,791,881) | - |
| Total general revenues and transfers | | | | | <u>19,124,007</u> | <u>(7,049,323)</u> | <u>12,074,684</u> |
| Change in net assets | | | | | 3,777,506 | (2,869,236) | 908,270 |
| Net assets, beginning of year as restated | | | | | 18,186,686 | 60,176,677 | 78,363,363 |
| Net assets, end of year | | | | | <u>\$ 21,964,192</u> | <u>\$ 57,307,441</u> | <u>\$ 79,271,633</u> |

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

CITY OF GRIFFIN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005**

| ASSETS | General | Other Governmental Funds | Totals Governmental Funds |
|--|---------------------|---|--|
| Cash and cash equivalents | \$ 1,241,344 | \$ 704,853 | \$ 1,946,197 |
| Investments | 326,659 | 1,194,925 | 1,521,584 |
| Taxes receivable, net | 944,609 | 6,371 | 950,980 |
| Accounts receivable, net | 166,055 | - | 166,055 |
| Due from other governments | 55,344 | - | 55,344 |
| Due from Spalding County | 40,280 | - | 40,280 |
| Due from other funds | 270,760 | 366,780 | 637,540 |
| Prepaid expenditures | 692,937 | - | 692,937 |
| Assets held for resale | - | 225,123 | 225,123 |
| Total assets | <u>\$ 3,737,988</u> | <u>\$ 2,498,052</u> | <u>\$ 6,236,040</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 951,875 | \$ 2,533 | \$ 954,408 |
| Accrued liabilities | 332,478 | - | 332,478 |
| Deferred revenues | 183,673 | - | 183,673 |
| Due to Spalding County | 1,475 | - | 1,475 |
| Due to other governments | 2,455 | - | 2,455 |
| Due to other funds | 1,536,309 | 53,274 | 1,589,583 |
| Total liabilities | <u>3,008,265</u> | <u>55,807</u> | <u>3,064,072</u> |
| FUND BALANCES | | | |
| Fund balances: | | | |
| Reserved for: | | | |
| Prepaid expenditures | 692,937 | - | 692,937 |
| Special projects | - | 2,087,065 | 2,087,065 |
| Unreserved, reported in: | | | |
| General fund | 36,786 | - | 36,786 |
| Special revenue funds | - | 51,224 | 51,224 |
| Capital projects funds | - | 303,956 | 303,956 |
| Total fund balances | <u>729,723</u> | <u>2,442,245</u> | <u>3,171,968</u> |
| Total liabilities and fund balances | <u>\$ 3,737,988</u> | <u>\$ 2,498,052</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. | | | 14,034,263 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | | 183,673 |
| 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 certain functions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. | | | 3,269,919 |
| Certain liabilities are not due and payable in the current period and are therefore not reported in the funds. | | | <u>(1,749,738)</u> |
| Net assets of governmental activities | | | <u>\$ 21,964,192</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, 2005

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Totals Governmental Funds</u> |
|---|--------------------|---|--|
| REVENUES | | | |
| Property taxes | \$ 4,947,851 | \$ - | \$ 4,947,851 |
| Other taxes | 5,600,223 | 78,112 | 5,678,335 |
| Charges for services | 4,132,003 | 54,743 | 4,186,746 |
| Licenses and permits | 488,576 | - | 488,576 |
| Intergovernmental | 420,957 | 28,156 | 449,113 |
| Franchise fees | 571,945 | - | 571,945 |
| Fines and forfeitures | 662,494 | - | 662,494 |
| Interest revenue | 49,087 | 66,570 | 115,657 |
| Rental income | 53,505 | - | 53,505 |
| Contributions and donations | 6,970 | - | 6,970 |
| Other revenues | 814,707 | - | 814,707 |
| Total revenues | <u>17,748,318</u> | <u>227,581</u> | <u>17,975,899</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 4,563,333 | - | 4,563,333 |
| Judicial | 308,837 | - | 308,837 |
| Public safety | 12,062,742 | 24,052 | 12,086,794 |
| Public works | 3,400,083 | 27,716 | 3,427,799 |
| Parks and recreation | 315,171 | - | 315,171 |
| Housing and development | 365,512 | 28,649 | 394,161 |
| Capital outlay | - | 11,584 | 11,584 |
| Debt service: | | | |
| Principal | 29,059 | - | 29,059 |
| Interest | 40,106 | - | 40,106 |
| Total expenditures | <u>21,084,843</u> | <u>92,001</u> | <u>21,176,844</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,336,525)</u> | <u>135,580</u> | <u>(3,200,945)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 19,119,663 | 54,821 | 19,174,484 |
| Transfers out | (12,491,072) | (77,161) | (12,568,233) |
| Capital leases | 577,104 | - | 577,104 |
| Total other financing sources | <u>7,205,695</u> | <u>(22,340)</u> | <u>7,183,355</u> |
| Net change in fund balances | 3,869,170 | 113,240 | 3,982,410 |
| Fund balances (deficit), beginning of year | <u>(3,139,447)</u> | <u>2,329,005</u> | <u>(810,442)</u> |
| Fund balances, end of year | <u>\$ 729,723</u> | <u>\$ 2,442,245</u> | <u>\$ 3,171,968</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, 2005**

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

| | | |
|---|----|------------------|
| Net change in fund balances - total governmental funds | \$ | 3,982,410 |
| 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. | | (639,134) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 18,327 |
| Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities. | | 257,491 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. | | (548,045) |
| 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>706,457</u> |
| | \$ | <u>3,777,506</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, 2005**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 5,921,999 | \$ 5,329,827 | \$ 4,947,851 | \$ (381,976) |
| Other taxes | 5,456,308 | 5,588,779 | 5,600,223 | 11,444 |
| Charges for services | 3,347,967 | 4,101,195 | 4,132,003 | 30,808 |
| Licenses and permits | 403,200 | 429,946 | 488,576 | 58,630 |
| Intergovernmental | 461,564 | 341,770 | 420,957 | 79,187 |
| Franchise fees | 587,561 | 587,958 | 571,945 | (16,013) |
| Fines and forfeitures | 1,049,732 | 1,365,075 | 662,494 | (702,581) |
| Interest revenue | 1,500 | 20,000 | 49,087 | 29,087 |
| Rental income | 68,400 | 42,000 | 53,505 | 11,505 |
| Contributions and donations | 4,000 | 11,000 | 6,970 | (4,030) |
| Other revenues | 1,469,884 | 938,700 | 814,707 | (123,993) |
| Total revenues | <u>18,772,115</u> | <u>18,756,250</u> | <u>17,748,318</u> | <u>(1,007,932)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative | 572,068 | 633,940 | 656,364 | (22,424) |
| Executive | 719,420 | 688,769 | 662,613 | 26,156 |
| Elections | 2,700 | 2,700 | 103 | 2,597 |
| Administrative services | 3,081,051 | 3,110,158 | 2,771,441 | 338,717 |
| Central services | 446,104 | 462,594 | 380,657 | 81,937 |
| Legal | 107,450 | 107,450 | 92,155 | 15,295 |
| Total general government | <u>4,928,793</u> | <u>5,005,611</u> | <u>4,563,333</u> | <u>442,278</u> |
| Judicial | <u>144,725</u> | <u>146,848</u> | <u>308,837</u> | <u>(161,989)</u> |
| Public safety: | | | | |
| Police | 7,092,330 | 7,899,585 | 7,735,117 | 164,468 |
| Fire | 4,374,556 | 4,311,008 | 4,201,514 | 109,494 |
| Other protection | 159,107 | 131,350 | 126,111 | 5,239 |
| Total public safety | <u>11,625,993</u> | <u>12,341,943</u> | <u>12,062,742</u> | <u>279,201</u> |
| Public works: | | | | |
| Administration | 197,829 | 170,914 | 168,004 | 2,910 |
| Highways and streets | 2,884,468 | 2,853,608 | 2,813,584 | 40,024 |
| Cemetery | 401,622 | 406,473 | 418,495 | (12,022) |
| Total public works | <u>3,483,919</u> | <u>3,430,995</u> | <u>3,400,083</u> | <u>30,912</u> |
| Parks and recreation: | | | | |
| Recreation | 84,067 | 47,411 | 48,730 | (1,319) |
| Parks | 286,858 | 294,854 | 266,441 | 28,413 |
| Total parks and recreation | <u>370,925</u> | <u>342,265</u> | <u>315,171</u> | <u>27,094</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, 2005**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-----------------------|-----------------------|--------------------|----------------------------------|
| | Original | Final | | |
| Expenditures: (Continued) | | | | |
| Housing and development: | | | | |
| Protective inspection | \$ 573,228 | \$ 448,087 | \$ 365,512 | \$ 82,575 |
| Total housing and development | <u>573,228</u> | <u>448,087</u> | <u>365,512</u> | <u>82,575</u> |
| Debt service | <u>9,987</u> | <u>12,031</u> | <u>69,165</u> | <u>(57,134)</u> |
| Total expenditures | <u>21,137,570</u> | <u>21,727,780</u> | <u>21,084,843</u> | <u>642,937</u> |
| Deficiency of revenues under expenditures | <u>(2,365,455)</u> | <u>(2,971,530)</u> | <u>(3,336,525)</u> | <u>(364,995)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 19,119,663 | 19,119,663 |
| Transfers out | - | - | (12,491,072) | (12,491,072) |
| Capital leases | - | - | 577,104 | 577,104 |
| Proceeds from the sale of capital assets | 80,000 | 25,000 | - | (25,000) |
| Total other financing sources | <u>80,000</u> | <u>25,000</u> | <u>7,205,695</u> | <u>7,180,695</u> |
| Net change in fund balances | (2,285,455) | (2,946,530) | 3,869,170 | 6,815,700 |
| Fund balances, beginning of year | <u>(3,139,447)</u> | <u>(3,139,447)</u> | <u>(3,139,447)</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ (5,424,902)</u> | <u>\$ (6,085,977)</u> | <u>\$ 729,723</u> | <u>\$ 6,815,700</u> |

