



CITY OF GRIFFIN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

Prepared by:
Griffin Finance Department

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION



CITY OF GRIFFIN

 SINCE 1840

Commission Members

Douglas S. Hollberg
Chairman

Dick Morrow
Chairman Pro-Tem

W.D. "Bill" Landrum

William Evans

Rodney C. McCord

Joanne Todd

Cynthia Reid Ward

City Manager
Kenny L. Smith

December 18, 2008

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

Ladies and Gentlemen:

We are pleased to present the City of Griffin's (the City's) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. The financial statements included in this report conform with accounting principles generally accepted in the United States (U.S. GAAP) as established by the Governmental Accounting Standards Board (GASB). State law requires that general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in conformance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

INDEPENDENT AUDIT

The City of Griffin's financial statements have been audited by Mauldin & Jenkins Certified Public Accountants, LLC. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008, 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"

One Griffin Center 🌿 100 South Hill Street 🌿 Griffin, Georgia 30223 🌿 Tel. 770-229-6425 🌿 FAX 770-229-6630

Post Office Box T 🌿 Griffin, Georgia 30224

Web Site: www.cityofgriffin.com

The independent audit of the financial statements of the City is sometimes part of a broader, federal and state mandated “single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. For fiscal year 2008, a single audit was not necessary as the City did not expend \$500,000 or more of federal funds.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

THE CITY OF GRIFFIN'S ECONOMY IN 2008

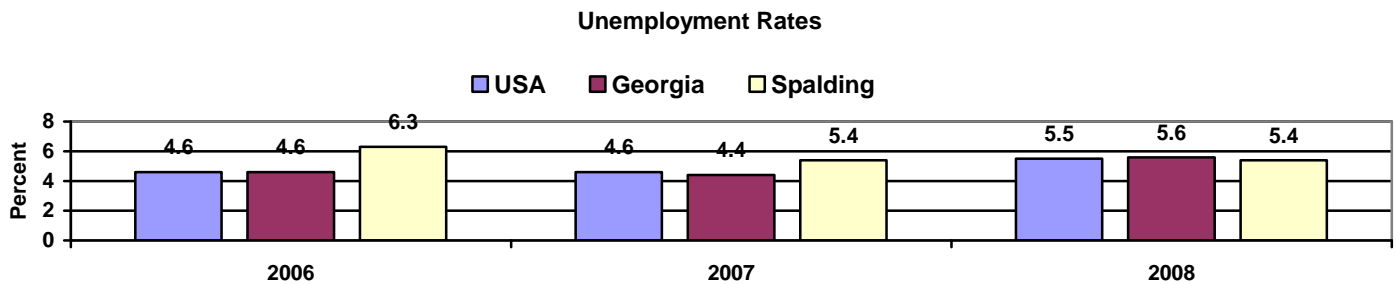
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates. The City of Griffin enjoys a diverse economy and relatively stable unemployment rate that translates into a diverse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

Local Economy

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

Unemployment

Employment opportunities in the City of Griffin continue to hold steady. The Spalding County unemployment rate at June 30, 2008 remained unchanged at 5.4% from the year before. While the State and national unemployment rates are expected to rise, there are indications that the unemployment rate for the Griffin – Spalding County area will remain steady. The City of Griffin continues to be an area that businesses consider during their planning process.



Cash Management Policies and Practices

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

Pension and Other Post Employment Retirement Benefits

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

The City of Griffin participates in an agent multiple 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 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.

MAJOR INITIATIVES

During fiscal year 2008, the City of Griffin achieved many significant accomplishments in furtherance of the goals established by the Board of City Commissioners. These broad-based goals are summarized as follows:

- Received Recycling Program of the Year Award from the Solid Waste Association of North America.
- Received Georgia Environmental Facilities Authority Recycling and Waste Reduction Grant for \$23,100 to purchase and provide single-stream curbside residential recycling containers.
- Received Georgia Environmental Facilities Authority Recycling and Waste Reduction Grant for \$500,000 to build, operate and maintain a regional recycling hub.
- Received Gold Award for Operations from the Georgia Association of Water Professionals for the
- 2008 Georgia Lineman's Rodeo: Placed 1st and 3rd in Journeymen's events. Placed 2nd in Individual Awards and placed 3rd in the overall Municipal Utility Group.
- Migrated the City of Griffin's Email system to a new "State of the Art" Email system replacing IBM Lotus Notes with Microsoft Exchange 2007.
- Implemented life cycle management and purchasing program for information technology equipment and services.
- Installed and implemented an emergency Uninterrupted Power Supply (UPS) Backup Generator for business continuity in order to maintain communications and services in the event of power outages.
- The City established a Land Bank Authority.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Griffin, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the 4th consecutive year that the City of Griffin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

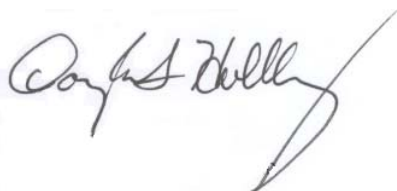
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

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

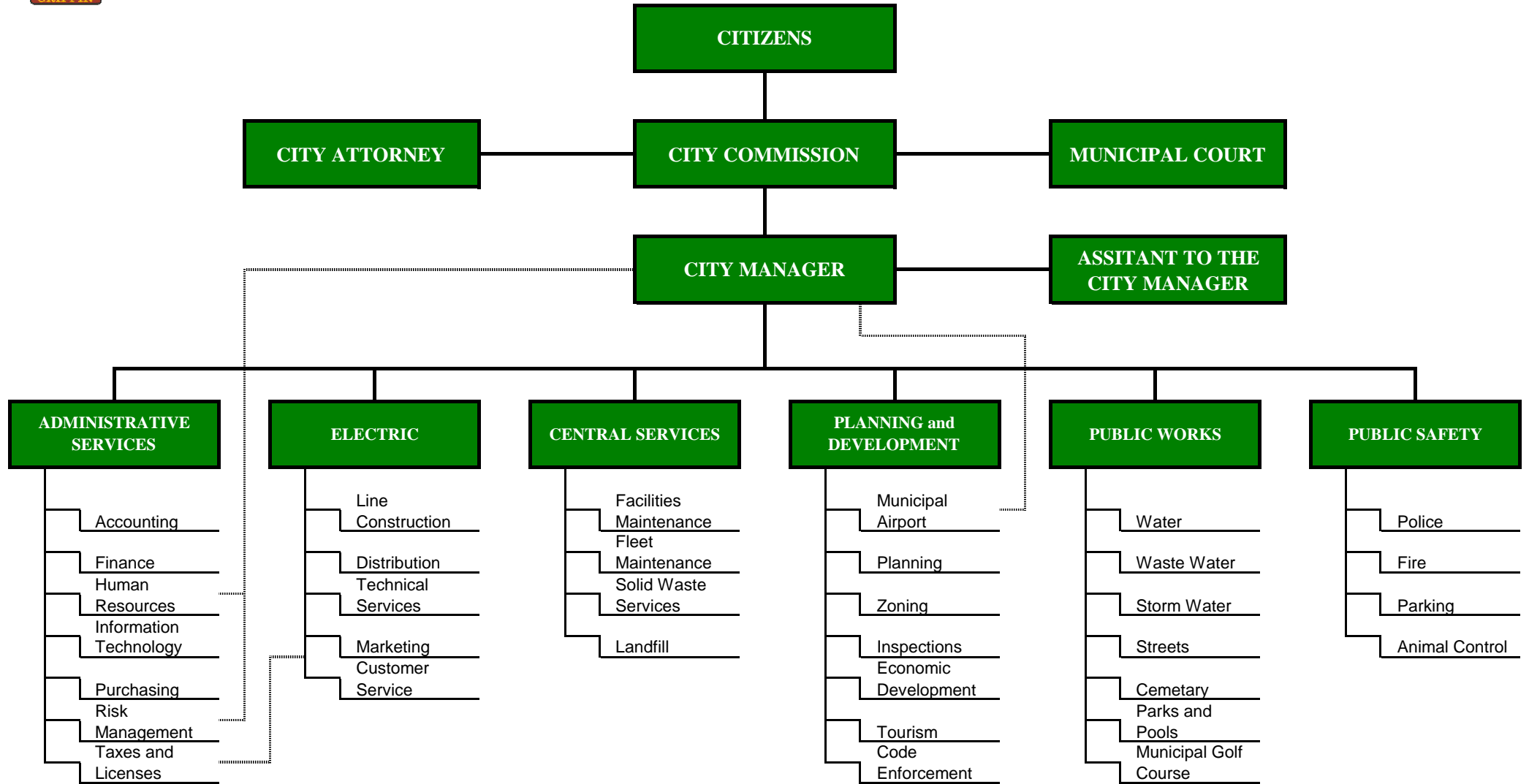
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Douglas S. Hollberg", with a long, sweeping flourish extending from the end of the signature.

Douglas S. Hollberg,
Chairman, City of Griffin



CITY OF GRIFFIN Organization Chart



CITY OF GRIFFIN, GEORGIA

PRINCIPAL OFFICIALS JUNE 30, 2008

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

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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emery

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2008, 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, 2008 and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of the City of Griffin, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress (on page 61) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Griffin, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical 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 combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical 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
December 18, 2008

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, 2008. 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 \$ 79,095,744 (*net assets*). Of this amount, \$17.3 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2,520,030.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$ 3,790,026, a decrease of \$274,423 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the General Fund was \$1,350,536, or 5.5% of total General Fund expenditures.
- The City's total debt decreased by \$1,869,911 during the current fiscal year. This decrease was mostly due to scheduled principle payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 60 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 62 – 75 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 \$79,095,744 at the close of the most recent fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

By far the largest portion of the City's net assets (76.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Griffin's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 9,386,784	\$ 9,466,884	\$ 24,519,212	\$ 25,995,198	\$ 33,905,996	\$ 35,462,082
Capital assets	18,396,909	19,602,132	119,729,871	121,089,731	138,126,780	140,691,863
Total assets	<u>27,783,693</u>	<u>29,069,016</u>	<u>144,249,083</u>	<u>147,084,929</u>	<u>172,032,776</u>	<u>176,153,945</u>
Other liabilities	703,396	977,336	9,058,241	8,368,649	9,761,637	9,345,985
Long-term liabilities outstanding	<u>6,426,361</u>	<u>6,285,533</u>	<u>76,749,034</u>	<u>78,906,653</u>	<u>83,175,395</u>	<u>85,192,186</u>
Total liabilities	<u>7,129,757</u>	<u>7,262,869</u>	<u>85,807,275</u>	<u>87,275,302</u>	<u>92,937,032</u>	<u>94,538,171</u>
Net assets:						
Invested in capital assets, net of related debt	12,991,539	14,408,710	47,793,223	47,045,720	60,784,762	61,454,430
Restricted	-	-	1,025,014	1,025,014	1,025,014	1,025,014
Unrestricted	<u>7,662,397</u>	<u>7,397,437</u>	<u>9,623,571</u>	<u>11,738,893</u>	<u>17,285,968</u>	<u>19,136,330</u>
Total net assets	<u>\$ 20,653,936</u>	<u>\$ 21,806,147</u>	<u>\$ 58,441,808</u>	<u>\$ 59,809,627</u>	<u>\$ 79,095,744</u>	<u>\$ 81,615,774</u>

An additional portion of the City's net assets (1.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$17,285,968) 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, 2008, decreased the City of Griffin's net assets by \$1,152,211. Business-type activities during the same period decreased net assets by \$1,367,819 for a total increase in net assets of \$2,520,030. 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	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues						
Charges for services	\$ 6,876,019	\$ 7,745,892	\$ 62,150,777	\$ 60,387,964	\$ 69,026,796	\$ 68,133,856
Operating grants and contributions	338,472	363,998	157,276	155,219	495,748	519,217
Capital grants and contributions	394,613	335,500	127,333	-	521,946	335,500
General revenues:						
Property taxes	4,843,964	4,976,391	-	-	4,843,964	4,976,391
Sales taxes	3,786,058	3,643,076	-	-	3,786,058	3,643,076
Insurance premium tax	1,281,805	1,228,829	-	-	1,281,805	1,228,829
Other taxes	1,270,444	1,259,834	-	-	1,270,444	1,259,834
Franchise taxes	612,240	599,456	-	-	612,240	599,456
Unrestricted investment earnings	73,214	314,039	619,561	747,202	692,775	1,061,241
Gain on sale of capital assets	82,281	21,607	(4,567)	572,424	77,714	594,031
Total revenues	19,559,110	20,488,622	63,050,380	61,862,809	82,609,490	82,351,431
Expenses:						
General government	4,651,126	6,263,855	-	-	4,651,126	6,263,855
Judicial	155,443	138,435	-	-	155,443	138,435
Public safety	14,438,842	13,804,583	-	-	14,438,842	13,804,583
Public works	4,760,853	4,573,818	-	-	4,760,853	4,573,818
Parks and recreation	464,517	426,302	-	-	464,517	426,302
Housing and development	811,268	755,454	-	-	811,268	755,454
Interest on long-term debt	254,579	175,391	-	-	254,579	175,391
Water and wastewater	-	-	15,366,591	15,055,974	15,366,591	15,055,974
Electric	-	-	34,439,453	31,007,937	34,439,453	31,007,937
Solid Waste	-	-	6,786,941	6,634,031	6,786,941	6,634,031
Stormwater	-	-	1,602,906	1,538,814	1,602,906	1,538,814
Airport operations	-	-	974,200	1,163,804	974,200	1,163,804
Welcome Center	-	-	103,441	97,060	103,441	97,060
Golf Course	-	-	319,360	37,695	319,360	37,695
Total expenses	25,536,628	26,137,838	59,592,892	55,535,315	85,129,520	81,673,153
Change in net assets before transfers	(5,977,518)	(5,649,216)	3,457,488	6,327,494	(2,520,030)	678,278
Transfers	4,825,307	5,952,873	(4,825,307)	(5,952,873)	-	-
Change in net assets	(1,152,211)	303,657	(1,367,819)	374,621	(2,520,030)	678,278
Net assets, beginning	21,806,147	21,502,490	59,809,627	59,435,006	81,615,774	80,937,496
Net assets, ending	\$ 20,653,936	\$ 21,806,147	\$ 58,441,808	\$ 59,809,627	\$ 79,095,744	\$ 81,615,774

As can be seen above, the governmental activities show a deficit of revenues under expenses before transfers of \$5,977,518 and \$5,649,216 for 2008 and 2007, 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 \$694,487 in 2008 and increased net assets by \$1,138,689 in 2007.

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

	2008	2007
Net operating income (loss):		
Water / Wastewater Fund	\$ 3,346,450	\$ 4,337,953
Electric Utility Fund	4,883,385	6,463,823
Solid Waste Fund	(1,284,939)	(892,209)
Nonmajor Enterprise Funds	(388,078)	(475,738)
Total net operating income	6,556,818	9,433,829
Nonoperating revenues (expenses)	(2,595,928)	(2,338,321)
Income (loss) before transfers	3,960,890	7,095,508
Net transfers out	(4,655,377)	(5,956,819)
Changes in net assets	\$ (694,487)	\$ 1,138,689

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2008 and 2007, the combined ending fund balances of the City's governmental funds were a positive \$3,790,026 and a positive \$4,064,449 respectively. A positive \$1,353,338 at June 30, 2008 of the ending fund balance consists of unreserved/undesignated fund balance, which is available as working capital for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance at June 30, 2008, \$2,436,688 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 2008 the General Fund had a positive fund balance of \$1,350,536. This is an increase of \$6,933 from the beginning fund balance. As noted earlier, this increase was due mostly to transfers in from other funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The net assets of the City's enterprise funds decreased by \$694,487 in 2008 and increased by \$1,138,689 in 2007, as a result of operations in the enterprise funds.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year ending June 30, 2008, governmental activities and business-type activities had capital assets of \$138,126,777 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 1.8% (a 6.1% decrease for governmental activities and a 1.1% decrease for business-type activities). The major decrease in capital assets for governmental activities and business-type activities was from the sale of capital assets and scheduled depreciation expense.

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2007	2006
Land	\$ 1,227,025	\$ 1,224,119	\$ 7,650,221	\$ 7,650,221	\$ 8,877,246	\$ 8,874,340
Land improvements	-	-	3,382,473	3,531,015	3,382,473	3,531,015
Buildings and improvements	6,974,379	6,743,332	23,727,561	24,513,748	30,701,940	31,257,080
Improvements other than buildings	-	-	76,569,110	73,489,412	76,569,110	73,489,412
Machinery and equipment	2,955,953	3,261,470	7,650,191	6,915,570	10,606,144	10,177,040
Infrastructure	6,715,648	7,589,661	-	-	6,715,648	7,589,661
Construction in progress	523,901	783,550	750,315	4,989,765	1,274,216	5,773,315
Total	<u>\$ 18,396,906</u>	<u>\$ 19,602,132</u>	<u>\$ 119,729,871</u>	<u>\$ 121,089,731</u>	<u>\$ 138,126,777</u>	<u>\$ 140,691,863</u>

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, 2008, the City had \$6,426,361 of outstanding long-term liabilities related to governmental activities and \$76,749,034 of long-term liabilities related to business-type activities for a total of \$83,175,395 compared to the previous year's total of \$85,192,186. This is a decrease of \$2,016,791 due mostly to scheduled principle payments on long term debt. At the end of 2008, the City had total bonded debt outstanding of \$71,209,000 as compared to \$72,887,000 in 2007. The debt is secured solely by specified revenue sources (i.e. revenue bonds). The majority of the bonded debt outstanding is from the issuance of \$64,385,000 of Combined Public Utility Revenue Refunding and Improvement Bonds (Series 2002) in 2003. These bonds, along with other available funds were used to refund \$6,210,000 in of the Series 1993A bonds, initially fund approximately 33 months of interest on the Series 2002 bonds, and construct improvements and a new regional water supply system for the water and wastewater fund.

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

Currently Known Conditions Affecting Future Operations

The governor of the State of Georgia decided to eliminate the Homeowners Tax Relief Grant for fiscal year 2009. The effect on the City is a reduction of approximately \$200,000 of general fund revenue. This along with the downturn in the economy will affect the City's operations in the area of reduced sales tax receipts and other general fund revenues. We will be monitoring this closely and amending our forecasts accordingly.

Factors affecting the FY 2008-09 Budget:

The Commission of the City of Griffin considered many factors when approving the City's 2009 budget and are very aware of present economic conditions and their effect on its citizens. The Commission chose to continue to use transfers from the business-type activities to the governmental activities instead of increasing taxes or rates within the governmental activities. There were no contemplated increases to the rates of the business-type activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgets are adopted for the General Fund, the Hotel / Motel Tax Fund, the Multiple Grant Fund, the Business and Tourism Association Fund, the Water/Wastewater Fund, Electric Utility Fund, Solid Waste Fund, Stormwater Utility Fund, Airport Fund, Welcome Center Fund, and Golf Course Fund. Budgets for the Enterprise Funds are prepared for planning and control purposes only. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget. During the year there was an approximate \$1.04 million decrease in appropriations between the original budget and the final amended budget for the City's General Fund. This decrease was due mostly to transferring the Customer Service Department from the General fund to the Electric fund.

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, 2008**

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 1,915,100	\$ 1,194,994	\$ 3,110,094
Investments	1,457,492	3,387,403	4,844,895
Taxes receivable	1,047,916	-	1,047,916
Accounts receivable, net of allowances	107,897	8,072,196	8,180,093
Due from other governments	32,500	-	32,500
Due from Spalding County	30,615	203	30,818
Internal balances	1,702,244	(1,702,244)	-
Inventories	170,367	2,581,175	2,751,542
Prepaid expenses	174,598	75,005	249,603
Restricted assets:			
Cash and cash equivalents	-	1,700,536	1,700,536
Investments	-	7,551,034	7,551,034
Deferred charges	-	1,658,910	1,658,910
Assets held for resale	143,427	-	143,427
Other noncurrent asset	2,604,631	-	2,604,631
Capital assets:			
Nondepreciable	1,750,926	8,400,536	10,151,462
Depreciable, net of accumulated depreciation	16,645,980	111,329,335	127,975,315
Total assets	<u>27,783,693</u>	<u>144,249,083</u>	<u>172,032,776</u>
LIABILITIES			
Accounts payable	422,260	4,696,733	5,118,993
Accrued liabilities	281,136	693,630	974,766
Unearned revenues	-	275,000	275,000
Customer deposits payable	-	3,392,878	3,392,878
Capital leases due within one year	663,610	176,117	839,727
Capital leases due in more than one year	4,741,757	419,957	5,161,714
Notes payable due within one year	-	178,654	178,654
Notes payable due in more than one year	-	2,116,108	2,116,108
Bonds payable due within one year	-	1,737,000	1,737,000
Bonds payable due in more than one year	-	69,472,000	69,472,000
Compensated absences due within one year	765,745	437,394	1,203,139
Compensated absences due in more than one year	255,249	145,798	401,047
Due to Pike County due in more than one year	-	269,464	269,464
Landfill postclosure care costs due within one year	-	84,400	84,400
Landfill postclosure care costs due in more than one year	-	1,712,142	1,712,142
Total liabilities	<u>7,129,757</u>	<u>85,807,275</u>	<u>92,937,032</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,991,539	47,793,223	60,784,762
Restricted for debt service	-	1,025,014	1,025,014
Unrestricted	7,662,397	9,623,571	17,285,968
Total net assets	<u>\$ 20,653,936</u>	<u>\$ 58,441,808</u>	<u>\$ 79,095,744</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, 2008**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,651,126	\$ 4,976,327	\$ 198,652	\$ 335,500	\$ 859,353	\$ -	\$ 859,353
Judicial	155,443	-	-	-	(155,443)	-	(155,443)
Public safety	14,438,842	1,234,416	139,820	-	(13,064,606)	-	(13,064,606)
Public works	4,760,853	220,743	-	59,113	(4,480,997)	-	(4,480,997)
Parks and recreation	464,517	213,252	-	-	(251,265)	-	(251,265)
Housing and economic development	811,268	231,281	-	-	(579,987)	-	(579,987)
Interest on long-term debt	254,579	-	-	-	(254,579)	-	(254,579)
Total governmental activities	<u>25,536,628</u>	<u>6,876,019</u>	<u>338,472</u>	<u>394,613</u>	<u>(17,927,524)</u>	<u>-</u>	<u>(17,927,524)</u>
Business-type activities:							
Water and Wastewater	15,366,591	15,251,076	-	-	-	(115,515)	(115,515)
Electric	34,439,453	39,249,939	-	-	-	4,810,486	4,810,486
Solid Waste	6,786,941	5,158,117	-	-	-	(1,628,824)	(1,628,824)
Stormwater	1,602,906	1,657,443	-	-	-	54,537	54,537
Airport	974,200	650,450	157,276	127,333	-	(39,141)	(39,141)
Welcome Center	103,441	-	-	-	-	(103,441)	(103,441)
Golf Course	319,360	183,752	-	-	-	(135,608)	(135,608)
Total business-type activities	<u>59,592,892</u>	<u>62,150,777</u>	<u>157,276</u>	<u>127,333</u>	<u>-</u>	<u>2,842,494</u>	<u>2,842,494</u>
Total primary government	<u>\$ 85,129,520</u>	<u>\$ 69,026,796</u>	<u>\$ 495,748</u>	<u>\$ 521,946</u>	<u>(17,927,524)</u>	<u>2,842,494</u>	<u>(15,085,030)</u>
General revenues:							
Property taxes					4,843,964	-	4,843,964
Sales taxes					3,786,058	-	3,786,058
Insurance premium tax					1,281,805	-	1,281,805
Alcoholic beverage taxes					646,473	-	646,473
Business occupational taxes					442,655	-	442,655
Other taxes					181,316	-	181,316
Franchise taxes					612,240	-	612,240
Unrestricted investment earnings					73,214	619,561	692,775
Gain on sale of capital assets					82,281	(4,567)	77,714
Transfers					4,825,307	(4,825,307)	-
Total general revenues and transfers					<u>16,775,313</u>	<u>(4,210,313)</u>	<u>12,565,000</u>
Change in net assets					(1,152,211)	(1,367,819)	(2,520,030)
Net assets, beginning of year					21,806,147	59,809,627	81,615,774
Net assets, end of year					<u>\$ 20,653,936</u>	<u>\$ 58,441,808</u>	<u>\$ 79,095,744</u>