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

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005**

| ASSETS | Water / Wastewater Utility Fund | Electric Utility Fund | Solid Waste Fund | Nonmajor Enterprise Funds |
|---|--|--------------------------------------|-----------------------------|--|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 248,713 | \$ 531,457 | \$ - | \$ 507,561 |
| Investments | - | 2,506,740 | - | - |
| Accounts receivable, net of allowances | 161,617 | 8,122,661 | - | 2,391 |
| Due from other funds | 1,033,552 | 240,685 | 350,000 | 227,013 |
| Inventories | 124,370 | 713,176 | - | 31,680 |
| Prepaid expenses | 114,483 | 54,834 | 104,433 | 60,018 |
| Total current assets | <u>1,682,735</u> | <u>12,169,553</u> | <u>454,433</u> | <u>828,663</u> |
| NONCURRENT ASSETS | | | | |
| Restricted assets, cash | 3,356,976 | 837,821 | 470,668 | 170,411 |
| Restricted assets, investments | 15,222,179 | 1,866,037 | 100,000 | - |
| Deferred charges | 1,572,093 | - | - | - |
| Capital assets: | | | | |
| Nondepreciable | 45,540,983 | 369,242 | 28,072 | 2,120,700 |
| Depreciable, net of accumulated depreciation | 39,474,375 | 11,039,201 | 876,185 | 11,726,551 |
| Total noncurrent assets | <u>105,166,606</u> | <u>14,112,301</u> | <u>1,474,925</u> | <u>14,017,662</u> |
| Total assets | <u>106,849,341</u> | <u>26,281,854</u> | <u>1,929,358</u> | <u>14,846,325</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Checks issued in excess of bank balance | - | - | 20,148 | - |
| Accounts payable | 5,215,470 | 2,828,129 | 167,230 | 48,553 |
| Accrued liabilities | 264,800 | 376,133 | 55,354 | 31,217 |
| Compensated absences | 372,002 | 106,688 | 246,854 | 25,755 |
| Current portion - notes payable | 42,834 | - | - | 114,011 |
| Current portion - capital leases payable | - | - | 153,102 | - |
| Customer deposits payable | 3,740 | 2,224,505 | - | - |
| Due to other funds | - | 700,000 | - | 237,859 |
| Payable from restricted assets | | | | |
| Revenue bonds payable, current portion | 1,435,000 | - | - | - |
| Total current liabilities | <u>7,333,846</u> | <u>6,235,455</u> | <u>642,688</u> | <u>457,395</u> |
| NONCURRENT LIABILITIES | | | | |
| Revenue bonds payable, net of current portion | 73,730,000 | - | - | - |
| Capital leases payable, net of current portion | - | - | 471,766 | - |
| Notes payable, net of current portion | 189,216 | - | - | 2,440,111 |
| Landfill postclosure care costs | - | - | 1,761,072 | - |
| Total long-term liabilities | <u>73,919,216</u> | <u>-</u> | <u>2,232,838</u> | <u>2,440,111</u> |
| Total liabilities | <u>81,253,062</u> | <u>6,235,455</u> | <u>2,875,526</u> | <u>2,897,506</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 21,652,527 | 11,408,443 | 279,389 | 11,293,129 |
| Restricted for debt service | 2,212,070 | - | - | - |
| Unrestricted | 1,731,682 | 8,637,956 | (1,225,557) | 655,690 |
| Total net assets | <u>\$ 25,596,279</u> | <u>\$ 20,046,399</u> | <u>\$ (946,168)</u> | <u>\$ 11,948,819</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> |
|----------------------|---|
| \$ 1,287,731 | \$ - |
| 2,506,740 | - |
| 8,286,669 | 248,917 |
| 1,851,250 | 99,008 |
| 869,226 | 159,128 |
| 333,768 | 206,716 |
| <u>15,135,384</u> | <u>713,769</u> |
| 4,835,876 | - |
| 17,188,216 | - |
| 1,572,093 | - |
| 48,058,997 | - |
| 63,116,312 | 3,438,237 |
| <u>134,771,494</u> | <u>3,438,237</u> |
| <u>149,906,878</u> | <u>4,152,006</u> |
| 20,148 | 19,842 |
| 8,259,382 | 98,082 |
| 727,504 | 12,170 |
| 751,299 | 29,525 |
| 156,845 | - |
| 153,102 | - |
| 2,228,245 | - |
| 937,859 | 60,356 |
| 1,435,000 | - |
| <u>14,669,384</u> | <u>219,975</u> |
| 73,730,000 | - |
| 471,766 | - |
| 2,629,327 | - |
| 1,761,072 | - |
| <u>78,592,165</u> | <u>-</u> |
| <u>93,261,549</u> | <u>219,975</u> |
| 44,633,488 | 3,438,237 |
| 2,212,070 | - |
| 9,799,771 | 493,794 |
| <u>56,645,329</u> | <u>\$ 3,932,031</u> |
| 662,112 | |
| <u>\$ 57,307,441</u> | |

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

| | Water / Wastewater Utility Fund | Electric Utility Fund | Solid Waste Fund | Nonmajor Enterprise Funds |
|---------------------------------------|--|--------------------------------------|-----------------------------|--|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 13,552,338 | \$ 30,695,969 | \$ 4,606,388 | \$ 2,090,616 |
| Other services | 85,029 | 1,378,686 | 102,318 | 103,690 |
| Total operating revenues | <u>13,637,367</u> | <u>32,074,655</u> | <u>4,708,706</u> | <u>2,194,306</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 3,425,356 | 1,565,471 | 2,214,729 | 1,113,963 |
| Purchased or contracted services | 2,568,122 | 934,083 | 2,119,461 | 1,175,868 |
| Purchased power | - | 23,969,435 | - | - |
| Supplies | 729,941 | 61,592 | 58,438 | 161,135 |
| Miscellaneous | 118,254 | 520,126 | 477,130 | 136,328 |
| Depreciation | 1,699,545 | 656,121 | 117,480 | 450,435 |
| Total operating expenses | <u>8,541,218</u> | <u>27,706,828</u> | <u>4,987,238</u> | <u>3,037,729</u> |
| Operating income (loss) | <u>5,096,149</u> | <u>4,367,827</u> | <u>(278,532)</u> | <u>(843,423)</u> |
| NONOPERATING INCOME (EXPENSES) | | | | |
| Intergovernmental | - | - | - | 163,202 |
| Interest income | 640,027 | 96,560 | 3,821 | 2,150 |
| Interest expense | <u>(3,217,925)</u> | - | <u>(9,406)</u> | <u>(98,221)</u> |
| Total nonoperating income (expenses) | <u>(2,577,898)</u> | <u>96,560</u> | <u>(5,585)</u> | <u>67,131</u> |
| Income (loss) before transfers | 2,518,251 | 4,464,387 | (284,117) | (776,292) |
| TRANSFERS | | | | |
| Transfers out | (9,693,323) | (21,123,124) | (3,766,327) | (1,475,877) |
| Transfers in | <u>3,478,730</u> | <u>17,510,633</u> | <u>4,258,583</u> | <u>2,587,523</u> |
| Total transfers | <u>(6,214,593)</u> | <u>(3,612,491)</u> | <u>492,256</u> | <u>1,111,646</u> |
| Change in net assets | (3,696,342) | 851,896 | 208,139 | 335,354 |
| NET ASSETS, beginning of year | <u>29,292,621</u> | <u>19,194,503</u> | <u>(1,154,307)</u> | <u>11,613,465</u> |
| NET ASSETS, end of year | <u>\$ 25,596,279</u> | <u>\$ 20,046,399</u> | <u>\$ (946,168)</u> | <u>\$ 11,948,819</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> |
|-----------------------|---|
| \$ 50,945,311 | \$ 1,454,218 |
| 1,669,723 | 23,273 |
| <u>52,615,034</u> | <u>1,477,491</u> |
| 8,319,519 | 564,042 |
| 6,797,534 | 668,133 |
| 23,969,435 | - |
| 1,011,106 | 637,542 |
| 1,251,838 | 365,542 |
| 2,923,581 | 1,164,508 |
| <u>44,273,013</u> | <u>3,399,767</u> |
| <u>8,342,021</u> | <u>(1,922,276)</u> |
| 163,202 | - |
| 742,558 | 11 |
| <u>(3,325,552)</u> | <u>(5,458)</u> |
| <u>(2,419,792)</u> | <u>(5,447)</u> |
| 5,922,229 | (1,927,723) |
| (36,058,651) | (5,542) |
| <u>27,835,469</u> | <u>1,622,473</u> |
| <u>(8,223,182)</u> | <u>1,616,931</u> |
| (2,300,953) | (310,792) |
| | <u>4,242,823</u> |
| | <u>\$ 3,932,031</u> |
| <u>(568,283)</u> | |
| <u>\$ (2,869,236)</u> | |

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

| | <u>Water / Wastewater Utility Fund</u> | <u>Electric Utility Fund</u> | <u>Solid Waste Fund</u> | <u>Nonmajor Enterprise Funds</u> |
|---|--|--------------------------------------|-----------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 15,821,811 | \$ 33,862,021 | \$ 4,536,756 | \$ 2,299,549 |
| Receipts from interfund services provided | - | - | - | - |
| Payments to suppliers | (225,936) | (25,079,832) | (2,647,000) | (1,668,382) |
| Payments to employees | (3,415,251) | (1,780,025) | (2,294,644) | (1,241,694) |
| Net cash provided by (used in) operating activities | <u>12,180,624</u> | <u>7,002,164</u> | <u>(404,888)</u> | <u>(610,527)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Intergovernmental grant | - | - | - | 163,202 |
| Transfers out | (9,693,323) | (21,123,124) | (3,766,327) | (1,475,877) |
| Transfers in | <u>3,478,730</u> | <u>17,510,633</u> | <u>4,258,583</u> | <u>2,587,523</u> |
| Net cash provided by (used) in noncapital financing activities | <u>(6,214,593)</u> | <u>(3,612,491)</u> | <u>492,256</u> | <u>1,274,848</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (24,719,190) | (446,335) | (260,931) | (162,472) |
| Proceeds from notes and capital leases payable | - | - | 660,490 | - |
| Principal paid on bonds | (1,305,000) | - | - | - |
| Principal paid on notes payable and capital leases | (37,148) | - | (35,622) | (110,142) |
| Landfill postclosure care costs | - | - | 75,002 | - |
| Interest paid | <u>(3,722,753)</u> | <u>-</u> | <u>(5,245)</u> | <u>(98,936)</u> |
| Net cash provided by (used in) capital and related financing activities | <u>(29,784,091)</u> | <u>(446,335)</u> | <u>433,694</u> | <u>(371,550)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (17,745,861) | (2,696,994) | (100,000) | - |
| Proceeds from the sale of investments | 32,978,304 | 519,927 | - | - |
| Interest and dividends received | <u>640,027</u> | <u>130,594</u> | <u>3,821</u> | <u>2,150</u> |
| Net cash provided by (used in) investing activities | <u>15,872,470</u> | <u>(2,046,473)</u> | <u>(96,179)</u> | <u>2,150</u> |
| Increase (decrease) in cash and cash equivalents | (7,945,590) | 896,865 | 424,883 | 294,921 |
| Cash and cash equivalents: | | | | |
| Beginning of year | <u>11,551,279</u> | <u>472,413</u> | <u>45,785</u> | <u>383,051</u> |
| End of year | <u>\$ 3,605,689</u> | <u>\$ 1,369,278</u> | <u>\$ 470,668</u> | <u>\$ 677,972</u> |
| Classified as: | | | | |
| Cash and cash equivalents | \$ 248,713 | \$ 531,457 | \$ - | \$ 507,561 |
| Restricted assets, cash | 3,356,976 | 837,821 | 470,668 | 170,411 |
| | <u>\$ 3,605,689</u> | <u>\$ 1,369,278</u> | <u>\$ 470,668</u> | <u>\$ 677,972</u> |