The accompanying notes are an integral part of these financial statements

CITY OF GRIFFIN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

ASSETS	General	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	\$ 824,826	\$ 1,024,090	\$ 1,848,916
Investments	192,148	1,265,344	1,457,492
Taxes receivable, net	1,038,115	9,801	1,047,916
Accounts receivable, net	106,076	-	106,076
Due from other governments	32,500	-	32,500
Due from Spalding County	30,615	-	30,615
Due from other funds	175,205	110,344	285,549
Prepaid expenditures	160,471	14	160,485
Assets held for resale	-	143,427	143,427
Total assets	<u>\$ 2,559,956</u>	<u>\$ 2,553,020</u>	<u>\$ 5,112,976</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 236,315	\$ 90,095	\$ 326,410
Accrued liabilities	233,942	994	234,936
Deferred revenues	209,183	-	209,183
Due to other funds	529,980	22,441	552,421
Total liabilities	<u>1,209,420</u>	<u>113,530</u>	<u>1,322,950</u>
FUND BALANCES			
Fund balances:			
Reserved for:			
Prepaid expenditures	160,471	-	160,471
Special projects	-	2,276,217	2,276,217
Unreserved, reported in:			
General fund	1,190,065	-	1,190,065
Special revenue funds	-	143,212	143,212
Capital projects funds	-	20,061	20,061
Total fund balances	<u>1,350,536</u>	<u>2,439,490</u>	<u>3,790,026</u>
Total liabilities and fund balances	<u>\$ 2,559,956</u>	<u>\$ 2,553,020</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.			17,077,590
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			209,183
Net pension asset that is not a financial asset in governmental fund activities and therefore not reported in governmental funds.			2,604,631
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.			3,427,468
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.			<u>(6,454,962)</u>
Net assets of governmental activities			<u>\$ 20,653,936</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, 2008**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
REVENUES			
Property taxes	\$ 4,798,148	\$ -	\$ 4,798,148
Other taxes	6,252,755	85,552	6,338,307
Charges for services	5,174,480	97,439	5,271,919
Licenses and permits	396,528	-	396,528
Intergovernmental	397,385	200	397,585
Franchise taxes	612,240	-	612,240
Fines and forfeitures	1,106,717	70,992	1,177,709
Interest revenue	71,454	(2,921)	68,533
Rental income	215,418	-	215,418
Contributions and donations	12,296	8,750	21,046
Other revenues	90,462	38,437	128,899
Total revenues	<u>19,127,883</u>	<u>298,449</u>	<u>19,426,332</u>
EXPENDITURES			
Current:			
General government	4,405,393	-	4,405,393
Judicial	154,045	-	154,045
Public safety	14,149,424	34,017	14,183,441
Public works	3,670,323	42,311	3,712,634
Parks and recreation	451,220	-	451,220
Housing and economic development	719,396	81,026	800,422
Capital outlay	-	258,331	258,331
Debt service:			
Principal	512,498	32,233	544,731
Interest	350,468	3,451	353,919
Total expenditures	<u>24,412,767</u>	<u>451,369</u>	<u>24,864,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,284,884)</u>	<u>(152,920)</u>	<u>(5,437,804)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	17,950,493	200,752	18,151,245
Transfers out	(13,415,352)	(329,188)	(13,744,540)
Capital leases	756,676	-	756,676
Total other financing sources (uses)	<u>5,291,817</u>	<u>(128,436)</u>	<u>5,163,381</u>
Net change in fund balances	6,933	(281,356)	(274,423)
Fund balances, beginning of year	<u>1,343,603</u>	<u>2,720,846</u>	<u>4,064,449</u>
Fund balances, end of year	<u>\$ 1,350,536</u>	<u>\$ 2,439,490</u>	<u>\$ 3,790,026</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, 2008**

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

Net change in fund balances - total governmental funds	\$ (274,423)
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.	(763,789)
The net effect of various miscellaneous transactions (i.e., sales and donations) is to increase net assets.	(5,543)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	45,816
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.	46,426
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.	(211,945)
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>11,247</u>
	<u>\$ (1,152,211)</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 4,902,742	\$ 4,655,750	\$ 4,798,148	\$ 142,398
Other taxes	5,987,500	6,369,805	6,252,755	(117,050)
Charges for services	4,597,216	5,194,451	5,174,480	(19,971)
Licenses and permits	540,800	410,200	396,528	(13,672)
Intergovernmental	472,307	405,794	397,385	(8,409)
Franchise fees	595,000	615,000	612,240	(2,760)
Fines and forfeitures	1,133,000	1,176,500	1,106,717	(69,783)
Interest revenue	35,000	75,000	71,454	(3,546)
Rental income	53,000	250,000	215,418	(34,582)
Contributions and donations	-	21,721	12,296	(9,425)
Other revenues	633,000	79,050	90,462	11,412
Total revenues	<u>18,949,565</u>	<u>19,253,271</u>	<u>19,127,883</u>	<u>(125,388)</u>
EXPENDITURES:				
Current:				
General government:				
Legislative	619,038	580,113	428,154	151,959
Executive	948,653	959,701	912,039	47,662
Elections	1,000	6,205	4,410	1,795
Administrative services	3,951,936	2,350,496	2,109,193	241,303
Central services	656,653	785,770	853,930	(68,160)
Legal	104,800	94,725	97,667	(2,942)
Total general government	<u>6,282,080</u>	<u>4,777,010</u>	<u>4,405,393</u>	<u>371,617</u>
Judicial	<u>143,253</u>	<u>160,702</u>	<u>154,045</u>	<u>6,657</u>
Public safety:				
Police	8,902,298	8,874,956	9,052,956	(178,000)
Fire	4,648,466	4,787,458	4,848,189	(60,731)
Code enforcement	-	116,221	116,113	108
Other protection	141,684	124,821	132,166	(7,345)
Total public safety	<u>13,692,448</u>	<u>13,903,456</u>	<u>14,149,424</u>	<u>(245,968)</u>
Public works:				
Highways and streets	3,494,500	3,251,285	3,019,339	231,946
Cemetery	422,091	633,906	650,934	(17,028)
Total public works	<u>3,916,591</u>	<u>3,885,191</u>	<u>3,670,323</u>	<u>214,868</u>
Parks and recreation:				
Recreation	68,122	68,370	60,060	8,310
Parks	392,736	401,851	391,160	10,691
Total parks and recreation	<u>460,858</u>	<u>470,221</u>	<u>451,220</u>	<u>19,001</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Housing and economic development:				
Protective inspection	\$ 633,748	\$ 628,276	\$ 598,878	\$ 29,398
Downtown development	82,311	44,546	49,623	(5,077)
Main Street	76,500	80,122	70,895	9,227
Total housing and economic development	<u>792,559</u>	<u>752,944</u>	<u>719,396</u>	<u>33,548</u>
Debt service	<u>475,872</u>	<u>777,648</u>	<u>862,966</u>	<u>(85,318)</u>
Total expenditures	<u>25,763,661</u>	<u>24,727,172</u>	<u>24,412,767</u>	<u>314,405</u>
Deficiency of revenues under expenditures	<u>(6,814,096)</u>	<u>(5,473,901)</u>	<u>(5,284,884)</u>	<u>189,017</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,896,004	6,003,080	17,950,493	11,947,413
Transfers out	-	(470,282)	(13,415,352)	(12,945,070)
Capital leases	732,000	519,200	756,676	237,476
Proceeds from the sale of capital assets	35,000	120,000	-	(120,000)
Total other financing sources (uses)	<u>6,663,004</u>	<u>6,171,998</u>	<u>5,291,817</u>	<u>(880,181)</u>
Net change in fund balances	(151,092)	698,097	6,933	(691,164)
Fund balances, beginning of year	<u>1,343,603</u>	<u>1,343,603</u>	<u>1,343,603</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,192,511</u>	<u>\$ 2,041,700</u>	<u>\$ 1,350,536</u>	<u>\$ (691,164)</u>

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

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008**

ASSETS	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
CURRENT ASSETS				
Cash and cash equivalents	\$ 285,658	\$ 108,187	\$ 278,789	\$ 522,360
Investments	-	3,387,403	-	-
Restricted assets, cash	875,633	637,409	25,137	162,357
Restricted assets, investments	2,191,910	876,891	224,000	-
Accounts receivable, net of allowances	111,543	7,940,383	-	20,270
Due from Spalding County	203	-	-	-
Due from other funds	350,298	1,401	385	15,455
Inventories	330,019	2,172,051	-	79,105
Prepaid expenses	21,036	9,653	27,909	16,407
Total current assets	<u>4,166,300</u>	<u>15,133,378</u>	<u>556,220</u>	<u>815,954</u>
NONCURRENT ASSETS				
Restricted assets, investments	1,772,000	2,486,233	-	-
Deferred charges	1,658,910	-	-	-
Capital assets:				
Nondepreciable	6,141,842	155,891	-	2,102,803
Depreciable, net of accumulated depreciation	83,736,795	14,695,470	2,067,500	10,829,570
Total noncurrent assets	<u>93,309,547</u>	<u>17,337,594</u>	<u>2,067,500</u>	<u>12,932,373</u>
Total assets	<u>97,475,847</u>	<u>32,470,972</u>	<u>2,623,720</u>	<u>13,748,327</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	511,359	3,894,381	151,331	139,662
Accrued liabilities	49,360	510,048	72,836	61,386
Deferred revenue	-	-	275,000	-
Current portion - compensated absences	246,430	87,902	88,542	14,520
Current portion - notes payable	50,961	-	-	127,693
Current portion - capital leases payable	-	-	176,117	-
Current portion - landfill closure / postclosure care costs	-	-	84,400	-
Customer deposits payable	10,996	3,381,882	-	-
Due to other funds	23,810	26,398	106,434	179,467
Payable from restricted assets:				
Revenue bonds payable, current portion	1,737,000	-	-	-
Total current liabilities	<u>2,629,916</u>	<u>7,900,611</u>	<u>954,660</u>	<u>522,728</u>
NONCURRENT LIABILITIES				
Compensated absences, net of current portion	82,143	29,300	29,514	4,841
Revenue bonds payable, net of current portion	69,472,000	-	-	-
Capital leases payable, net of current portion	-	-	419,957	-
Notes payable, net of current portion	44,790	-	-	2,071,318
Due to Pike County, net of current portion	269,464	-	-	-
Landfill closure / postclosure care costs	-	-	1,712,142	-
Total noncurrent liabilities	<u>69,868,397</u>	<u>29,300</u>	<u>2,161,613</u>	<u>2,076,159</u>
Total liabilities	<u>72,498,313</u>	<u>7,929,911</u>	<u>3,116,273</u>	<u>2,598,887</u>
NET ASSETS				
Invested in capital assets, net of related debt	20,737,074	14,851,361	1,471,426	10,733,362
Restricted for debt service	1,025,014	-	-	-
Unrestricted	3,215,446	9,689,700	(1,963,979)	416,078
Total net assets	<u>\$ 24,977,534</u>	<u>\$ 24,541,061</u>	<u>\$ (492,553)</u>	<u>\$ 11,149,440</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 Fund - Motor Pool</u>
\$ 1,194,994	\$ 66,184
3,387,403	-
1,700,536	-
3,292,801	-
8,072,196	1,821
203	-
367,539	235,442
2,581,175	170,367
75,005	14,113
<u>20,671,852</u>	<u>487,927</u>
4,258,233	-
1,658,910	-
8,400,536	-
<u>111,329,335</u>	<u>1,319,316</u>
<u>125,647,014</u>	<u>1,319,316</u>
<u>146,318,866</u>	<u>1,807,243</u>
4,696,733	95,850
693,630	8,299
275,000	-
437,394	6,975
178,654	-
176,117	-
84,400	-
3,392,878	-
336,109	-
<u>1,737,000</u>	<u>-</u>
<u>12,007,915</u>	<u>111,124</u>
145,798	2,325
69,472,000	-
419,957	-
2,116,108	-
269,464	-
1,712,142	-
<u>74,135,469</u>	<u>2,325</u>
<u>86,143,384</u>	<u>113,449</u>
47,793,223	1,319,316
1,025,014	-
<u>11,357,245</u>	<u>374,478</u>
<u>60,175,482</u>	<u>\$ 1,693,794</u>
(1,733,674)	
<u>\$ 58,441,808</u>	

CITY OF GRIFFIN, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 14,729,042	\$ 36,802,893	\$ 5,104,143	\$ 2,462,198
Tap and capacity recovery fees	435,195	-	-	-
Other services	86,839	2,447,046	53,974	29,447
Total operating revenues	<u>15,251,076</u>	<u>39,249,939</u>	<u>5,158,117</u>	<u>2,491,645</u>
OPERATING EXPENSES				
Personal services	3,488,863	3,562,383	2,222,610	912,917
Purchased or contracted services	3,603,517	1,734,315	3,159,234	1,161,917
Purchased power	-	27,818,918	-	-
Supplies	1,266,308	171,384	61,574	199,687
Miscellaneous	442,061	403,252	661,089	139,313
Depreciation	3,103,877	676,302	338,549	465,889
Total operating expenses	<u>11,904,626</u>	<u>34,366,554</u>	<u>6,443,056</u>	<u>2,879,723</u>
Operating income (loss)	<u>3,346,450</u>	<u>4,883,385</u>	<u>(1,284,939)</u>	<u>(388,078)</u>
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	-	-	-	284,609
Interest income	257,276	341,142	11,497	9,646
Interest expense	(3,382,912)	-	(27,892)	(84,727)
Gain / (loss) on sale of capital assets	(4,567)	-	-	-
Total nonoperating income (expenses)	<u>(3,130,203)</u>	<u>341,142</u>	<u>(16,395)</u>	<u>209,528</u>
Income (loss) before transfers	216,247	5,224,527	(1,301,334)	(178,550)
TRANSFERS				
Transfers out	(15,952,156)	(30,214,974)	(4,413,607)	(2,344,601)
Transfers in	15,438,487	24,780,706	5,791,090	2,259,678
Total transfers	<u>(513,669)</u>	<u>(5,434,268)</u>	<u>1,377,483</u>	<u>(84,923)</u>
Change in net assets	(297,422)	(209,741)	76,149	(263,473)
NET ASSETS, beginning of year	<u>25,274,956</u>	<u>24,750,802</u>	<u>(568,702)</u>	<u>11,412,913</u>
NET ASSETS, end of year	<u>\$ 24,977,534</u>	<u>\$ 24,541,061</u>	<u>\$ (492,553)</u>	<u>\$ 11,149,440</u>

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

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

<u>Totals</u>	<u>Governmental Activities Internal Service Fund - Motor Pool</u>
\$ 59,098,276	\$ 1,519,744
435,195	-
2,617,306	7,672
<u>62,150,777</u>	<u>1,527,416</u>
10,186,773	592,291
9,658,983	640,165
27,818,918	-
1,698,953	775,088
1,645,715	41,246
4,584,617	446,709
<u>55,593,959</u>	<u>2,495,499</u>
<u>6,556,818</u>	<u>(968,083)</u>
284,609	-
619,561	4,681
(3,495,531)	-
(4,567)	87,824
<u>(2,595,928)</u>	<u>92,505</u>
3,960,890	(875,578)
(52,925,338)	(678,377)
48,269,961	927,049
<u>(4,655,377)</u>	<u>248,672</u>
(694,487)	(626,906)
	<u>2,320,700</u>
	<u>\$ 1,693,794</u>
<u>(673,332)</u>	
<u>\$ (1,367,819)</u>	

CITY OF GRIFFIN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<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	\$ 15,253,553	\$ 39,410,249	\$ 5,223,267	\$ 2,482,090
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(5,426,861)	(30,040,824)	(3,949,452)	(1,566,740)
Payments to employees	(3,502,738)	(3,536,499)	(2,249,614)	(893,045)
Net cash provided by (used in) operating activities	<u>6,323,954</u>	<u>5,832,926</u>	<u>(975,799)</u>	<u>22,305</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental grant	-	-	275,000	284,609
Transfers out	(15,952,156)	(30,214,974)	(4,413,607)	(2,344,601)
Transfers in	15,438,487	24,780,706	5,791,090	2,259,678
Net cash provided by (used in) noncapital financing activities	<u>(513,669)</u>	<u>(5,434,268)</u>	<u>1,652,483</u>	<u>199,686</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(819,405)	(1,895,022)	(183,454)	(331,443)
Proceeds from the sale of capital assets	-	-	-	-
Principal paid on bonds	(1,678,000)	-	-	-
Principal paid on notes payable and capital leases	(48,079)	-	(189,468)	(122,740)
Principal paid on agreement due to Pike County	(56,298)	-	-	-
Interest paid	(3,452,211)	-	(28,315)	(85,111)
Net cash provided by (used in) capital and related financing activities	<u>(6,053,993)</u>	<u>(1,895,022)</u>	<u>(401,237)</u>	<u>(539,294)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(3,063,193)	(897,212)	(224,000)	-
Proceeds from the sale of investments	2,437,907	682,132	-	-
Interest and dividends received	257,276	342,419	11,497	9,646
Net cash provided by (used in) investing activities	<u>(368,010)</u>	<u>127,339</u>	<u>(212,503)</u>	<u>9,646</u>
Increase (decrease) in cash and cash equivalents	(611,718)	(1,369,025)	62,944	(307,657)
Cash and cash equivalents:				
Beginning of year	<u>1,773,009</u>	<u>2,114,621</u>	<u>240,982</u>	<u>992,374</u>
End of year	<u>\$ 1,161,291</u>	<u>\$ 745,596</u>	<u>\$ 303,926</u>	<u>\$ 684,717</u>
Classified as:				
Cash and cash equivalents	\$ 285,658	\$ 108,187	\$ 278,789	\$ 522,360
Restricted assets, cash	875,633	637,409	25,137	162,357
	<u>\$ 1,161,291</u>	<u>\$ 745,596</u>	<u>\$ 303,926</u>	<u>\$ 684,717</u>

(Continued)

<u>Totals</u>	<u>Governmental Activities Internal Service Fund - Motor Pool</u>
\$ 62,369,159	\$ -
-	1,672,663
(40,983,877)	(1,451,146)
<u>(10,181,896)</u>	<u>(592,192)</u>
<u>11,203,386</u>	<u>(370,675)</u>
559,609	-
(52,925,338)	(678,377)
<u>48,269,961</u>	<u>927,049</u>
<u>(4,095,768)</u>	<u>248,672</u>
(3,229,324)	(10,815)
-	87,824
(1,678,000)	-
(360,287)	-
(56,298)	-
<u>(3,565,637)</u>	<u>-</u>
<u>(8,889,546)</u>	<u>77,009</u>
(4,184,405)	-
3,120,039	-
620,838	4,681
<u>(443,528)</u>	<u>4,681</u>
(2,225,456)	(40,313)
<u>5,120,986</u>	<u>106,497</u>
<u>\$ 2,895,530</u>	<u>\$ 66,184</u>
\$ 1,194,994	\$ 66,184
1,700,536	-
<u>\$ 2,895,530</u>	<u>\$ 66,184</u>

CITY OF GRIFFIN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<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)	\$ 3,346,450	\$ 4,883,385	\$ (1,284,939)	\$ (388,078)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,103,877	676,302	338,549	465,889
Changes in assets and liabilities:				
Increase in accounts receivable	(12,071)	(18,905)	-	(8,275)
Increase in inventories	(4,498)	(319,229)	-	(29,932)
(Increase) decrease in due from other funds	(298)	(1,401)	(385)	(519)
(Increase) decrease in prepaids and other assets	8,012	2,234	4,467	(2,307)
Decrease in checks issued in excess of bank balance	-	-	(85,647)	(43,872)
Increase (decrease) in accounts payable	(120,972)	396,881	8,710	(3,738)
Increase (decrease) in accrued liabilities	(11,392)	33,043	(6,717)	34,417
Increase in customer deposits	-	167,247	-	-
Decrease in landfill closure / postclosure care costs	-	-	(15,372)	-
Increase (decrease) in due to other funds	14,846	13,369	65,535	(1,280)
Net cash provided by (used in) operating activities	<u>\$ 6,323,954</u>	<u>\$ 5,832,926</u>	<u>\$ (975,799)</u>	<u>\$ 22,305</u>
Noncash investing, capital, and financing activities:				
Unrealized loss on investments	<u>\$ -</u>	<u>\$ (1,277)</u>	<u>\$ -</u>	<u>\$ -</u>

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

		Governmental Activities	
		Internal Service Fund - Motor Pool	
Totals			
\$	6,556,818	\$	(968,083)
	4,584,617		446,709
	(39,251)		(1,321)
	(353,659)		(5,948)
	(2,603)		146,568
	12,406		2,885
	(129,519)		-
	280,881		8,416
	49,351		99
	167,247		-
	(15,372)		-
	92,470		-
<u>\$</u>	<u>11,203,386</u>	<u>\$</u>	<u>(370,675)</u>
<u>\$</u>	<u>(1,277)</u>	<u>\$</u>	<u>-</u>

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2008**

	<u>Municipal Court</u>
ASSETS	
Cash and cash equivalents	\$ 237,747
Total assets	<u>237,747</u>
LIABILITIES	
Due to others	237,747
Total liabilities	<u>\$ 237,747</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, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Blended Component Unit

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting (Continued)

6. Formal budgetary integration is employed as a management control device during the year for all the following funds (General, Hotel/Motel Tax, Multiple Grant, Police Technology, Court Technology, and the Business and Tourism Association 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.

State statutes authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1 was created under OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). The pool is regulated by the Georgia Office of Treasury and Fiscal Services.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

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

G. Inventory and Prepaid Items

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

H. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2008, no amounts were capitalized.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Liabilities

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

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

L. Compensated Absences

City employees accrue vacation in different amounts according to the number of years of service. Employees under 10 years of service accrue two weeks of vacation each year. Upon reaching 10 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 10 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 only if they have matured, for example, as a result of employee resignations and retirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Defined Contribution Plan

The City offers its employees a defined contribution plan (the City of Griffin Deferred Compensation Plan) which is administered by MetLife Resources. The Plan is a combined 457 plan and 401A plan. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and requires the City to match the employees' deferrals up to a maximum of 1% of annual compensation. Employer's contributions are fully vested at the time of contribution. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Benefit provisions and contributions are established and may be amended by the City Council. During the year ended June 30, 2008, the City contributed \$289,860 and employees contributed \$539,513.

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

N. Fund Equity

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

O. Restricted Assets

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

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.