(Continued)

| <u>Totals</u> | <u>Governmental Activities - Internal Service Funds</u> |
|---------------------|---|
| \$ 56,520,137 | \$ - |
| - | 1,269,922 |
| (29,621,150) | (2,034,937) |
| (8,731,614) | (563,856) |
| <u>18,167,373</u> | <u>(1,328,871)</u> |
| 163,202 | - |
| (36,058,651) | (5,542) |
| <u>27,835,469</u> | <u>1,622,473</u> |
| <u>(8,059,980)</u> | <u>1,616,931</u> |
| (25,588,928) | 2,800 |
| 660,490 | - |
| (1,305,000) | - |
| (182,912) | (286,431) |
| 75,002 | - |
| <u>(3,826,934)</u> | <u>(7,485)</u> |
| <u>(30,168,282)</u> | <u>(291,116)</u> |
| (20,542,855) | - |
| 33,498,231 | - |
| 776,592 | 11 |
| <u>13,731,968</u> | <u>11</u> |
| (6,328,921) | (3,045) |
| <u>12,452,528</u> | <u>3,045</u> |
| <u>\$ 6,123,607</u> | <u>\$ -</u> |
| \$ 1,287,731 | \$ - |
| 4,835,876 | - |
| <u>\$ 6,123,607</u> | <u>\$ -</u> |

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

| | <u>Water / Wastewater Utility Fund</u> | <u>Electric Utility Fund</u> | <u>Solid Waste Fund</u> | <u>Nonmajor Enterprise Funds</u> |
|--|--|--------------------------------------|-----------------------------|--|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 5,096,149 | \$ 4,367,827 | \$ (278,532) | \$ (843,423) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 1,699,545 | 656,121 | 117,480 | 450,435 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | 769,203 | (987,113) | 178,050 | 81,575 |
| (Increase) decrease in inventories | 8,197 | 235,903 | - | (20,253) |
| (Increase) decrease in due from other funds | 1,468,636 | 1,392,654 | (350,000) | (138,928) |
| Increase in prepaids and other assets | (112,456) | (53,776) | (103,135) | (58,450) |
| Increase in checks issued in excess of bank balance | - | - | 20,148 | - |
| Increase (decrease) in accounts payable | 3,095,392 | 175,652 | 87,946 | (77,727) |
| Increase (decrease) in accrued liabilities | 209,353 | (166,929) | (76,845) | (128,156) |
| Increase in customer deposits | - | 681,825 | - | - |
| Increase (decrease) in due to other funds | (53,395) | 700,000 | - | 124,400 |
| Net cash provided by (used in) operating activities | <u>\$ 12,180,624</u> | <u>\$ 7,002,164</u> | <u>\$ (404,888)</u> | <u>\$ (610,527)</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Unrealized loss on investments | <u>\$ -</u> | <u>\$ 34,034</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| <u>Totals</u> | <u>Governmental Activities - Internal Service Funds</u> |
|----------------------|---|
| \$ 8,342,021 | \$ (1,922,276) |
| 2,923,581 | 1,164,508 |
| 41,715 | (248,917) |
| 223,847 | (38,829) |
| 2,372,362 | (19,008) |
| (327,817) | (199,673) |
| 20,148 | 19,842 |
| 3,281,263 | (145,060) |
| (162,577) | 186 |
| 681,825 | - |
| 771,005 | 60,356 |
| <u>\$ 18,167,373</u> | <u>\$ (1,328,871)</u> |
| | |
| <u>\$ 34,034</u> | <u>\$ -</u> |

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005**

| | <u>Pension Trust Fund</u> | <u>Agency Fund - Municipal Court</u> |
|------------------------------------|-------------------------------|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,767 | \$ 63,043 |
| Total assets | <u>2,767</u> | <u>63,043</u> |
| LIABILITIES | | |
| Due to others | - | 63,043 |
| Total liabilities | <u>-</u> | <u>63,043</u> |
| NET ASSETS | | |
| Held in trust for pension benefits | <u>\$ 2,767</u> | <u>\$ -</u> |

A schedule of funding progress is presented on page 55.

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, 2005**

| | Pension Trust Fund |
|--|-------------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ 1,452,280 |
| | <u>1,452,280</u> |
| Investment income: | |
| Net appreciation in fair value of investments | 937,199 |
| Interest and dividends | 918,716 |
| | <u>1,855,915</u> |
| Total additions | <u>3,308,195</u> |
| Deductions | |
| Benefits paid | 1,674,000 |
| Administrative expenses | 28,483 |
| Transfer out to the Georgia Municipal Employees Benefit System | 34,720,387 |
| | <u>36,422,870</u> |
| Total deductions | <u>36,422,870</u> |
| Net decrease | (33,114,675) |
| Net assets available for benefits: | |
| Beginning of year | <u>33,117,442</u> |
| End of year | <u>\$ 2,767</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF GRIFFIN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

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, 2005.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. 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

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 capital 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.

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

The **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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

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.
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

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 banker's 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

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, 2005, \$689,731 was capitalized within the Water/Wastewater Utility Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

Governmental Assets

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

Business-type Assets

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

K. Long-Term Liabilities

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

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

NOTES TO FINANCIAL STATEMENTS

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 administered by Citistreet Associates 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 and requires the City to contribute an amount equal to 50% of the employees' deferrals up to a maximum of 2% of annual compensation. Employer's contributions are fully vested after the participant completes five full years of service. 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

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.

Q. Restatement

The City has restated its beginning balance of governmental net assets by \$6,259,603 due to the retroactive reporting of the City's major general infrastructure assets in accordance with GASB 34. This effectively increased the governmental net assets from \$11,927,083 to \$18,186,686 and increased the City's depreciable capital assets by \$6,259,603.

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

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

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “certain liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,749,738 difference are as follows:

| | |
|---|----------------------------|
| Capital leases | \$ 548,045 |
| Compensated absences | <u>1,201,693</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | <u><u>\$ 1,749,738</u></u> |

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$639,134 difference are as follows:

| | |
|--|--------------|
| Capital outlay | \$ (662,961) |
| Depreciation expense | 1,302,095 |
| | _____ |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ 639,134 |
| | _____ |

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$548,045 difference are as follows:

| | |
|--|------------|
| Proceeds from capital leases | \$ 577,104 |
| Principal retirement on long-term debt | (29,059) |
| | _____ |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ 548,045 |
| | _____ |

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 \$706,457 difference are as follows:

| | |
|--|------------|
| Compensated absences | \$ 706,457 |
| 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> | 706,457 |
| | _____ |
| | _____ |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2005, are summarized as follows:

| | |
|--|---------------|
| Amounts as presented on the entity wide statement of net assets: | |
| Cash and cash equivalents | \$ 3,233,928 |
| Investments | 4,028,324 |
| Restricted cash and cash equivalents | 4,835,876 |
| Restricted investments | 17,188,216 |
| Checks issued in excess of bank balance | (39,990) |
| Amounts as presented on the fiduciary statement of net assets: | |
| Cash and cash equivalents - Pension Trust Fund | 2,767 |
| Cash and cash equivalents - Agency Fund | 63,043 |
| Total | \$ 29,312,164 |
| | |
| Cash deposited with financial institutions | \$ 13,399,159 |
| Cash deposited with Georgia Fund 1 | 180,352 |
| Investments in the Municipal Competitive Trust | 2,506,740 |
| Investments in government obligations | 2,197,873 |
| Investments in Federated securities | 1,194,925 |
| Investments in corporate bonds | 208,115 |
| Investments in corporate obligations | 9,500,000 |
| Investments in short-term investments | 125,000 |
| | \$ 29,312,164 |

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2005, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's and the City's investment in Federated securities were rated between 3 and 4 stars by Morningstar Rating. All of the other City's investments were rated AAA by Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2005, the City had the following investments:

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> |
|--|------------------------------------|----------------------|
| Georgia Fund 1 | 24 day weighted average | \$ 180,352 |
| Certificates of Deposit | July 1, 2005 - February 1, 2010 | 5,303,535 |
| Municipal Competitive Trust - Short-term | July 12, 2005 - November 24, 2006 | 2,506,740 |
| Government obligations | November 15, 2005 - June 30, 2006 | 2,197,873 |
| Federated securities | June 30, 2006 - September 20, 2034 | 1,194,925 |
| Corporate bonds | December 27, 2005 | 208,115 |
| Corporate obligations | December 1, 2032 | 9,500,000 |
| Short term investments | 7 and 28 days | 125,000 |
| Total | | <u>\$ 21,216,540</u> |

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability.

The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1.00 per share.

Interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2005, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized loss of \$34,034 reflected as investment income in the Electric Revenue Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Accounts Receivable

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

| | General | Nonmajor Governmental | Water/ Wastewater | Electric |
|------------------------------------|--------------------------------|----------------------------------|------------------------------|-----------------|
| Receivables: | | | | |
| Taxes | \$ 1,111,350 | \$ 6,371 | \$ - | \$ - |
| Accounts | 166,055 | - | 167,793 | 12,946,183 |
| Intergovernmental | 95,624 | - | - | - |
| Gross receivables | 1,373,029 | 6,371 | 167,793 | 12,946,183 |
| Less: allowance for uncollectibles | (166,741) | - | (6,176) | (4,823,522) |
| Net total receivables | \$ 1,206,288 | \$ 6,371 | \$ 161,617 | \$ 8,122,661 |
| | Nonmajor Enterprise | | | Total |
| Receivables: | | | | |
| Taxes | \$ - | | | \$ 1,117,721 |
| Accounts | 2,391 | | | 13,282,422 |
| Intergovernmental | - | | | 95,624 |
| Gross receivables | 2,391 | | | 14,495,767 |
| Less: allowance for uncollectibles | - | | | (4,996,439) |
| Net total receivables | \$ 2,391 | | | \$ 9,499,328 |

Property Taxes

Property taxes were levied on behalf of the City by Spalding County on September 3, 2004, (Levy Date) based upon property values assessed as of January 1. The billings were mailed on October 1, 2004, and payable on or before December 1, 2004, for the fiscal year 2004 tax. Taxes not paid within 30 days of the December 1 due date were subject to property tax liens on January 2, 2005. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during fiscal year 2004 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, 2005, the allowance for uncollectible property taxes was \$166,741.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------|------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 995,389 | \$ - | \$ - | \$ 995,389 |
| Construction in progress | 831,130 | 6,045 | - | 837,175 |
| Total capital assets, not being depreciated | 1,826,519 | 6,045 | - | 1,832,564 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 4,120,673 | 91,825 | - | 4,212,498 |
| Machinery and equipment | 17,633,898 | 565,091 | (31,000) | 18,167,989 |
| Infrastructure | 27,292,294 | - | - | 27,292,294 |
| Total capital assets, being depreciated | 49,046,865 | 656,916 | (31,000) | 49,672,781 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (875,341) | (120,306) | - | (995,647) |
| Machinery and equipment | (12,881,692) | (1,455,769) | 28,200 | (14,309,261) |
| Infrastructure | (17,837,409) | (890,528) | - | (18,727,937) |
| Total accumulated depreciation | (31,594,442) | (2,466,603) | 28,200 | (34,032,845) |
| Total capital assets, being depreciated, net | 17,452,423 | (1,809,687) | (2,800) | 15,639,936 |
| Governmental activities capital assets, net | \$ 19,278,942 | \$ (1,803,642) | \$ (2,800) | \$ 17,472,500 |

The net beginning balance of capital assets has been increased by \$6,259,603 to retroactively record City infrastructure purchased or constructed prior to the adoption of GASB 34.