NOTES TO FINANCIAL STATEMENTS

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 \$6,454,962 difference are as follows:

Capital leases	\$ 5,405,367
Compensated absences	1,011,694
Accrued interest	<u>37,901</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u><u>\$ 6,454,962</u></u>

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 \$763,789 difference are as follows:

Capital outlay	\$ 1,083,262
Depreciation expense	<u>(1,847,051)</u>
 Net adjustment to decrease <i>net changes in fund balances - total</i> <i>governmental funds</i> to arrive at <i>changes in net assets of</i> <i>governmental activities</i>	 <u><u>\$ (763,789)</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 (Continued)

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 \$211,945 difference are as follows:

Proceeds from capital leases	\$ 756,676
Principal retirement on long-term debt	(544,731)
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>	\$ 211,945
	\$ 211,945

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 \$11,247 difference are as follows:

Compensated absences	\$ 69,120
Net pension obligation	(157,213)
Accrued interest	99,340
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>	\$ 11,247
	\$ 11,247

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2008, are summarized as follows:

Amounts as presented on the entity wide statement of net assets:	
Cash and cash equivalents	\$ 3,110,094
Investments	4,844,895
Restricted cash and cash equivalents	1,700,536
Restricted investments	7,551,034
Amounts as presented on the fiduciary statement of net assets:	
Cash and cash equivalents - Agency Fund	237,747
Total	<u>\$ 17,444,306</u>
Cash deposited with financial institutions	\$ 12,773,908
Cash deposited with Georgia Fund 1	28,693
Investments in the Municipal Competitive Trust	3,387,403
Investments in Federated securities	955,535
Investments in governmental bonds	
Investments in corporate bonds	198,633
Investments in taxable unit trust	100,134
	<u>\$ 17,444,306</u>

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2008, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's and the City's investments in Federated securities were rated between 3 and 4 stars by Morningstar Rating. The City's investment in the Municipal Competitive Trust was not rated. All other City investments were rated AA by Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2008, the City had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>5 - 10</u>
Georgia Fund 1	\$ 28,693	\$ 28,693	\$ -	\$ -
Certificates of Deposit	7,725,531	3,456,931	4,268,600	-
Municipal Competitive Trust - Short-term	3,387,403	3,387,403	-	-
Federated Equity Fund	415,936	N/A	-	-
Federated U.S. Government Funds	539,599	63,862	446,475	29,262
Taxable unit trust	100,134	N/A	-	-
Corporate bonds	198,633	198,633		
Total	<u>\$ 12,395,929</u>	<u>\$ 7,135,522</u>	<u>\$ 4,715,075</u>	<u>\$ 29,262</u>

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

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, 2008, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

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

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized loss of \$1,277 reflected as investment income in the Electric Utility Fund and an unrealized loss of \$91,547 reflected as investment income in the Cemetery Trust Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Accounts Receivable

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

	General	Nonmajor Governmental	Water/ Wastewater
Receivables:			
Taxes	\$ 1,235,599	\$ 9,801	\$ -
Accounts	106,076	-	138,363
Intergovernmental	63,115	-	203
Gross receivables	1,404,790	9,801	138,566
Less: allowance for uncollectibles	(197,484)	-	(26,820)
Net total receivables	\$ 1,207,306	\$ 9,801	\$ 111,746
	Electric	Nonmajor Enterprise	Total
Receivables:			
Taxes	\$ -	\$ -	\$ 1,245,400
Accounts	14,010,518	20,270	14,275,227
Intergovernmental	-	-	63,318
Gross receivables	14,010,518	20,270	15,583,945
Less: allowance for uncollectibles	(6,070,135)	-	(6,294,439)
Net total receivables	\$ 7,940,383	\$ 20,270	\$ 9,289,506

Property Taxes

Property taxes were levied on behalf of the City by Spalding County on July 27, 2007, (Levy Date) based upon property values assessed as of January 1. The billings were mailed on September 10, 2007, and payable on or before November 15, 2007, for the fiscal year 2007 tax. Taxes not paid within 30 days of the November 15 due date were subject to property tax liens on February 17, 2008. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during fiscal year 2007 for the City's operations was 8.60 mills (mill equals \$1 per thousand dollars of assessed value).

The City does maintain an allowance for uncollectible property taxes. At June 30, 2008, the allowance for uncollectible property taxes was \$197,484.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,224,119	\$ -	\$ -	\$ 2,906	\$ 1,227,025
Construction in progress	783,551	353,791	(4,757)	(608,684)	523,901
Total capital assets, not being depreciated	<u>2,007,670</u>	<u>353,791</u>	<u>(4,757)</u>	<u>(605,778)</u>	<u>1,750,926</u>
Capital assets, being depreciated:					
Buildings and improvements	8,058,389	57,735	-	431,944	8,548,068
Machinery and equipment	20,096,077	682,551	(1,364,125)	128,067	19,542,570
Infrastructure	28,099,160	-	(786)	45,767	28,144,141
Total capital assets, being depreciated	<u>56,253,626</u>	<u>740,286</u>	<u>(1,364,911)</u>	<u>605,778</u>	<u>56,234,779</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,315,057)	(258,632)	-	-	(1,573,689)
Machinery and equipment	(16,834,607)	(1,116,135)	1,364,125	-	(16,586,617)
Infrastructure	(20,509,500)	(918,993)	-	-	(21,428,493)
Total accumulated depreciation	<u>(38,659,164)</u>	<u>(2,293,760)</u>	<u>1,364,125</u>	<u>-</u>	<u>(39,588,799)</u>
Total capital assets, being depreciated, net	<u>17,594,462</u>	<u>(1,553,474)</u>	<u>(786)</u>	<u>605,778</u>	<u>16,645,980</u>
Governmental activities capital assets, net	<u>\$ 19,602,132</u>	<u>\$ (1,199,683)</u>	<u>\$ (5,543)</u>	<u>\$ -</u>	<u>\$ 18,396,906</u>

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for them are included as part of the above totals for governmental activities. At year end, \$1,319,316 of internal service fund's capital assets is included in the above amounts.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 7,650,221	\$ -	\$ -	\$ -	\$ 7,650,221
Construction in progress	<u>4,989,764</u>	<u>593,806</u>	<u>(4,567)</u>	<u>(4,828,688)</u>	<u>750,315</u>
Total capital assets, not being depreciated	<u>12,639,985</u>	<u>593,806</u>	<u>(4,567)</u>	<u>(4,828,688)</u>	<u>8,400,536</u>
Capital assets, being depreciated:					
Land improvements	4,400,293	11,934	-	-	4,412,227
Buildings	35,804,521	29,925	-	-	35,834,446
Improvements other than buildings	91,961,948	1,261,084	-	4,301,020	97,524,052
Machinery and equipment	<u>20,386,747</u>	<u>1,332,575</u>	<u>-</u>	<u>527,668</u>	<u>22,246,990</u>
Total capital assets, being depreciated	<u>152,553,509</u>	<u>2,635,518</u>	<u>-</u>	<u>4,828,688</u>	<u>160,017,715</u>
Less accumulated depreciation for:					
Land improvements	(869,279)	(160,475)	-	-	(1,029,754)
Buildings	(11,290,774)	(816,111)	-	-	(12,106,885)
Improvements other than buildings	(18,472,538)	(2,482,404)	-	-	(20,954,942)
Machinery and equipment	<u>(13,471,172)</u>	<u>(1,125,627)</u>	<u>-</u>	<u>-</u>	<u>(14,596,799)</u>
Total accumulated depreciation	<u>(44,103,763)</u>	<u>(4,584,617)</u>	<u>-</u>	<u>-</u>	<u>(48,688,380)</u>
Total capital assets, being depreciated, net	<u>108,449,746</u>	<u>(1,949,099)</u>	<u>-</u>	<u>4,828,688</u>	<u>111,329,335</u>
Business-type activities activities capital assets, net	<u>\$ 121,089,731</u>	<u>\$ (1,355,293)</u>	<u>\$ (4,567)</u>	<u>\$ -</u>	<u>\$ 119,729,871</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	\$	414,528
Public safety		403,267
Public works		1,018,466
Parks and recreation		10,790
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		446,709
Total depreciation expense - governmental activities	\$	<u>2,293,760</u>
Business-type activities:		
Water and wastewater	\$	3,103,877
Electric		676,302
Solid waste		338,549
Stormwater		251,259
Airport		139,971
Welcome center		41,829
Golf course		32,830
Total depreciation expense - business-type activities	\$	<u>4,584,617</u>

NOTE 6. LONG-TERM DEBT

Revenue Bonds:

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The City's Water and Wastewater Utility Fund's revenue bonds outstanding at June 30, 2008, are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Combined Utility, Series 2002	\$ 64,385,000	2.00% - 5.125%	2032	\$ 63,160,000
Combined Utility, Series 2005	9,748,000	3.59%	2017	8,049,000
				71,209,000
			Less current portion	(1,737,000)
				<u>\$ 69,472,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2002

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

Combined Public Utility Revenue Bonds, Series 2005

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

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 5,108,771	\$ 1,737,000	\$ 3,371,771
2010	5,106,370	1,795,000	3,311,370
2011	5,108,775	1,861,000	3,247,775
2012	5,108,988	1,932,000	3,176,988
2013	5,109,468	2,006,000	3,103,468
2014 - 2018	25,534,061	11,333,000	14,201,061
2019 - 2023	25,541,886	14,265,000	11,276,886
2024 - 2028	25,535,852	18,160,000	7,375,852
2029 - 2032	20,440,000	18,120,000	2,320,000
	<u>\$ 122,594,171</u>	<u>\$ 71,209,000</u>	<u>\$ 51,385,171</u>

Other Long-Term Debt:

The Water and Wastewater Utility Fund has incurred debt to the Georgia Environmental Facilities Authority for water and sewer system improvements. This note is as follows at June 30, 2008:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 653,145	5.80%	2010	\$ 95,751
		Less current portion	(50,961)
			<u>\$ 44,790</u>

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 55,169	\$ 50,961	\$ 4,208
2010	45,993	44,790	1,203
	<u>\$ 101,162</u>	<u>\$ 95,751</u>	<u>\$ 5,411</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Other Long-Term Debt (Continued):

The Stormwater Utility Fund has incurred debt to the Georgia Environmental Facilities Authority for utility system improvements. This note is as follows at June 30, 2008:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 2,691,113	3.75%	2022	\$ 2,199,011
		Less current portion	(127,693)
			<u>\$ 2,071,318</u>

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 207,851	\$ 127,693	\$ 80,158
2010	207,851	132,431	75,420
2011	207,851	137,483	70,368
2012	207,851	142,624	65,227
2013	207,851	148,270	59,581
2014 - 2018	1,039,253	830,092	209,161
2019 - 2022	727,116	680,418	46,698
	<u>\$ 2,805,624</u>	<u>\$ 2,199,011</u>	<u>\$ 606,613</u>

Intergovernmental Agreement – Due to Pike County

The Water and Wastewater Utility Fund has incurred debt to Pike County as part of a settlement agreement with regards to the construction of the City's water reservoir located in Pike County. This note is as follows at June 30, 2008:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
\$ 374,469	7.00%	2016	<u>\$ 269,464</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Intergovernmental Agreement – Due to Pike County (Continued)

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 50,000	\$ 31,137	\$ 18,863
2011	50,000	33,317	16,683
2012	50,000	35,649	14,351
2013	50,000	38,145	11,855
2014 - 2016	150,000	131,216	18,784
	<u>\$ 350,000</u>	<u>\$ 269,464</u>	<u>\$ 80,536</u>

Capital Leases:

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

The following is an analysis of equipment leased under capital leases as of June 30, 2008:

	<u>Governmental Activities</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Buildings	\$ 3,586,460	\$ -	\$ 3,586,460
Equipment	1,867,800	803,272	2,671,072
Construction in progress	38,876	-	38,876
Less accumulated depreciation	(802,737)	(339,382)	(1,142,119)
Carrying value	<u>\$ 4,690,399</u>	<u>\$ 463,890</u>	<u>\$ 5,154,289</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Leases: (Continued)

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2008:

<u>Fiscal year ending</u>	<u>Governmental Activities</u>	<u>Solid Waste Fund</u>	<u>Total</u>
2009	\$ 903,786	\$ 197,348	\$ 1,101,134
2010	807,559	179,903	987,462
2011	466,543	92,674	559,217
2012	413,822	92,674	506,496
2013	413,822	92,674	506,496
2014 - 2017	3,922,228	-	3,922,228
Total minimum lease payments	6,927,760	655,273	7,583,033
Less amount representing interest	(1,522,393)	(59,199)	(1,581,592)
Present value of future minimum lease payments	5,405,367	596,074	6,001,441
Less current maturities	(663,610)	(176,117)	(839,727)
	<u>\$ 4,741,757</u>	<u>\$ 419,957</u>	<u>\$ 5,161,714</u>

Closure/Postclosure Care Costs

Effective March 1994, the City of Griffin Shoal Creek Landfill Phase 1 was closed and no additional waste has been accepted. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately \$921,884 over the remaining 15 year period. These costs are based on what it would cost to perform all postclosure care in 2001, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Effective December 2006, the City of Griffin Shoal Creek Landfill Phase 2 was closed and no additional waste has been accepted. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately \$688,193 over the remaining 30 year period. These costs are based on what it would cost to perform all postclosure care in 2007, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Closure/Postclosure Care Costs (Continued)

State and federal laws and regulations require the City to place a final cover on its Shoal Creek Landfill Phase 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2029, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount noted as Phase 3 below reported as landfill closure and postclosure care liability at June 30, 2008, represents the cumulative amount reported to date based on the use of approximately 8% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$2,101,096 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Shoal Creek Road Landfill Phase 1 postclosure care costs	\$ 921,884
Shoal Creek Road Landfill Phase 2 closure and postclosure care costs	688,193
Shoal Creek Road Landfill Phase 3 closure and postclosure care costs	<u>186,465</u>
Total closure and postclosure care costs recorded within the Solid Waste Fund	<u>1,796,542</u>
Less current portion	<u>(84,400)</u>
	<u><u>\$ 1,712,142</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 5,193,422	\$ 756,676	\$ (544,731)	\$ 5,405,367	\$ 663,610
Compensated absences	1,092,111	971,112	(1,042,229)	1,020,994	765,745
Governmental activity					
Long-term liabilities	<u>\$ 6,285,533</u>	<u>\$ 1,727,788</u>	<u>\$ (1,586,960)</u>	<u>\$ 6,426,361</u>	<u>\$ 1,429,355</u>
Business-type activities:					
Revenue bonds	\$ 72,887,000	\$ -	\$ (1,678,000)	\$ 71,209,000	\$ 1,737,000
Notes payable	2,465,581	-	(170,819)	2,294,762	178,654
Compensated absences	630,854	558,093	(605,755)	583,192	437,394
Capital leases	785,542	-	(189,468)	596,074	176,117
Intergovernmental agreement	325,762	-	(27,197)	298,565	29,100
Landfill closure / postclosure	1,811,914	165,825	(181,197)	1,796,542	84,400
Business-type activity					
Long-term liabilities	<u>\$ 78,906,653</u>	<u>\$ 723,918</u>	<u>\$ (2,852,436)</u>	<u>\$ 76,778,135</u>	<u>\$ 2,642,665</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$9,300 of internal service fund's compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are substantially liquidated by the General Fund. The beginning balance of business-type activities in the table above has been adjusted to properly include the beginning balance of the City's intergovernmental agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN

A. Plan Description

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

As of January 1, 2008, the date of the most recent actuarial valuation, there were 602 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	162
Vested terminated employees not yet receiving benefits	53
Active employees	387
Total	602

As of the most recent valuation date, January 1, 2008, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded / Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ 41,942,958	\$ 47,180,238	\$ 5,237,280	88.9 %	\$ 14,827,023	35.3 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

B. Funding Policy

The funding policy for the City of Griffin Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of Griffin Retirement Plan. The City is required to contribute at an actuarially determined rate; the current rate is 10.53% of annual covered payroll.

C. Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost was \$1,718,803 for the City of Griffin Retirement Plan. The recommended contribution of \$1,561,590 was determined as part of the January 1, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return, (b) projected salary increases for inflation of 5.0% per year and for merit or seniority of .5% per year, and (c) 3.0% cost of living adjustment. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2006, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses; 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization period for the unfunded actuarial accrued liability is open as of the latest actuarial valuation. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets.

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

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2008 is as follows:

Annual required contribution	\$ 1,561,590
Interest on net pension obligation (asset)	(55,237)
Adjustments to annual required contribution	212,450
Annual pension cost	<u>1,718,803</u>
Contributions made	<u>1,561,590</u>
Decrease in net pension obligation	157,213
Net pension obligation (asset), beginning of year	(2,761,844)
Net pension obligation (asset), end of year	<u>\$ (2,604,631)</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN (CONTINUED)

C. Annual Pension Cost (Continued)

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

D. Trend Information

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

NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures Over Appropriations

The following General Fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2008:

Central services	\$ 68,160
Legal	2,942
Police	178,000
Fire	60,731
Other protection	7,345
Cemetery	17,028
Downtown development	5,077
Debt service	85,318
Business and Tourism Association - Housing and economic development	10,158

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

NOTES TO FINANCIAL STATEMENTS

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

B. Deficit Fund Balance/Net Assets

The following funds had deficit fund balances/net assets at June 30, 2008:

Solid Waste Fund	\$ 492,553
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The fund deficit in the Solid Waste Fund will be reduced through increased user charges and General Fund appropriations.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2008 are as follows:

<u>Due To</u>	Due From			
	General	Nonmajor Governmental	Electric	Water / Wastewater
General Fund	\$ -	\$ 16,841	\$ -	\$ -
Nonmajor governmental	107,544	2,800	-	-
Water / Wastewater	350,298	-	-	-
Electric	1,401	-	-	-
Solid Waste	385	-	-	-
Internal service funds	57,752	-	26,398	23,810
Nonmajor enterprise	12,600	2,800	-	-
Total	\$ 529,980	\$ 22,441	\$ 26,398	\$ 23,810

<u>Due To</u>	Solid Waste	Nonmajor Enterprise	Total
	General Fund	\$ -	\$ 158,364
Nonmajor governmental	-	-	110,344
Water/Wastewater	-	-	350,298
Electric	-	-	1,401
Solid Waste	-	-	385
Internal Service Funds	106,434	21,048	235,442
Nonmajor enterprise	-	55	15,455
Total	\$ 106,434	\$ 179,467	\$ 888,530

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2008 consisted of the following:

<u>Transfer From</u>	Transfer To			
	General	Nonmajor Governmental	Water/ Wastewater	Electric
General Fund	\$ -	\$ 178,008	\$ 6,110,411	\$ 2,205,533
Nonmajor Governmental	283,700	22,744	-	-
Water / Wastewater	91,208	-	-	15,836,717
Electric	17,363,408	-	9,312,054	-
Solid Waste	53,730	-	8,541	4,351,336
Internal Service	158,447	-	-	50,000
Nonmajor Enterprise	-	-	7,481	2,337,120
Total	\$ 17,950,493	\$ 200,752	\$ 15,438,487	\$ 24,780,706

<u>Transfer From</u>	Solid Waste	Internal Service	Nonmajor Enterprise	Total
	General Fund	\$ 3,023,817	\$ 577,049	\$ 1,320,534
Nonmajor Governmental	-	-	22,744	329,188
Water / Wastewater	14,473	-	9,758	15,952,156
Electric	2,302,870	350,000	886,642	30,214,974
Solid Waste	-	-	-	4,413,607
Internal Service	449,930	-	20,000	678,377
Nonmajor Enterprise	-	-	-	2,344,601
Total	\$ 5,791,090	\$ 927,049	\$ 2,259,678	\$ 67,348,255

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

NOTE 10. RELATED ORGANIZATION

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. For the fiscal year ended June 30, 2008, \$85,552 of hotel/motel tax was collected. Of the total collected, over 50% was used for the promotion of tourism within the City (\$22,744 to the Griffin Business and Tourism Association and \$22,744 to the City's Welcome Center).

NOTE 12. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the five county north Georgia area, is a member of the McIntosh Trail Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2008, the City paid \$23,424 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 Trail Regional Development Center; 120 North Hill Street, Griffin, Georgia 30224.

NOTE 13. JOINTLY GOVERNED ORGANIZATION

During the year ended June 30, 2007, the City along with Spalding County entered into an interlocal cooperation agreement for the purpose of establishing the Griffin / Spalding County Land Bank Authority (the "Authority"). The Authority's purpose is to return land which is in a non-revenue generating, non-tax producing status to an effective utilization status in order to provide affordable housing, new trade, commerce, industry, and employment opportunities for the citizens of the City and Spalding County. The Authority is governed by a four member board of directors appointed equally by the City and Spalding County. The City has no further accountability for this organization.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants from Governments

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

Agreements with the Municipal Electric Authority of Georgia

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

As of June 30, 2008, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by the Authority. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to \$27,818,918 in 2008.

At June 30, 2008, the outstanding debt of MEAG was approximately \$3.63 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$154.21 million at June 30, 2008.

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, 2008, there were 75 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 2008, those costs were approximately \$414,800.

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/06	\$ 36,580,945	\$ 42,951,704	\$ 6,370,759	85.17 %	\$ 14,865,070	42.86 %
01/01/07	38,982,838	44,895,259	5,912,421	86.83	14,887,536	39.71

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF GRIFFIN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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.

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, 2008

	Special Revenue Funds					
	Hotel/ Motel Tax Fund	Multiple Grant Fund	Confiscated Assets Fund	Police Technology Fund	Court Technology Fund	Business and Tourism Association
ASSETS						
Cash and cash equivalents	\$ -	\$ 85,977	\$ 37,743	\$ 16,115	\$ 5,102	\$ 1,028
Investments	-	-	-	-	-	-
Taxes receivable	9,801	-	-	-	-	-
Due from other funds	-	-	632	-	-	2,800
Prepaid expenditures	-	-	-	-	-	14
Assets held for resale	-	-	-	-	-	-
Total assets	<u>\$ 9,801</u>	<u>\$ 85,977</u>	<u>\$ 38,375</u>	<u>\$ 16,115</u>	<u>\$ 5,102</u>	<u>\$ 3,842</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,665	\$ 1,308	\$ 186
Accrued liabilities	-	-	-	-	-	994
Due to other funds	9,801	1,046	-	-	-	1,000
Total liabilities	<u>9,801</u>	<u>1,046</u>	<u>-</u>	<u>1,665</u>	<u>1,308</u>	<u>2,180</u>
FUND BALANCES						
Reserved:						
Reserved for special projects	-	-	-	-	-	-
Unreserved, designated for capital projects	-	-	-	-	-	-
Unreserved, undesignated	-	84,931	38,375	14,450	3,794	1,662
Total fund balances	<u>-</u>	<u>84,931</u>	<u>38,375</u>	<u>14,450</u>	<u>3,794</u>	<u>1,662</u>
Total liabilities and fund balances	<u>\$ 9,801</u>	<u>\$ 85,977</u>	<u>\$ 38,375</u>	<u>\$ 16,115</u>	<u>\$ 5,102</u>	<u>\$ 3,842</u>

Capital Project Fund	Permanent Funds		
General Capital Projects Fund	Cemetery Trust Fund	Mausoleum Trust Fund	Totals
\$ 85	\$ 868,788	\$ 9,252	\$ 1,024,090
-	955,535	309,809	1,265,344
-	-	-	9,801
106,912	-	-	110,344
-	-	-	14
-	143,427	-	143,427
<u>\$ 106,997</u>	<u>\$ 1,967,750</u>	<u>\$ 319,061</u>	<u>\$ 2,553,020</u>
\$ 86,936	\$ -	\$ -	\$ 90,095
-	-	-	994
-	10,594	-	22,441
<u>86,936</u>	<u>10,594</u>	<u>-</u>	<u>113,530</u>
-	1,957,156	319,061	2,276,217
20,061	-	-	20,061
-	-	-	143,212
<u>20,061</u>	<u>1,957,156</u>	<u>319,061</u>	<u>2,439,490</u>
<u>\$ 106,997</u>	<u>\$ 1,967,750</u>	<u>\$ 319,061</u>	<u>\$ 2,553,020</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, 2008**

	Special Revenue Funds					Business and Tourism Association
	Hotel/ Motel Tax Fund	Multiple Grant Fund	Confiscated Assets Fund	Police Technology Fund	Court Technology Fund	
Revenues:						
Other taxes	\$ 85,552	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Intergovernmental	-	200	-	-	-	-
Fines and forfeitures	-	-	-	47,316	23,676	-
Interest revenue	-	1,721	6	39	10	11
Contributions and donations	-	-	-	-	-	8,750
Other revenues	-	-	38,437	-	-	-
Total revenues	<u>85,552</u>	<u>1,921</u>	<u>38,443</u>	<u>47,355</u>	<u>23,686</u>	<u>8,761</u>
Expenditures:						
Current:						
Public safety	-	-	20,775	11,103	2,139	-
Public works	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	81,026
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	19,983	15,701	-
Total expenditures	<u>-</u>	<u>-</u>	<u>20,775</u>	<u>31,086</u>	<u>17,840</u>	<u>81,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>85,552</u>	<u>1,921</u>	<u>17,668</u>	<u>16,269</u>	<u>5,846</u>	<u>(72,265)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	72,223
Transfers out	(85,552)	(16,485)	-	(1,819)	(2,052)	-
Total other financing sources (uses)	<u>(85,552)</u>	<u>(16,485)</u>	<u>-</u>	<u>(1,819)</u>	<u>(2,052)</u>	<u>72,223</u>
Net change in fund balances	-	(14,564)	17,668	14,450	3,794	(42)
Fund balances, beginning of year	<u>-</u>	<u>99,495</u>	<u>20,707</u>	<u>-</u>	<u>-</u>	<u>1,704</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 84,931</u>	<u>\$ 38,375</u>	<u>\$ 14,450</u>	<u>\$ 3,794</u>	<u>\$ 1,662</u>