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, \$3,438,237 of internal service fund's capital assets is included in the above amounts.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|---------------------|--------------------|---------------------------|
| Business-type activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 7,494,342 | \$ - | \$ - | \$ - | \$ 7,494,342 |
| Construction in progress | 17,557,874 | 25,214,839 | (37,985) | (2,170,073) | 40,564,655 |
| Total capital assets, not being depreciated | <u>25,052,216</u> | <u>25,214,839</u> | <u>(37,985)</u> | <u>(2,170,073)</u> | <u>48,058,997</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 3,140,998 | - | - | 1,029,586 | 4,170,584 |
| Buildings | 22,241,808 | 30,060 | - | 70,109 | 22,341,977 |
| Improvements other than buildings | 54,511,700 | 255,589 | (95,711) | 1,121,395 | 55,792,973 |
| Machinery and equipment | 16,201,238 | 911,867 | - | (51,017) | 17,062,088 |
| Total capital assets, being depreciated | <u>96,095,744</u> | <u>1,197,516</u> | <u>(95,711)</u> | <u>2,170,073</u> | <u>99,367,622</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (442,676) | (104,916) | - | - | (547,592) |
| Buildings | (9,536,870) | (383,778) | - | - | (9,920,648) |
| Improvements other than buildings | (12,997,034) | (1,421,803) | - | - | (14,418,837) |
| Machinery and equipment | (10,351,149) | (1,013,084) | - | - | (11,364,233) |
| Total accumulated depreciation | <u>(33,327,729)</u> | <u>(2,923,581)</u> | <u>-</u> | <u>-</u> | <u>(36,251,310)</u> |
| Total capital assets, being depreciated, net | <u>62,768,015</u> | <u>(1,726,065)</u> | <u>(95,711)</u> | <u>2,170,073</u> | <u>63,116,312</u> |
| Business-type activities activities capital assets, net | <u>\$ 87,820,231</u> | <u>\$ 23,488,774</u> | <u>\$ (133,696)</u> | <u>\$ -</u> | <u>\$ 111,175,309</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 | \$ 258,885 |
| Judicial | 6,201 |
| Public safety | 107,924 |
| Public works | 920,245 |
| Parks and recreation | 3,651 |
| Housing and development | 5,189 |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | 1,164,508 |
| Total depreciation expense - governmental activities | <u>\$ 2,466,603</u> |
| Business-type activities: | |
| Water and wastewater | \$ 1,699,545 |
| Electric | 656,121 |
| Solid waste | 117,480 |
| Stormwater | 247,423 |
| Airport | 129,321 |
| Welcome center | 41,829 |
| Golf course | 31,862 |
| Total depreciation expense - business-type activities | <u>\$ 2,923,581</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, 2005, are as follows:

| Description | Original Amount | Interest Rate | Due Date | Amount |
|--------------------------------|-----------------|----------------|----------------------|----------------------|
| Combined Utility, Series 1993A | \$ 9,505,000 | 4.40% - 5.50% | 2014 | \$ 1,410,000 |
| Combined Utility, Series 1996 | 6,925,000 | 4.10% - 5.40% | 2016 | 4,790,000 |
| Combined Utility, Series 1997 | 6,610,000 | 3.90% - 5.25% | 2017 | 4,670,000 |
| Combined Utility, Series 2002 | 64,385,000 | 2.00% - 5.125% | 2033 | 64,295,000 |
| | | | | 75,165,000 |
| | | | Less current portion | (1,435,000) |
| | | | | <u>\$ 73,730,000</u> |

NOTES TO FINANCIAL STATEMENTS

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> |
|----------------------------|-----------------------|----------------------|----------------------|
| 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 | 5,106,898 | 1,700,000 | 3,406,898 |
| 2011 - 2015 | 25,540,636 | 9,725,000 | 15,815,636 |
| 2016 - 2020 | 25,540,118 | 12,360,000 | 13,180,118 |
| 2021 - 2025 | 25,542,482 | 15,695,000 | 9,847,482 |
| 2026 - 2030 | 25,540,288 | 20,045,000 | 5,495,288 |
| 2031 - 2032 | 10,218,250 | 9,500,000 | 718,250 |
| | <u>\$ 138,596,116</u> | <u>\$ 75,165,000</u> | <u>\$ 63,431,116</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, 2005:

| <u>Original Amount</u> | <u>Interest Rate</u> | <u>Due Date</u> | <u>Amount</u> |
|------------------------|----------------------|----------------------|-------------------|
| \$ 653,145 | 5.80% | 2010 | \$ 232,050 |
| | | Less current portion | (42,834) |
| | | | <u>\$ 189,216</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> |
|----------------------------|-------------------|-------------------|------------------|
| 2006 | \$ 55,169 | \$ 42,834 | \$ 12,335 |
| 2007 | 55,169 | 45,386 | 9,783 |
| 2008 | 55,169 | 48,078 | 7,091 |
| 2009 | 55,169 | 50,961 | 4,208 |
| 2010 | 45,994 | 44,791 | 1,203 |
| | <u>\$ 266,670</u> | <u>\$ 232,050</u> | <u>\$ 34,620</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, 2005:

| <u>Original Amount</u> | <u>Interest Rate</u> | <u>Due Date</u> | <u>Amount</u> |
|------------------------|----------------------|----------------------|---------------------|
| \$ 2,691,113 | 3.75% | 2022 | \$ 2,554,122 |
| | | Less current portion | (114,011) |
| | | | <u>\$ 2,440,111</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> |
|----------------------------|---------------------|---------------------|-------------------|
| 2006 | \$ 207,851 | \$ 114,011 | \$ 93,840 |
| 2007 | 207,851 | 118,361 | 89,490 |
| 2008 | 207,851 | 122,740 | 85,111 |
| 2009 | 207,851 | 127,693 | 80,158 |
| 2010 | 207,851 | 132,431 | 75,420 |
| 2011 - 2015 | 1,039,254 | 741,899 | 297,355 |
| 2016 - 2020 | 1,039,254 | 894,615 | 144,639 |
| 2021 - 2022 | 311,052 | 302,372 | 8,680 |
| | <u>\$ 3,428,815</u> | <u>\$ 2,554,122</u> | <u>\$ 874,693</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 General Fund and Solid Waste Fund payments with annual interest rates varying from 3.37% to 3.94%.

The following is an analysis of equipment leased under capital leases as of June 30, 2005:

| | Governmental Capital Assets | Solid Waste Fund | Total |
|-------------------------------|--|-----------------------------|--------------|
| Equipment | \$ 496,764 | \$ 241,490 | \$ 738,254 |
| Less accumulated depreciation | (24,102) | (22,853) | (46,955) |
| Carrying value | \$ 472,662 | \$ 218,637 | \$ 691,299 |

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, 2005:

| Fiscal year ending | Governmental Activities | Solid Waste Fund | Total |
|--|------------------------------------|-----------------------------|--------------|
| 2006 | \$ 138,307 | \$ 186,410 | \$ 324,717 |
| 2007 | 141,280 | 186,410 | 327,690 |
| 2008 | 134,379 | 125,108 | 259,487 |
| 2009 | 99,871 | 104,674 | 204,545 |
| 2010 | 86,199 | 87,229 | 173,428 |
| Total minimum lease payments | 600,036 | 689,831 | 1,289,867 |
| Less amount representing interest | (51,991) | (64,963) | (116,954) |
| Present value of future minimum lease payments | 548,045 | 624,868 | 1,172,913 |
| Less current maturities | (118,763) | (153,102) | (271,865) |
| | \$ 429,282 | \$ 471,766 | \$ 901,048 |

NOTES TO FINANCIAL STATEMENTS

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 \$1,014,356 over the remaining 18 year period. These costs are based on what it would cost to perform all postclosure care in 2001, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

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, which is expected to occur in 2006, 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, 2005, represents the cumulative amount reported to date based on the use of 88% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$98,641 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, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

| | |
|---|----------------------------|
| Shoal Creek Road Landfill Phase 1 postclosure care costs | \$ 1,014,356 |
| Shoal Creek Road Landfill Phase 2 closure and postclosure care costs | 746,716 |
| Total closure and postclosure care costs recorded within the Solid Waste Fund | <u>1,761,072</u> |
| Less current portion | (55,000) |
| | <u><u>\$ 1,706,072</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 \$2,097,518 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, 2005, 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 for the Phase 3 landfill.

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, 2005, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|---------------------|-----------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Capital leases | \$ 286,431 | \$ 577,104 | \$ (315,490) | \$ 548,045 | \$ 118,763 |
| Compensated absences | 1,938,044 | 1,356,852 | (2,063,678) | 1,231,218 | 923,400 |
| Tax anticipation note | - | 2,520,000 | (2,520,000) | - | - |
| Governmental activity Long-term liabilities | <u>\$ 2,224,475</u> | <u>\$ 4,453,956</u> | <u>\$ (4,899,168)</u> | <u>\$ 1,779,263</u> | <u>\$ 1,042,163</u> |
| Business-type activities: | | | | | |
| Revenue bonds | \$ 76,470,000 | \$ - | \$ (1,305,000) | \$ 75,165,000 | \$ 1,435,000 |
| Notes payable | 2,933,462 | - | (147,290) | 2,786,172 | 156,845 |
| Compensated absences | 1,120,669 | 669,910 | (1,039,280) | 751,299 | 563,500 |
| Capital leases | - | 660,490 | (35,622) | 624,868 | 153,102 |
| Landfill closure / postclosure | <u>1,686,070</u> | <u>75,002</u> | <u>-</u> | <u>1,761,072</u> | <u>55,000</u> |
| Business-type activity Long-term liabilities | <u>\$ 82,210,201</u> | <u>\$ 1,405,402</u> | <u>\$ (2,527,192)</u> | <u>\$ 81,088,411</u> | <u>\$ 2,363,447</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, \$29,525 of internal service fund's compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are substantially liquidated by the General Fund.

The tax anticipation note was issued for cash flow purposes until property tax collections were received in November and December.

NOTES TO FINANCIAL STATEMENTS

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 five years. Rental expense under the non-cancelable operating leases during the year ended June 30, 2005, was \$24,000.

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

| | | |
|------|----|---------------|
| 2006 | \$ | 24,000 |
| 2007 | | 24,000 |
| 2008 | | 24,000 |
| 2009 | | 16,000 |
| | \$ | <u>88,000</u> |

One January 25, 2005, the City began to lease the City of Griffin Municipal Golf Course, as lessor, with a private company. The golf course is being leased for a term of five years ending on December 31, 2010. Rental revenues under the non-cancelable operating leases during the year ended June 30, 2005, was \$2,500.

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

| | | |
|------|----|---------------|
| 2006 | \$ | 6,000 |
| 2007 | | 6,000 |
| 2008 | | 6,000 |
| 2009 | | 6,000 |
| 2010 | | 3,000 |
| | \$ | <u>27,000</u> |

NOTE 8. PENSION PLAN

A. Plan Description

The City of Griffin maintains a single-employer non-contributory 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

A. Plan Description (Continued)

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 five 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> |

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

C. Funding Policy (Continued)

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.

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) |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (CONTINUED)

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 |

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, 2005:

| | |
|-------------|-----------|
| Legislative | \$ 22,424 |
| Judicial | 161,989 |
| Cemetery | 12,022 |
| Recreation | 1,319 |

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

B. Deficit Fund Balance/Net Assets

The following funds had deficit fund balances/net assets at June 30, 2005:

| | |
|------------------|------------|
| Solid Waste Fund | \$ 946,168 |
|------------------|------------|

The fund deficit in the Solid Waste Fund will be reduced through increased user charges and General Fund appropriations.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2005, are as follows:

| <u>Due To</u> | <u>Due From</u> | | | | | <u>Total</u> |
|------------------------|---------------------|----------------------------------|-------------------|--------------------------------|-----------------------------|---------------------|
| | <u>General</u> | <u>Nonmajor Governmental</u> | <u>Electric</u> | <u>Nonmajor Enterprise</u> | <u>Internal Service</u> | |
| General Fund | \$ - | \$ 10,594 | \$ - | \$ 199,810 | \$ 60,356 | \$ 270,760 |
| Nonmajor Governmental | 366,780 | - | - | - | - | 366,780 |
| Water / Wastewater | 783,552 | - | 250,000 | - | - | 1,033,552 |
| Electric | 221,644 | - | - | 19,041 | - | 240,685 |
| Solid Waste | - | - | 350,000 | - | - | 350,000 |
| Internal Service Funds | 80,000 | - | - | 19,008 | - | 99,008 |
| Nonmajor enterprise | 84,333 | 42,680 | 100,000 | - | - | 227,013 |
| Total | <u>\$ 1,536,309</u> | <u>\$ 53,274</u> | <u>\$ 700,000</u> | <u>\$ 237,859</u> | <u>\$ 60,356</u> | <u>\$ 2,587,798</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, 2005, consisted of the following:

| <u>Transfer From</u> | <u>Transfer To</u> | | | |
|-----------------------|----------------------|----------------------------------|-------------------------------|----------------------|
| | <u>General</u> | <u>Nonmajor Governmental</u> | <u>Water / Wastewater</u> | <u>Electric</u> |
| General Fund | \$ - | \$ 54,821 | \$ 3,284,195 | \$ 2,683,109 |
| Nonmajor Governmental | 34,481 | - | - | - |
| Water / Wastewater | 33,429 | - | - | 9,659,553 |
| Electric | 19,010,702 | - | 194,395 | - |
| Solid Waste | 22,728 | - | - | 3,743,365 |
| Internal Service | 5,392 | - | 140 | - |
| Nonmajor Enterprise | 12,931 | - | - | 1,424,606 |
| Total | <u>\$ 19,119,663</u> | <u>\$ 54,821</u> | <u>\$ 3,478,730</u> | <u>\$ 17,510,633</u> |

| <u>Transfer From</u> | <u>Solid Waste</u> | <u>Internal Service</u> | <u>Nonmajor Enterprise</u> | <u>Total</u> |
|-----------------------|------------------------|-----------------------------|--------------------------------|----------------------|
| | General Fund | \$ 3,706,683 | \$ 1,191,022 | \$ 1,571,242 |
| Nonmajor Governmental | - | - | 42,680 | 77,161 |
| Water / Wastewater | - | - | 341 | 9,693,323 |
| Electric | 551,890 | 412,547 | 953,590 | 21,123,124 |
| Solid Waste | - | - | 234 | 3,766,327 |
| Internal Service | 10 | - | - | 5,542 |
| Nonmajor Enterprise | - | 18,904 | 19,436 | 1,475,877 |
| Total | <u>\$ 4,258,583</u> | <u>\$ 1,622,473</u> | <u>\$ 2,587,523</u> | <u>\$ 48,632,426</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

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, 2005, \$78,113 of hotel/motel tax was collected. Of the total collected, over 60% was used for the promotion of tourism within the City (\$42,680 to the City's Welcome Center 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, 2005, the City paid \$23,460 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. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Management and the City's legal counsel have determined an aggregate liability, which is reasonably possible to arise from the proceedings to range in amounts from \$215,000 to \$3,500,000. None of this amount is believed by management and legal counsel to be probable. The City will continue to assert its position in a defense against these claims.

Grants from Governments

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Electric Authority of Georgia

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

As of June 30, 2005, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to \$23,969,435 in 2005.

At June 30, 2005, the outstanding debt of MEAG was approximately \$3.65 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$153.56 million at June 30, 2005.

NOTE 15. RISK MANAGEMENT

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

NOTES TO FINANCIAL STATEMENTS

NOTE 15. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the 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 workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

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

NOTE 16. POST EMPLOYMENT HEALTH CARE 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, 2005, there were 81 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 2005, those costs were approximately \$386,000.

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF GRIFFIN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

The **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, 2005

| | <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> |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 3,862 | \$ 37,484 | \$ - |
| Investments | - | - | - | - | - |
| Taxes receivable | - | 6,371 | - | - | - |
| Due from other governments | - | - | - | - | - |
| Due from other funds | 3,102 | 47,311 | 47,362 | 153,723 | 40,000 |
| Assets held for resale | - | - | - | - | - |
| Total assets | <u>\$ 3,102</u> | <u>\$ 53,682</u> | <u>\$ 51,224</u> | <u>\$ 191,207</u> | <u>\$ 40,000</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 2,533 | \$ - |
| Due to other funds | - | 42,680 | - | - | - |
| Deferred revenues | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>42,680</u> | <u>-</u> | <u>2,533</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Reserved: | | | | | |
| Reserved for special projects | 3,102 | 11,002 | - | - | - |
| Unreserved, designated for capital projects | - | - | - | 188,674 | 40,000 |
| Unreserved, undesignated | - | - | 51,224 | - | - |
| Total fund balances | <u>3,102</u> | <u>11,002</u> | <u>51,224</u> | <u>188,674</u> | <u>40,000</u> |
| Total liabilities and fund balances | <u>\$ 3,102</u> | <u>\$ 53,682</u> | <u>\$ 51,224</u> | <u>\$ 191,207</u> | <u>\$ 40,000</u> |

| <u>Capital Project Funds</u> | | <u>Permanent Funds</u> | | |
|------------------------------|---------------------|------------------------|-------------------|---------------------|
| <u>General</u> | <u>Special</u> | | | |
| <u>Equipment</u> | <u>Purpose</u> | <u>Cemetery</u> | <u>Mausoleum</u> | |
| <u>Replacement</u> | <u>Local Option</u> | <u>Trust</u> | <u>Trust</u> | |
| <u>Fund</u> | <u>Sales Tax</u> | <u>Fund</u> | <u>Fund</u> | <u>Totals</u> |
| <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Totals</u> |
| \$ - | \$ - | \$ 379,008 | \$ 284,499 | \$ 704,853 |
| - | - | 1,194,925 | - | 1,194,925 |
| - | - | - | - | 6,371 |
| - | - | - | - | - |
| 40,000 | 35,282 | - | - | 366,780 |
| - | - | 225,123 | - | 225,123 |
| <u>\$ 40,000</u> | <u>\$ 35,282</u> | <u>\$ 1,799,056</u> | <u>\$ 284,499</u> | <u>\$ 2,498,052</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 2,533 |
| - | - | 10,594 | - | 53,274 |
| - | - | - | - | - |
| - | - | 10,594 | - | 55,807 |
| - | - | 1,788,462 | 284,499 | 2,087,065 |
| 40,000 | 35,282 | - | - | 303,956 |
| - | - | - | - | 51,224 |
| <u>40,000</u> | <u>35,282</u> | <u>1,788,462</u> | <u>284,499</u> | <u>2,442,245</u> |
| <u>\$ 40,000</u> | <u>\$ 35,282</u> | <u>\$ 1,799,056</u> | <u>\$ 284,499</u> | <u>\$ 2,498,052</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, 2005**

| | 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 |
| Revenues: | | | | | |
| Other taxes | \$ - | \$ 78,112 | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - | - |
| Intergovernmental | - | - | 28,156 | - | - |
| Interest revenue | 9 | - | 292 | 262 | - |
| Total revenues | <u>9</u> | <u>78,112</u> | <u>28,448</u> | <u>262</u> | <u>-</u> |
| Expenditures: | | | | | |
| Public safety | - | - | 24,052 | - | - |
| Public works | - | - | - | - | - |
| Housing and development | 23,149 | 5,500 | - | - | - |
| Capital outlay | - | - | - | 11,584 | - |
| Total expenditures | <u>23,149</u> | <u>5,500</u> | <u>24,052</u> | <u>11,584</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(23,140)</u> | <u>72,612</u> | <u>4,396</u> | <u>(11,322)</u> | <u>-</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | 54,821 | - | - |
| Transfers out | - | (69,956) | (1,319) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(69,956)</u> | <u>53,502</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (23,140) | 2,656 | 57,898 | (11,322) | - |
| Fund balances, beginning of year | <u>26,242</u> | <u>8,346</u> | <u>(6,674)</u> | <u>199,996</u> | <u>40,000</u> |
| Fund balances, end of year | <u>\$ 3,102</u> | <u>\$ 11,002</u> | <u>\$ 51,224</u> | <u>\$ 188,674</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 | |
| \$ - | \$ - | \$ - | \$ - | \$ 78,112 |
| - | - | 54,743 | - | 54,743 |
| - | - | - | - | 28,156 |
| - | - | 61,872 | 4,135 | 66,570 |
| - | - | 116,615 | 4,135 | 227,581 |
| - | - | - | - | 24,052 |
| - | - | 27,716 | - | 27,716 |
| - | - | - | - | 28,649 |
| - | - | - | - | 11,584 |
| - | - | 27,716 | - | 92,001 |
| - | - | 88,899 | 4,135 | 135,580 |
| - | - | - | - | 54,821 |
| - | - | (5,886) | - | (77,161) |
| - | - | (5,886) | - | (22,340) |
| - | - | 83,013 | 4,135 | 113,240 |
| 40,000 | 35,282 | 1,705,449 | 280,364 | 2,329,005 |
| <u>\$ 40,000</u> | <u>\$ 35,282</u> | <u>\$ 1,788,462</u> | <u>\$ 284,499</u> | <u>\$ 2,442,245</u> |