<u>Capital Project Fund</u>	<u>Permanent Funds</u>		
<u>General Capital Projects Fund</u>	<u>Cemetery Trust Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 85,552
-	97,439	-	97,439
-	-	-	200
-	-	-	70,992
57	(18,277)	13,512	(2,921)
-	-	-	8,750
-	-	-	38,437
<u>57</u>	<u>79,162</u>	<u>13,512</u>	<u>298,449</u>
-	-	-	34,017
-	42,311	-	42,311
-	-	-	81,026
258,331	-	-	258,331
-	-	-	35,684
<u>258,331</u>	<u>42,311</u>	<u>-</u>	<u>451,369</u>
<u>(258,274)</u>	<u>36,851</u>	<u>13,512</u>	<u>(152,920)</u>
128,529	-	-	200,752
-	(223,280)	-	(329,188)
<u>128,529</u>	<u>(223,280)</u>	<u>-</u>	<u>(128,436)</u>
(129,745)	(186,429)	13,512	(281,356)
<u>149,806</u>	<u>2,143,585</u>	<u>305,549</u>	<u>2,720,846</u>
<u>\$ 20,061</u>	<u>\$ 1,957,156</u>	<u>\$ 319,061</u>	<u>\$ 2,439,490</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Other taxes	\$ 70,000	\$ 85,552	\$ 15,552
EXPENDITURES			
Housing and development	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	70,000	85,552	15,552
Other financing (uses)			
Transfers out	(70,000)	(85,552)	(15,552)
Total other financing (uses)	(70,000)	(85,552)	(15,552)
Net change in fund balance	-	-	-
FUND BALANCES, beginning of year	-	-	-
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	\$ 58,738	\$ 200	\$ (58,538)
Interest revenue	-	1,721	1,721
Total revenues	<u>58,738</u>	<u>1,921</u>	<u>(56,817)</u>
EXPENDITURES			
Public safety	96,531	-	96,531
Total expenditures	<u>96,531</u>	<u>-</u>	<u>96,531</u>
Excess (deficiency) of revenues over expenditures	(37,793)	1,921	39,714
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	(16,485)	(16,485)
Total other financing sources (uses)	<u>-</u>	<u>(16,485)</u>	<u>(16,485)</u>
Net change in fund balance	(37,793)	(14,564)	23,229
FUND BALANCES, beginning of year	<u>99,495</u>	<u>99,495</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 61,702</u>	<u>\$ 84,931</u>	<u>\$ 23,229</u>

**CITY OF GRIFFIN, GEORGIA
POLICE TECHNOLOGY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 70,000	\$ 47,316	\$ (22,684)
Interest revenue	-	39	39
Total revenues	<u>70,000</u>	<u>47,355</u>	<u>(22,645)</u>
EXPENDITURES			
Current:			
Public safety	50,017	11,103	38,914
Debt service	19,983	19,983	-
Total expenditures	<u>70,000</u>	<u>31,086</u>	<u>38,914</u>
Deficiency of revenues under expenditures	-	16,269	16,269
Other financing sources			
Transfers out	-	(1,819)	(1,819)
Total other financing sources	<u>-</u>	<u>(1,819)</u>	<u>(1,819)</u>
Net change in fund balance	-	14,450	14,450
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 14,450</u>	<u>\$ 14,450</u>

**CITY OF GRIFFIN, GEORGIA
COURT TECHNOLOGY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 35,000	\$ 23,676	\$ (11,324)
Interest revenue	-	10	10
Total revenues	<u>35,000</u>	<u>23,686</u>	<u>(11,314)</u>
EXPENDITURES			
Current:			
Public safety	16,509	2,139	14,370
Debt service	15,701	15,701	-
Total expenditures	<u>32,210</u>	<u>17,840</u>	<u>14,370</u>
Deficiency of revenues under expenditures	2,790	5,846	3,056
Other financing sources			
Transfers out	-	(2,052)	(2,052)
Total other financing sources	<u>-</u>	<u>(2,052)</u>	<u>(2,052)</u>
Net change in fund balance	2,790	3,794	1,004
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 2,790</u>	<u>\$ 3,794</u>	<u>\$ 1,004</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest revenue	\$ -	\$ 11	\$ 11
Contributions and donations	-	8,750	8,750
Total revenues	<u>-</u>	<u>8,761</u>	<u>8,761</u>
EXPENDITURES			
Housing and economic development	70,868	81,026	(10,158)
Total expenditures	<u>70,868</u>	<u>81,026</u>	<u>(10,158)</u>
Deficiency of revenues under expenditures	(70,868)	(72,265)	(1,397)
Other financing sources			
Transfers in	79,619	72,223	(7,396)
Total other financing sources	<u>79,619</u>	<u>72,223</u>	<u>(7,396)</u>
Net change in fund balance	8,751	(42)	(8,793)
FUND BALANCES, beginning of year	<u>1,704</u>	<u>1,704</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 10,455</u>	<u>\$ 1,662</u>	<u>\$ (8,793)</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, 2008

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
ASSETS					
CURRENT ASSETS					
Cash	\$ 64,072	\$ 144,547	\$ -	\$ 313,741	\$ 522,360
Restricted assets, cash	-	-	-	162,357	162,357
Accounts receivable, net of allowances	169	10,580	-	9,521	20,270
Due from other funds	-	55	15,400	-	15,455
Inventories	-	79,105	-	-	79,105
Prepaid expenses	8,311	6,464	210	1,422	16,407
Total current assets	<u>72,552</u>	<u>240,751</u>	<u>15,610</u>	<u>487,041</u>	<u>815,954</u>
NONCURRENT ASSETS					
Capital assets:					
Nondepreciable	169,923	75,000	365,500	1,492,380	2,102,803
Depreciable, net of accumulated depreciation	5,880,343	2,889,937	1,748,616	310,674	10,829,570
Total noncurrent assets	<u>6,050,266</u>	<u>2,964,937</u>	<u>2,114,116</u>	<u>1,803,054</u>	<u>12,932,373</u>
Total assets	<u>6,122,818</u>	<u>3,205,688</u>	<u>2,129,726</u>	<u>2,290,095</u>	<u>13,748,327</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	20,569	101,652	4,027	13,414	139,662
Accrued liabilities	14,583	31,958	23	14,822	61,386
Current portion - compensated absences	8,157	5,532	-	831	14,520
Current portion - notes payable	127,693	-	-	-	127,693
Due to other funds	19,681	159,731	-	55	179,467
Total current liabilities	<u>190,683</u>	<u>298,873</u>	<u>4,050</u>	<u>29,122</u>	<u>522,728</u>
NONCURRENT LIABILITIES					
Compensated absences, net of current portion	2,719	1,844	-	278	4,841
Notes payable, net of current portion	2,071,318	-	-	-	2,071,318
Total noncurrent liabilities	<u>2,074,037</u>	<u>1,844</u>	<u>-</u>	<u>278</u>	<u>2,076,159</u>
Total liabilities	<u>2,264,720</u>	<u>300,717</u>	<u>4,050</u>	<u>29,400</u>	<u>2,598,887</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,851,255	2,964,937	2,114,116	1,803,054	10,733,362
Unrestricted	6,843	(59,966)	11,560	457,641	416,078
Total net assets	<u>\$ 3,858,098</u>	<u>\$ 2,904,971</u>	<u>\$ 2,125,676</u>	<u>\$ 2,260,695</u>	<u>\$ 11,149,440</u>

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, 2008**

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
OPERATING REVENUES					
Charges for services	\$ 1,655,648	\$ 628,492	\$ -	\$ 178,058	\$ 2,462,198
Other services	1,795	21,958	-	5,694	29,447
Total operating revenues	<u>1,657,443</u>	<u>650,450</u>	<u>-</u>	<u>183,752</u>	<u>2,491,645</u>
OPERATING EXPENSES					
Personal services	622,909	164,882	-	125,126	912,917
Purchased or contracted service	430,321	588,461	59,023	84,112	1,161,917
Supplies	146,788	9,886	2,589	40,424	199,687
Miscellaneous	40,402	62,043	-	36,868	139,313
Depreciation	251,259	139,971	41,829	32,830	465,889
Total operating expenses	<u>1,491,679</u>	<u>965,243</u>	<u>103,441</u>	<u>319,360</u>	<u>2,879,723</u>
Operating income (loss)	<u>165,764</u>	<u>(314,793)</u>	<u>(103,441)</u>	<u>(135,608)</u>	<u>(388,078)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	127,333	157,276	-	-	284,609
Interest revenue	1,070	4,819	-	3,757	9,646
Interest expense	<u>(84,727)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,727)</u>
Total nonoperating revenues	<u>43,676</u>	<u>162,095</u>	<u>-</u>	<u>3,757</u>	<u>209,528</u>
Income (loss) before transfers	<u>209,440</u>	<u>(152,698)</u>	<u>(103,441)</u>	<u>(131,851)</u>	<u>(178,550)</u>
TRANSFERS					
Transfers out	(1,661,231)	(683,370)	-	-	(2,344,601)
Transfers in	1,689,997	282,734	58,859	228,088	2,259,678
Total transfers	<u>28,766</u>	<u>(400,636)</u>	<u>58,859</u>	<u>228,088</u>	<u>(84,923)</u>
Change in net assets	238,206	(553,334)	(44,582)	96,237	(263,473)
NET ASSETS, beginning of year	<u>3,619,892</u>	<u>3,458,305</u>	<u>2,170,258</u>	<u>2,164,458</u>	<u>11,412,913</u>
NET ASSETS, end of year	<u>\$ 3,858,098</u>	<u>\$ 2,904,971</u>	<u>\$ 2,125,676</u>	<u>\$ 2,260,695</u>	<u>\$ 11,149,440</u>

CITY OF GRIFFIN, GEORGIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,656,271	\$ 643,193	\$ -	\$ 182,626	\$ 2,482,090
Payments to suppliers	(663,209)	(696,353)	(58,711)	(148,467)	(1,566,740)
Payments to employees	(624,165)	(159,537)	(148)	(109,195)	(893,045)
Net cash provided by (used in) operating activities	<u>368,897</u>	<u>(212,697)</u>	<u>(58,859)</u>	<u>(75,036)</u>	<u>22,305</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	127,333	157,276	-	-	284,609
Transfers out	(1,661,231)	(683,370)	-	-	(2,344,601)
Transfers in	1,689,997	282,734	58,859	228,088	2,259,678
Net cash provided by (used in) noncapital financing activities	<u>156,099</u>	<u>(243,360)</u>	<u>58,859</u>	<u>228,088</u>	<u>199,686</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(254,143)	-	-	(77,300)	(331,443)
Principal paid on notes payable and capital leases	(122,740)	-	-	-	(122,740)
Interest paid	(85,111)	-	-	-	(85,111)
Net cash used in capital and related financing activities	<u>(461,994)</u>	<u>-</u>	<u>-</u>	<u>(77,300)</u>	<u>(539,294)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	1,070	4,819	-	3,757	9,646
Net cash provided by investing activities	<u>1,070</u>	<u>4,819</u>	<u>-</u>	<u>3,757</u>	<u>9,646</u>
Increase (decrease) in cash and cash equivalents	64,072	(451,238)	-	79,509	(307,657)
Cash and cash equivalents:					
Beginning of year	-	595,785	-	396,589	992,374
End of year	<u>\$ 64,072</u>	<u>\$ 144,547</u>	<u>\$ -</u>	<u>\$ 476,098</u>	<u>\$ 684,717</u>
Classified as:					
Cash	\$ 64,072	\$ 144,547	\$ -	\$ 313,741	\$ 522,360
Restricted assets, cash	-	-	-	162,357	162,357
	<u>\$ 64,072</u>	<u>\$ 144,547</u>	<u>\$ -</u>	<u>\$ 476,098</u>	<u>\$ 684,717</u>

(Continued)