CITY OF GRIFFIN, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2005**

| <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

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, 2005

| | <u>Stormwater Utility Fund</u> | <u>Airport Fund</u> | <u>Welcome Center Fund</u> | <u>Golf Course Fund</u> | <u>Totals</u> |
|---|--|-------------------------|------------------------------------|---------------------------------|----------------------|
| ASSETS | | | | | |
| Cash | \$ 23,126 | \$ 264,853 | \$ - | \$ 219,582 | \$ 507,561 |
| Accounts receivable, net of allowances | - | 2,164 | - | 227 | 2,391 |
| Due from other funds | 100,000 | - | 127,013 | - | 227,013 |
| Inventories | - | 31,680 | - | - | 31,680 |
| Prepaid expenses | 20,351 | 20,255 | 3,429 | 15,983 | 60,018 |
| Total current assets | <u>143,477</u> | <u>318,952</u> | <u>130,442</u> | <u>235,792</u> | <u>828,663</u> |
| RESTRICTED ASSETS, Cash | <u>-</u> | <u>-</u> | <u>-</u> | <u>170,411</u> | <u>170,411</u> |
| CAPITAL ASSETS | | | | | |
| Nondepreciable | 169,923 | 85,277 | 365,500 | 1,500,000 | 2,120,700 |
| Depreciable, net of accumulated depreciation | 6,248,739 | 3,291,980 | 1,874,102 | 311,730 | 11,726,551 |
| Total capital assets | <u>6,418,662</u> | <u>3,377,257</u> | <u>2,239,602</u> | <u>1,811,730</u> | <u>13,847,251</u> |
| Total assets | <u>6,562,139</u> | <u>3,696,209</u> | <u>2,370,044</u> | <u>2,217,933</u> | <u>14,846,325</u> |
| LIABILITIES | | | | | |
| Accounts payable | 34,280 | 9,956 | 4,317 | - | 48,553 |
| Accrued liabilities | 21,489 | 8,556 | 1,172 | - | 31,217 |
| Compensated absences | 13,420 | 12,335 | - | - | 25,755 |
| Current portion - notes payable | 114,011 | - | - | - | 114,011 |
| Due to other funds | 60,453 | 158,364 | - | 19,042 | 237,859 |
| Total current liabilities | <u>243,653</u> | <u>189,211</u> | <u>5,489</u> | <u>19,042</u> | <u>457,395</u> |
| LONG-TERM LIABILITIES | | | | | |
| Notes payable, net of current portion | 2,440,111 | - | - | - | 2,440,111 |
| Total long-term liabilities | <u>2,440,111</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,440,111</u> |
| Total liabilities | <u>2,683,764</u> | <u>189,211</u> | <u>5,489</u> | <u>19,042</u> | <u>2,897,506</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 3,864,540 | 3,377,257 | 2,239,602 | 1,811,730 | 11,293,129 |
| Unrestricted | 13,835 | 129,741 | 124,953 | 387,161 | 655,690 |
| Total net assets | <u>\$ 3,878,375</u> | <u>\$ 3,506,998</u> | <u>\$ 2,364,555</u> | <u>\$ 2,198,891</u> | <u>\$ 11,948,819</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, 2005**

| | <u>Stormwater Utility Fund</u> | <u>Airport Fund</u> | <u>Welcome Center Fund</u> | <u>Golf Course Fund</u> | <u>Totals</u> |
|---|--|-------------------------|------------------------------------|---------------------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 1,415,871 | \$ 471,675 | \$ 9,486 | \$ 193,584 | \$ 2,090,616 |
| Other services | 103,516 | 174 | - | - | 103,690 |
| Total operating revenues | <u>1,519,387</u> | <u>471,849</u> | <u>9,486</u> | <u>193,584</u> | <u>2,194,306</u> |
| OPERATING EXPENSES | | | | | |
| Personal services | 592,379 | 303,885 | 3,989 | 213,710 | 1,113,963 |
| Purchased or contracted service | 640,260 | 365,545 | 60,493 | 109,570 | 1,175,868 |
| Supplies | 114,199 | 17,871 | 2,097 | 26,968 | 161,135 |
| Miscellaneous | 41,746 | 59,740 | - | 34,842 | 136,328 |
| Depreciation | 247,423 | 129,321 | 41,829 | 31,862 | 450,435 |
| Total operating expenses | <u>1,636,007</u> | <u>876,362</u> | <u>108,408</u> | <u>416,952</u> | <u>3,037,729</u> |
| Operating loss | <u>(116,620)</u> | <u>(404,513)</u> | <u>(98,922)</u> | <u>(223,368)</u> | <u>(843,423)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Intergovernmental | - | 163,202 | - | - | 163,202 |
| Interest revenue | 245 | 602 | - | 1,303 | 2,150 |
| Interest expense | (98,221) | - | - | - | (98,221) |
| Total nonoperating revenues (expenses) | <u>(97,976)</u> | <u>163,804</u> | <u>-</u> | <u>1,303</u> | <u>67,131</u> |
| Loss before transfers | <u>(214,596)</u> | <u>(240,709)</u> | <u>(98,922)</u> | <u>(222,065)</u> | <u>(776,292)</u> |
| TRANSFERS | | | | | |
| Transfers out | (1,466,012) | (5,892) | - | (3,973) | (1,475,877) |
| Transfers in | 1,811,016 | 276,128 | 95,761 | 404,618 | 2,587,523 |
| Total transfers | <u>345,004</u> | <u>270,236</u> | <u>95,761</u> | <u>400,645</u> | <u>1,111,646</u> |
| Change in net assets | 130,408 | 29,527 | (3,161) | 178,580 | 335,354 |
| NET ASSETS, beginning of year | <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> |
| NET ASSETS, end of year | <u>\$ 3,878,375</u> | <u>\$ 3,506,998</u> | <u>\$ 2,364,555</u> | <u>\$ 2,198,891</u> | <u>\$ 11,948,819</u> |

CITY OF GRIFFIN, GEORGIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | <u>Stormwater Utility Fund</u> | <u>Airport Fund</u> | <u>Welcome Center Fund</u> | <u>Golf Course Fund</u> | <u>Totals</u> |
|---|--|-------------------------|------------------------------------|---------------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers and users | \$ 1,435,803 | \$ 661,591 | \$ 8,754 | \$ 193,401 | \$ 2,299,549 |
| Payments to suppliers | (804,250) | (550,452) | (100,526) | (213,154) | (1,668,382) |
| Payments to employees | (618,770) | (308,197) | (3,989) | (310,738) | (1,241,694) |
| Net cash provided by (used in) operating activities | <u>12,783</u> | <u>(197,058)</u> | <u>(95,761)</u> | <u>(330,491)</u> | <u>(610,527)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Intergovernmental grant | - | 163,202 | - | - | 163,202 |
| Transfers out | (1,466,012) | (5,892) | - | (3,973) | (1,475,877) |
| Transfers in | 1,811,016 | 276,128 | 95,761 | 404,618 | 2,587,523 |
| Net cash provided by noncapital financing activities | <u>345,004</u> | <u>433,438</u> | <u>95,761</u> | <u>400,645</u> | <u>1,274,848</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | (127,865) | (34,607) | - | - | (162,472) |
| Principal paid on notes payable and capital leases | (110,142) | - | - | - | (110,142) |
| Interest paid | (98,936) | - | - | - | (98,936) |
| Net cash (used in) capital and related financing activities | <u>(336,943)</u> | <u>(34,607)</u> | <u>-</u> | <u>-</u> | <u>(371,550)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest on investments | 245 | 602 | - | 1,303 | 2,150 |
| Net cash provided by investing activities | <u>245</u> | <u>602</u> | <u>-</u> | <u>1,303</u> | <u>2,150</u> |
| Increase in cash and cash equivalents | 21,089 | 202,375 | - | 71,457 | 294,921 |
| Cash and cash equivalents: | | | | | |
| Beginning of year | <u>2,037</u> | <u>62,478</u> | <u>-</u> | <u>318,536</u> | <u>383,051</u> |
| End of year | <u>\$ 23,126</u> | <u>\$ 264,853</u> | <u>\$ -</u> | <u>\$ 389,993</u> | <u>\$ 677,972</u> |
| Classified as: | | | | | |
| Cash | \$ 23,126 | \$ 264,853 | \$ - | \$ 219,582 | \$ 507,561 |
| Restricted assets, cash | - | - | - | 170,411 | 170,411 |
| | <u>\$ 23,126</u> | <u>\$ 264,853</u> | <u>\$ -</u> | <u>\$ 389,993</u> | <u>\$ 677,972</u> |

(Continued)

CITY OF GRIFFIN, GEORGIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

| | <u>Stormwater Utility Fund</u> | <u>Airport Fund</u> | <u>Welcome Center Fund</u> | <u>Golf Course Fund</u> | <u>Totals</u> |
|---|--|-------------------------|------------------------------------|---------------------------------|---------------------|
| Reconciliation of operating loss to net cash provided by (used in) operating activities: | | | | | |
| Operating loss | \$ (116,620) | \$ (404,513) | \$ (98,922) | \$ (223,368) | \$ (843,423) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities | | | | | |
| Depreciation and amortization | 247,423 | 129,321 | 41,829 | 31,862 | 450,435 |
| (Increase) decrease in accounts receivable | 50,379 | 31,378 | - | (182) | 81,575 |
| Increase in inventory | - | (20,253) | - | - | (20,253) |
| Increase in due from other funds | (100,000) | - | (38,928) | - | (138,928) |
| Increase in prepaids and other assets | (19,863) | (19,767) | (3,325) | (15,495) | (58,450) |
| Increase (decrease) in accounts payable | 11,818 | (67,583) | 4,317 | (26,279) | (77,727) |
| Decrease in accrued liabilities | (26,391) | (4,005) | (732) | (97,028) | (128,156) |
| Increase (decrease) in due to other funds | (33,963) | 158,364 | - | (1) | 124,400 |
| Net cash provided by (used in) operating activities | <u>\$ 12,783</u> | <u>\$ (197,058)</u> | <u>\$ (95,761)</u> | <u>\$ (330,491)</u> | <u>\$ (610,527)</u> |

CITY OF GRIFFIN, GEORGIA INTERNAL SERVICE FUNDS

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, 2005**

| ASSETS | Motor Pool Fund | Insurance Risk Fund | Health Insurance Stabilization Fund | Total |
|---|-----------------------|---------------------------|--|----------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable | 248,917 | - | - | 248,917 |
| Due from other funds | 19,008 | 40,000 | 40,000 | 99,008 |
| Inventory | 159,128 | - | - | 159,128 |
| Prepaid expenses | 206,716 | - | - | 206,716 |
| Total current assets | <u>633,769</u> | <u>40,000</u> | <u>40,000</u> | <u>713,769</u> |
| NONCURRENT ASSETS | | | | |
| Capital assets: | | | | |
| Depreciable, net of accumulated depreciation | <u>3,438,237</u> | - | - | <u>3,438,237</u> |
| Total noncurrent assets | <u>3,438,237</u> | - | - | <u>3,438,237</u> |
| Total assets | <u>4,072,006</u> | <u>40,000</u> | <u>40,000</u> | <u>4,152,006</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Checks issued in excess of bank balance | 19,842 | - | - | 19,842 |
| Accounts payable | 98,082 | - | - | 98,082 |
| Accrued liabilities | 12,170 | - | - | 12,170 |
| Compensated absences | 29,525 | - | - | 29,525 |
| Due to other funds | 60,356 | - | - | 60,356 |
| Total current liabilities | <u>219,975</u> | - | - | <u>219,975</u> |
| Total liabilities | <u>219,975</u> | - | - | <u>219,975</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 3,438,237 | - | - | 3,438,237 |
| Unrestricted | 413,794 | 40,000 | 40,000 | 493,794 |
| Total net assets | <u>\$ 3,852,031</u> | <u>\$ 40,000</u> | <u>\$ 40,000</u> | <u>\$ 3,932,031</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, 2005**

| | <u>Motor Pool Fund</u> | <u>Insurance Risk Fund</u> | <u>Health Insurance Stabilization Fund</u> | <u>Total</u> |
|--|--------------------------------|------------------------------------|--|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,454,218 | \$ - | \$ - | \$ 1,454,218 |
| Miscellaneous income | 23,273 | - | - | 23,273 |
| Total operating revenues | <u>1,477,491</u> | <u>-</u> | <u>-</u> | <u>1,477,491</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 564,042 | - | - | 564,042 |
| Purchased or contracted service | 668,133 | - | - | 668,133 |
| Supplies | 637,542 | - | - | 637,542 |
| Miscellaneous | 365,542 | - | - | 365,542 |
| Depreciation | 1,164,508 | - | - | 1,164,508 |
| Total operating expenses | <u>3,399,767</u> | <u>-</u> | <u>-</u> | <u>3,399,767</u> |
| Operating loss | <u>(1,922,276)</u> | <u>-</u> | <u>-</u> | <u>(1,922,276)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 11 | - | - | 11 |
| Interest expense | (5,458) | - | - | (5,458) |
| Total nonoperating expenses | <u>(5,447)</u> | <u>-</u> | <u>-</u> | <u>(5,447)</u> |
| Loss before transfers | <u>(1,927,723)</u> | <u>-</u> | <u>-</u> | <u>(1,927,723)</u> |
| TRANSFERS | | | | |
| Transfers out | (5,542) | - | - | (5,542) |
| Transfers in | 1,622,473 | - | - | 1,622,473 |
| | <u>1,616,931</u> | <u>-</u> | <u>-</u> | <u>1,616,931</u> |
| Change in net assets | <u>(310,792)</u> | <u>-</u> | <u>-</u> | <u>(310,792)</u> |
| TOTAL NET ASSETS, beginning of year | <u>4,162,823</u> | <u>40,000</u> | <u>40,000</u> | <u>4,242,823</u> |
| TOTAL NET ASSETS, end of year | <u>\$ 3,852,031</u> | <u>\$ 40,000</u> | <u>\$ 40,000</u> | <u>\$ 3,932,031</u> |

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005**

| | <u>Motor Pool Fund</u> | <u>Insurance Risk Fund</u> | <u>Health Insurance Stabilization Fund</u> | <u>Total</u> |
|---|--------------------------------|------------------------------------|--|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from interfund services provided | \$ 1,269,922 | \$ - | \$ - | \$ 1,269,922 |
| Payments to suppliers | (2,034,937) | - | - | (2,034,937) |
| Payments to employees | (563,856) | - | - | (563,856) |
| Net cash used by operating activities | <u>(1,328,871)</u> | <u>-</u> | <u>-</u> | <u>(1,328,871)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in | 1,622,473 | - | - | 1,622,473 |
| Transfers out | (5,542) | - | - | (5,542) |
| Net cash provided by noncapital financing activities | <u>1,616,931</u> | <u>-</u> | <u>-</u> | <u>1,616,931</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | 2,800 | - | - | 2,800 |
| Principal paid on capital leases | (286,431) | - | - | (286,431) |
| Interest paid | (7,485) | - | - | (7,485) |
| Net cash used in capital and related financing activities | <u>(291,116)</u> | <u>-</u> | <u>-</u> | <u>(291,116)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest and dividends received | 11 | - | - | 11 |
| Net cash provided by investing activities | <u>11</u> | <u>-</u> | <u>-</u> | <u>11</u> |
| Net decrease in cash and cash equivalents | (3,045) | - | - | (3,045) |
| Cash and cash equivalents, beginning of year | <u>3,045</u> | <u>-</u> | <u>-</u> | <u>3,045</u> |
| Cash and cash equivalents, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of operating loss to net cash used in operating activities: | | | | |
| Operating loss | \$ (1,922,276) | \$ - | \$ - | \$ (1,922,276) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | | | |
| Depreciation | 1,164,508 | - | - | 1,164,508 |
| Change in assets and liabilities: | | | | |
| Increase in accounts receivable | (248,917) | - | - | (248,917) |
| Increase in due from other funds | (19,008) | - | - | (19,008) |
| Increase in inventory | (38,829) | - | - | (38,829) |
| Increase in prepaid expenses | (199,673) | - | - | (199,673) |
| Increase in checks issued in excess of bank balance | 19,842 | - | - | 19,842 |
| Decrease in accounts payable | (145,060) | - | - | (145,060) |
| Increase in accrued liabilities | 186 | - | - | 186 |
| Increase in due to other funds | 60,356 | - | - | 60,356 |
| Net cash used in operating activities | <u>\$ (1,328,871)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,328,871)</u> |

STATISTICAL SECTION

CITY OF GRIFFIN, GEORGIA

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

(in thousands)

| | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|-------------------------|------------------|------------------|------------------|------------------|------------------|
| General government | \$ 4,563 | \$ 4,037 | \$ 8,376 | \$ 3,487 | \$ 2,222 |
| Judicial | 309 | 16 | 26 | 27 | 27 |
| Public safety | 12,087 | 11,871 | 10,391 | 9,810 | 7,239 |
| Public works | 3,428 | 3,759 | 3,353 | 2,818 | 2,338 |
| Parks and recreation | 315 | 349 | 307 | 316 | 831 |
| Sanitation (2) | - | - | - | - | - |
| Housing and development | 394 | 671 | 727 | 905 | 711 |
| Non-departmental | - | - | 132 | - | 1,405 |
| Debt service | 69 | - | - | 294 | 539 |
| Capital outlay | 12 | 340 | 1,464 | 2,188 | 2,705 |
| | <u>\$ 21,177</u> | <u>\$ 21,043</u> | <u>\$ 24,776</u> | <u>\$ 19,845</u> | <u>\$ 18,017</u> |

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

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

| | 2000 | 1999 | 1998 | 1997 | 1996 |
|-----------|---------------|------------------|------------------|------------------|------------------|
| \$ | 1,962 | \$ 1,571 | \$ 1,460 | \$ 1,414 | \$ 1,323 |
| | 26 | 27 | 27 | 25 | 25 |
| | 6,649 | 5,900 | 5,131 | 4,878 | 4,779 |
| | 2,148 | 1,933 | 1,660 | 1,557 | 1,472 |
| | 702 | 628 | 560 | 518 | 474 |
| | - | 3,197 | 2,784 | 2,998 | 3,107 |
| | 27 | 17 | 30 | 115 | 374 |
| | 6,483 | 4,370 | 4,730 | 5,093 | 3,841 |
| | - | 103 | 116 | 109 | 119 |
| | 533 | 705 | 875 | 550 | 510 |
| \$ | 18,530 | \$ 18,451 | \$ 17,373 | \$ 17,257 | \$ 16,024 |

CITY OF GRIFFIN, GEORGIA

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

(in thousands)

| | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|
| Taxes | \$ 11,198 | \$ 11,002 | \$ 10,585 | \$ 10,984 | \$ 11,149 |
| Licenses and permits | 489 | 494 | 228 | 311 | 265 |
| Charges for services | 4,187 | 2,757 | 2,784 | 253 | 1,783 |
| Fines and forfeitures | 662 | 978 | 55 | 45 | 59 |
| Interest income | 116 | 116 | 1,118 | 123 | 492 |
| Contributions | 7 | - | - | 11 | 34 |
| Miscellaneous revenue | 869 | 92 | 13 | 61 | 42 |
| Intergovernmental revenues | 449 | 348 | 328 | 39 | 559 |
| | <u>\$ 17,977</u> | <u>\$ 15,787</u> | <u>\$ 15,111</u> | <u>\$ 11,827</u> | <u>\$ 14,383</u> |

Notes: Does not include transfers or other financing sources.

(1) - Includes only governmental fund types.

| 2000 | 1999 | 1998 | 1997 | 1996 |
|------------------|------------------|------------------|------------------|------------------|
| \$ 9,046 | \$ 9,649 | \$ 8,026 | \$ 6,982 | \$ 5,924 |
| 851 | 904 | 895 | 869 | 784 |
| 531 | 4,151 | 3,679 | 3,251 | 2,907 |
| 76 | 141 | 411 | 599 | 561 |
| 152 | 144 | 87 | 73 | 96 |
| - | - | - | - | - |
| 575 | 1,211 | 171 | 685 | 198 |
| 1,200 | 223 | 283 | 175 | 232 |
| <u>\$ 12,431</u> | <u>\$ 16,423</u> | <u>\$ 13,552</u> | <u>\$ 12,634</u> | <u>\$ 10,702</u> |

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> |
|--------------------|---------------------|--------------------------|---------------------|------------------|--------------|
| 2005 | \$ 4,948 | \$ 3,370 | \$ 458 | \$ 2,422 | \$ 11,198 |
| 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 |

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, 2004</u> | <u>Taxes Receivable June 30, 2004</u> |
|-----------------|---|----------------------|---|---|
| 2004 | 2005 | \$ 4,985,616 | \$ - | \$ - |
| 2003 | 2004 | 4,858,911 | 4,746,492 | 112,419 |
| 2002 | 2003 | 4,611,972 | 4,549,946 | 62,026 |
| 2001 | 2002 | 4,424,983 | 4,403,173 | 21,810 |
| 2000 | 2001 | 4,303,851 | 4,240,342 | 63,509 |
| 1999 | 2000 | 4,091,152 | 4,077,240 | 13,912 |
| 1998 | 1999 | 3,715,237 | 3,680,637 | 34,600 |
| 1997 | 1998 | 2,937,713 | 2,921,804 | 15,909 |
| 1996 | 1997 | 2,885,875 | 2,867,265 | 18,610 |
| 1995 | 1996 | 2,467,075 | 2,458,520 | 8,555 |
| | | <u>\$ 39,282,385</u> | <u>\$ 33,945,419</u> | <u>\$ 351,350</u> |

| Current Year Collections and Credits | Taxes Receivable June 30, 2005 | Total Collections as Percent of Levy | Outstanding Delinquent Taxes as % of Levy |
|---|---|---|--|
| \$ 4,863,916 | \$ 121,700 | 97.56 % | 2.44 % |
| 69,491 | 42,928 | 99.12 | 0.88 |
| 34,267 | 27,759 | 99.40 | 0.60 |
| 3,215 | 18,595 | 99.58 | 0.42 |
| 727 | 62,782 | 98.54 | 1.46 |
| 399 | 13,513 | 99.67 | 0.33 |
| 1,817 | 32,783 | 99.12 | 0.88 |
| 665 | 15,244 | 99.48 | 0.52 |
| 129 | 18,481 | 99.36 | 0.64 |
| 84 | 8,471 | 99.66 | 0.34 |
| <u>\$ 4,974,710</u> | <u>\$ 362,256</u> | | |

CITY OF GRIFFIN, GEORGIA

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

| Fiscal Year | Real Property Value | | Personal Property Value | | Public Utilities Value | | Total Value | |
|------------------------|----------------------------|------------------|--------------------------------|------------------|-------------------------------|------------------|--------------------|------------------|
| | Assessed | Estimated | Assessed | Estimated | Assessed | Estimated | Assessed | Estimated |
| 2005 | \$ 424,680 | \$ 1,061,701 | \$ 142,684 | \$ 356,711 | \$ 7,975 | \$ 19,937 | \$ 575,339 | \$ 1,438,349 |
| 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 |

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**

| Fiscal Year | City General Fund | City Bonds | Griffin - Spalding County Schools | Spalding County | Fire District | State of Georgia | Total |
|--------------------|--------------------------|-------------------|--|------------------------|----------------------|-------------------------|--------------|
| 2005 | 8.65 | 0.00 | 18.85 | 13.41 | 3.07 | 0.25 | 44.23 |
| 2004 | 8.85 | 0.00 | 18.95 | 13.53 | 3.09 | 0.25 | 44.67 |
| 2003 | 8.85 | 0.00 | 18.55 | 11.91 | 3.09 | 0.25 | 42.65 |
| 2002 | 9.46 | 0.00 | 18.94 | 9.88 | 3.08 | 0.25 | 41.61 |
| 2001 | 9.46 | 0.00 | 19.57 | 9.70 | 3.08 | 0.25 | 42.06 |
| 2000 | 9.46 | 0.00 | 18.02 | 9.70 | 3.08 | 0.25 | 40.51 |
| 1999 | 9.59 | 0.00 | 18.64 | 11.55 | 3.23 | 0.25 | 43.26 |
| 1998 | 8.32 | 0.28 | 18.83 | 11.55 | 3.23 | 0.25 | 42.46 |
| 1997 | 8.32 | 0.28 | 17.89 | 11.55 | 3.26 | 0.25 | 41.55 |
| 1996 | 7.27 | 0.33 | 17.91 | 11.55 | 2.72 | 0.25 | 40.03 |

CITY OF GRIFFIN, GEORGIA

PRINCIPAL TAXPAYERS

JUNE 30, 2005

| <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 | \$ 111,703 | 7.77 % |
| Tenet - Spalding Regional | Regional Hospital | 26,640 | 1.85 |
| Cooper Standard | Automotive Components | 25,808 | 1.79 |
| Wal-Mart Stores | Consumer Product Retailer | 22,213 | 1.54 |
| Halpern Enterprises, Inc. | Retail Developer | 17,684 | 1.23 |
| Bandag Inc. | Retread Tires | 21,167 | 1.47 |
| Weyerhaeuser Company | Forest Products | 20,427 | 1.42 |
| Exo-Tech/Exo-Pac | Manufacturer | 11,045 | 0.77 |
| Lowe's Home Centers | Building Supplies | 12,415 | 0.86 |
| Home Depot | Building Supplies | 11,437 | 0.80 |
| | | <u>\$ 280,539</u> | <u>19.50 %</u> |

Source: Spalding County Tax Assessor

CITY OF GRIFFIN, GEORGIA

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005
(in thousands)**

| | |
|--|-------------------|
| Total Assessed Value of Taxable Property | \$ 575,339 |
| Less Exemptions for Bond Purposes | <u>-</u> |
| Net Assessed Valuation of Taxable Property | <u>\$ 575,339</u> |
| Debt Limit - 10% of Assessed Value | \$ 57,534 |
| Amount of Debt Application to Debt Limit: | |
| Capital leases | <u>\$ 548</u> |
| Legal Debt Margin | <u>\$ 56,986</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, 2005**

(in thousands)

| Jurisdiction | Debt Outstanding | Percentage Applicable to City of Griffin (1) | Amount Applicable to City of Griffin |
|---|-----------------------------|---|---|
| Debt repaid with property taxes: | | | |
| Spalding County: | | | |
| Griffin-Spalding County School System Bonds | \$ 16,950 | 37.33% | \$ 6,327 |
| Subtotal, overlapping debt | <u>16,950</u> | | <u>6,327</u> |
| Direct: | | | |
| City of Griffin capital leases | <u>548</u> | 100.00% | <u>548</u> |
| Total | <u>\$ 17,498</u> | | <u>\$ 6,875</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 | |
| 2005 | \$ 45,712 | \$ 33,892 | \$ 11,820 | \$ 1,305 | \$ 3,705 | \$ 5,010 | \$ 2.36 |
| 2004 | 42,481 | 35,267 | 7,214 | 1,235 | 3,652 | 4,887 | 1.48 |
| 2003 | 41,686 | 34,190 | 7,496 | 1,140 | 995 | 2,135 | 3.51 |
| 2002 | 37,687 | 33,777 | 3,910 | 1,085 | 1,174 | 2,259 | 1.73 |
| 2001 | 41,278 | 30,290 | 10,988 | 1,460 | 1,152 | 2,612 | 4.21 |
| 2000 | 40,474 | 33,492 | 6,982 | 1,035 | 1,197 | 2,232 | 3.13 |
| 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 |

(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

| <u>Year</u> | <u>Population</u> | <u>Increase</u> | <u>% Increase (Decrease)</u> |
|-------------|-------------------|-----------------|----------------------------------|
| 2005 | 23,522 | 125 | 0.5% |
| 2004 | 23,397 | 57 | 0.2% |
| 2003 | 23,340 | 121 | 0.5% |
| 2002 | 23,219 | 45 | 0.2% |
| 2001 | 23,174 | (277) | -1.2% |
| 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% |

Source: Census Bureau to year 2000. Years 2001 - 2004 U.S. Bureau of Census Estimates, 2005 estimate based on 5% growth rate.

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 & Loan</u> |
| | | | | |
| 2005 | \$ 1,438,349 | 85 | \$ 13,182 | \$ 714,662 |
| 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 |

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, 2005

| <u>Customer</u> | <u>Usage (in gallons)</u> | <u>Charges</u> | <u>Percentage of Total Revenues</u> |
|-------------------------------------|-------------------------------|-------------------|---|
| Southern Terry | 454,313 | \$ 252,082 | 4.65 % |
| National Housing Management Service | 264,257 | 146,087 | 2.70 |
| AMI Griffin-Spalding Co. Hospital | 207,539 | 118,431 | 2.19 |
| Cooper Standard | 201,813 | 114,478 | 2.11 |
| NACOM | 158,074 | 89,705 | 1.66 |
| Griffin Crossings | 79,928 | 44,662 | 0.82 |
| Griffin Housing Authority | 73,422 | 41,791 | 0.77 |
| Walden Pointe Apartments | 66,510 | 36,503 | 0.67 |
| Heritage Apartments | 63,662 | 35,989 | 0.66 |
| Griffin Health Care Center | 64,563 | 35,934 | 0.66 |
| | <u>1,634,081</u> | <u>\$ 915,662</u> | <u>16.89 %</u> |

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

**TOP TEN WATER CUSTOMERS
JUNE 30, 2005**

| <u>Customer</u> | <u>Usage (in gallons)</u> | <u>Charges</u> | <u>Percentage of Total Revenues</u> |
|---------------------------------------|-------------------------------|---------------------|---|
| Springs Ind. Inc. | 3,601,391 | \$ 857,131 | 10.54 % |
| Southern Terry | 454,313 | 182,633 | 2.25 |
| City of Zebulon | 722,227 | 167,557 | 2.06 |
| National Housing Management Service | 264,257 | 108,828 | 1.34 |
| AMI Griffin-Spalding Co. Hospital | 207,539 | 86,824 | 1.07 |
| Cooper Standard | 201,813 | 83,868 | 1.03 |
| NACOM | 158,252 | 65,955 | 0.81 |
| University of Georgia, Griffin Campus | 116,232 | 53,085 | 0.65 |
| Spalding Co. CI | 108,751 | 44,668 | 0.55 |
| Griffin Crossings | 92,163 | 39,284 | 0.48 |
| | <u>5,926,938</u> | <u>\$ 1,689,833</u> | <u>20.77 %</u> |

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

**TOP TEN ELECTRIC CUSTOMERS
JUNE 30, 2005**

| <u>Customer</u> | <u>Usage (in kWh)</u> | <u>Charges</u> | <u>Percentage of Total Revenues</u> |
|---------------------------------------|---------------------------|---------------------|---|
| Cooper Standard | 25,213,701 | \$ 1,369,433 | 4.46 % |
| Bandag, Inc. | 17,986,197 | 1,125,753 | 3.67 |
| Exopac | 18,078,087 | 939,387 | 3.06 |
| Caterpillar Inc. | 12,337,569 | 671,773 | 2.19 |
| AMI Griffin-Spalding Co. Hospital | 7,901,023 | 529,923 | 1.73 |
| WAL-MART Store #01-932, | 7,094,965 | 504,742 | 1.64 |
| University of Georgia, Griffin Campus | 6,385,385 | 488,190 | 1.59 |
| Filter Plant/River and Reservoir PMP | 6,108,600 | 453,708 | 1.48 |
| Weyerhaeuser Co. | 7,224,174 | 420,178 | 1.37 |
| Southern Terry | 6,443,078 | 411,994 | 1.34 |
| | <u>114,772,779</u> | <u>\$ 6,915,081</u> | <u>22.53 %</u> |

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

MISCELLANEOUS STATISTICAL INFORMATION JUNE 30, 2005

| | |
|---|--|
| Date of incorporation | 1843 |
| Form of Government | Commission (7 members) City Manager |
| Area | 14.22 square miles |
| Number of traffic signals | 913 |
| City 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 | 300 |
| Number of Students | 2,809 |
| Middle Schools: | |
| Attendance centers | 4 |
| Number of Classrooms | 168 |
| Number of Faculty & Staff | 259 |
| Number of Students | 2,660 |
| Elementary Schools: | |
| Attendance centers | 10 |
| Number of Classrooms | 353 |
| Number of Faculty & Staff | 635 |
| Number of Students | 5,258 |
| Building permits issued | 85 |
| Recreation and culture: | |
| Number of parks | 29 |
| Number of libraries | 1 |
| Electric System- Griffin Power (City Owned): | |
| Daily Average Consumption | 1,099,730 kilowatt hours per day |
| Peak Demand | 94,883 kilowatts |
| Average Number of Residential Customers | 12,518 |
| Average Residential Monthly Bill | \$54 |
| Average Number of Commercial/Industrial Customers | 2,137 |
| Pole Miles of Transmission Lines | 335 |
| Primary Distribution Sub-System Capacity: | 214 megawatts |

CITY OF GRIFFIN, GEORGIA

**MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2005**

Sewer System:

| | |
|-----------------------------------|----------|
| Miles of Sanitary Sewers | 160 |
| Number of Lift Stations | 17 |
| Sewer Treatment Facilities | 4 |
| Daily Average Treatment (Gallons) | 4.59 MGD |
| Number of Service Connections | 8,971 |

Water System:

| | |
|--|---------------------|
| Miles of Water Mains | 700 |
| Daily Average Consumption (Gallons) | 7.92 MGD |
| Plant Capacity (Gallons) | 13.2 MGD |
| Plant Capacity Under Construction (Still Branch Plant) | 12 million gallons |
| Peak Day Pumping Rate (MGD) | 9.06 MGD |
| Number of Service Connections | 20,296 |
| 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



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

**To the Honorable Mayor and Members
of the City 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, 2005, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated October 7, 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 responses 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 October 7, 2005.

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
October 7, 2005

CITY OF GRIFFIN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2005

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 Responses as item B-1.
4. A single audit was not required as the City did not expend in excess of \$500,000 of federal grants.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

1. Special revenue fund budgets -

Condition: For the fiscal year ending June 30, 2005, no budget was adopted for the following special revenue funds in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6: the Community Development Block Grant Fund, the Hotel / Motel Tax Fund, and the Multiple Grant Fund.

Criteria: House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the General Fund, each special revenue fund, and each debt service fund and requires a project length balanced budget for each capital projects fund.

Effect: Failure to adopt budgets for governmental funds could allow the unauthorized expenditure of those funds intended for specific projects and activities.

Recommendation: The County should adopt a balanced budget for each special revenue fund.

Response: We concur with the recommendation. A budget will be adopted for each special revenue fund.

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

No single audit performed.