CITY OF GRIFFIN, GEORGIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Stormwater Utility Fund</u>	<u>Airport Fund</u>	<u>Welcome Center Fund</u>	<u>Golf Course Fund</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 165,764	\$ (314,793)	\$ (103,441)	\$ (135,608)	\$ (388,078)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	251,259	139,971	41,829	32,830	465,889
Increase in accounts receivable	(169)	(6,980)	-	(1,126)	(8,275)
Increase in inventory	-	(29,932)	-	-	(29,932)
Increase in due from other funds	-	-	(519)	-	(519)
(Increase) decrease in prepaids and other assets	(1,529)	(1,383)	1,082	(477)	(2,307)
Decrease in checks issued in excess of bank balance	(43,872)	-	-	-	(43,872)
Increase (decrease) in accounts payable	(297)	(20,545)	3,690	13,414	(3,738)
Increase (decrease) in accrued liabilities	(1,256)	21,242	(1,500)	15,931	34,417
Decrease in due to other funds	(1,003)	(277)	-	-	(1,280)
Net cash provided by (used in) operating activities	<u>\$ 368,897</u>	<u>\$ (212,697)</u>	<u>\$ (58,859)</u>	<u>\$ (75,036)</u>	<u>\$ 22,305</u>

CITY OF GRIFFIN, GEORGIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Municipal Court			
	Balance			Balance
	July 1, 2007	Increases	Decreases	June 30, 2008
ASSETS				
Cash and cash equivalents	\$ 196,973	\$ 956,129	\$ (915,355)	\$ 237,747
Total assets	\$ 196,973	\$ 956,129	\$ (915,355)	\$ 237,747
LIABILITIES				
Due to others	\$ 196,973	\$ 956,129	\$ (915,355)	\$ 237,747
Total liabilities	\$ 196,973	\$ 956,129	\$ (915,355)	\$ 237,747

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	76 - 80
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	81 - 88
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	89 - 92
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	93 and 94
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	95 - 97
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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

CITY OF GRIFFIN, GEORGIA

NET ASSETS BY ACTIVITY LAST FIVE FISCAL YEARS

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

CITY OF GRIFFIN, GEORGIA

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

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

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS LAST FIVE FISCAL YEARS

	Fiscal Year				
	2004	2005	2006	2007	2008
Business-type activities:					
Charges for services ^(g)	48,892,991	52,615,034	58,196,357	60,387,964	62,150,777
Operating grants and contributions	105,000	158,883	155,219	155,219	157,276
Capital grants and contributions ^(f)	603,498	4,319	11,800	-	127,333
Total business-type activities program revenues	<u>49,601,489</u>	<u>52,778,236</u>	<u>58,363,376</u>	<u>60,543,183</u>	<u>62,435,386</u>
Total primary government program revenues	<u>54,501,753</u>	<u>59,440,347</u>	<u>65,819,381</u>	<u>68,988,573</u>	<u>70,044,490</u>
General revenues and other changes in net assets					
Primary government:					
Governmental activities:					
Property taxes	4,950,494	4,966,178	4,875,516	4,976,391	4,843,964
Sales taxes	3,214,610	3,370,370	3,713,381	3,643,076	3,786,058
Insurance premium tax	1,007,341	1,091,683	1,174,508	1,228,829	1,281,805
Alcoholic beverage taxes	569,880	583,404	607,163	616,134	646,473
Business occupational taxes	457,428	457,860	451,474	462,636	442,655
Other taxes	158,789	175,018	186,959	181,064	181,316
Franchise fees	565,660	571,945	596,534	599,456	612,240
Unrestricted investment earnings	116,630	115,668	112,359	314,039	73,214
Gain on sale of assets	-	-	71,085	21,607	82,281
Transfers	1,942,295	7,791,881	4,522,658	5,952,873	4,825,307
Total governmental activities general revenues and other changes in net assets	<u>12,983,127</u>	<u>19,124,007</u>	<u>16,311,637</u>	<u>17,996,105</u>	<u>16,775,313</u>
Business-type activities:					
Unrestricted investment earnings	286,495	742,558	811,917	747,202	619,561
Gain on sale of assets	265,698	-	42,631	572,424	(4,567)
Transfers	(1,942,295)	(7,791,881)	(4,522,658)	(5,952,873)	(4,825,307)
Total business type activities general revenues and other changes in net assets	<u>(1,390,102)</u>	<u>(7,049,323)</u>	<u>(3,668,110)</u>	<u>(4,633,247)</u>	<u>(4,210,313)</u>
Total primary government general revenues and other changes in net assets	<u>11,593,025</u>	<u>12,074,684</u>	<u>12,643,527</u>	<u>13,362,858</u>	<u>12,565,000</u>
Change in net assets					
Governmental activities	(2,738,623)	3,777,506	(461,702)	303,657	(1,152,211)
Business-type activities	(1,845,371)	(2,869,236)	2,127,565	374,621	(1,367,819)
Total primary government change in net assets	<u>\$ (4,583,994)</u>	<u>\$ 908,270</u>	<u>\$ 1,665,863</u>	<u>\$ 678,278</u>	<u>\$ (2,520,030)</u>

^(a) Increase in number of police officers and fire fighters, increased health care costs, and change in allocation of expenses caused increase from FY 05 to FY 06.

^(b) City has been constructing a large new regional water distribution facility, which was completed in Feb 2006. Costs during 2006 increased as plant operations began.

^(c) Electric expenses increased from FY 05 to FY 06 primarily due to increased energy costs and purchases during the summer months which also yielded a corresponding increase in sales.

^(d) During the middle of FY 05, the City privatized its golf course operations effectively eliminating most operating costs of the golf course.

^(e) Increase from FY 05 to FY 06 due mostly to an increase in traffic fines and forfeitures from increased City policing and traffic efforts.

^(f) Revenues from FY 04 were from donated roads from the completion of new subdivisions.

^(g) Revenue growth from year to year due mostly to increased rates for services due to rising energy costs.

CITY OF GRIFFIN, GEORGIA

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

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

CITY OF GRIFFIN, GEORGIA

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues:					
Property taxes	\$ 5,028,368	\$ 4,947,851	\$ 4,917,436	\$ 4,954,777	\$ 4,798,148
Other taxes	5,408,048	5,678,335	6,133,485	6,131,739	6,338,307
Charges for services	2,756,654	4,186,746	4,594,007	4,633,730	5,271,919
Licenses and permits	493,902	488,576	521,097	545,177	396,528
Intergovernmental	347,941	449,113	413,975	363,998	397,585
Franchise fees	565,660	571,945	596,534	599,456	612,240
Fines and forfeitures	977,980	662,494	1,178,213	1,581,007	1,177,709
Interest revenues	116,236	115,657	112,359	314,039	68,533
Rental income	41,308	53,505	69,743	238,126	215,418
Contributions and donations	100	6,970	16,276	5,953	21,046
Other revenues	50,719	814,707	662,694	741,899	128,899
Total revenues	<u>15,786,916</u>	<u>17,975,899</u>	<u>19,215,819</u>	<u>20,109,901</u>	<u>19,426,332</u>
Expenditures:					
Current:					
General government ^(c)	4,036,999	4,563,333	5,412,240	10,291,124	4,405,393
Judicial ^(a)	16,453	308,837	133,113	138,431	154,045
Public safety ^(b)	11,871,145	12,086,794	13,146,161	13,835,808	14,183,441
Public works	3,759,057	3,427,799	3,055,377	3,664,722	3,712,634
Parks and recreation	348,834	315,171	472,303	432,342	451,220
Housing and development	670,576	394,161	590,356	745,818	800,422
Capital outlay	339,740	11,584	37,745	10,734	258,331
Debt service:					
Principal	-	29,059	129,983	261,154	544,731
Interest and fiscal charges	-	40,106	21,826	38,150	353,919
Total expenditures	<u>21,042,804</u>	<u>21,176,844</u>	<u>22,999,104</u>	<u>29,418,283</u>	<u>24,864,136</u>
Excess of revenues over expenditures	<u>(5,255,888)</u>	<u>(3,200,945)</u>	<u>(3,783,285)</u>	<u>(9,308,382)</u>	<u>(5,437,804)</u>
Other financing sources (uses)					
Transfers in	5,498,379	19,174,484	17,260,996	17,794,362	18,151,245
Transfers out	(4,569,331)	(12,568,233)	(13,501,313)	(12,783,193)	(13,744,540)
Capital leases	-	577,104	628,514	4,408,000	756,676
Proceeds from the sale of capital assets	-	-	155,175	21,607	-
Total other financing sources (uses)	<u>929,048</u>	<u>7,183,355</u>	<u>4,543,372</u>	<u>9,440,776</u>	<u>5,163,381</u>
Net change in fund balances	<u>\$ (4,326,840)</u>	<u>\$ 3,982,410</u>	<u>\$ 760,087</u>	<u>\$ 132,394</u>	<u>\$ (274,423)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.00%</u>	<u>0.34%</u>	<u>0.69%</u>	<u>1.26%</u>	<u>3.78%</u>

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

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

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

CITY OF GRIFFIN, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(in thousands)

<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>
1999	\$ 4,241	\$ 3,315	\$ 744	\$ 2,093	\$ 10,393
2000	4,108	2,809	684	2,130	9,731
2001	4,239	3,113	655	2,326	10,333
2002	4,524	3,190	776	2,159	10,649
2003	4,486	2,896	657	2,268	10,307
2004	5,028	3,215	532	2,227	11,002
2005	4,948	3,370	458	2,422	11,198
2006	4,917	3,713	451	2,565	11,646
2007	4,955	3,643	463	2,625	11,686
2008	4,798	3,786	443	2,722	11,749

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

CITY OF GRIFFIN, GEORGIA

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

Fiscal Year Ended June 30th	Digest Tax Year	Residential Property	Commercial Property	Industrial Property	Other Property ^(a)	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
1999	1998	\$ 144,445,787	\$ 174,383,285	\$ 117,020,920	\$ 33,368,702	\$ 95,072,740	\$ 374,145,954	8.32	\$ 935,364,885	40%
2000	1999	174,753,897	182,283,890	120,858,795	44,589,683	100,255,887	422,230,378	9.59	1,055,575,945	40%
2001	2000	177,286,288	197,463,311	109,733,687	47,717,556	77,248,255	454,952,587	9.46	1,137,381,468	40%
2002	2001	181,162,531	164,282,332	134,639,995	49,988,941	62,316,600	467,757,199	9.46	1,169,392,998	40%
2003	2002	225,185,563	184,250,927	121,063,929	51,100,078	60,473,712	521,126,785	9.46	1,302,816,963	40%
2004	2003	231,355,236	192,989,523	112,364,838	49,553,046	37,244,849	549,017,794	8.85	1,372,544,485	40%
2005	2004	231,872,215	207,106,048	108,584,842	48,325,817	32,542,463	563,346,459	8.85	1,408,366,148	40%
2006	2005	239,844,598	208,381,823	117,296,925	45,801,333	53,678,663	557,646,016	8.65	1,394,115,040	40%
2007	2006	246,541,282	210,914,389	110,413,777	44,082,271	41,696,761	570,254,958	8.63	1,425,637,395	40%
2008	2007	254,831,321	223,094,624	104,413,194	46,821,405	45,219,895	583,940,649	8.63	1,459,851,623	40%

Source: Spalding County Tax Commissioner

Note: Property in the City is reassessed periodically. Property is assessed at 40% of the fair market value; therefore, the assessed values are equal to 40% of the estimated actual value. Tax rates are per \$1,000 of assessed value. Tax year levied fund the following fiscal year, i.e., taxes levied for 1996 are used for fiscal year ending in 1997.

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

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

	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Municipal rates:										
City of Griffin:										
Maintenance and operations	15.76	16.00	15.61	14.97	13.66	14.53	14.61	14.97	15.11	15.18
Debt service	-	-	-	-	-	-	-	-	-	-
Sales tax reduction	(6.30)	(6.54)	(6.15)	(6.12)	(4.81)	(5.68)	(5.96)	(6.34)	(6.51)	(6.54)
Total City of Griffin	9.46	9.46	9.46	8.85	8.85	8.85	8.65	8.63	8.60	8.64
City of Orchard Hill maintenance and operations	-	5.00	5.00	5.00	5.00	5.00	4.99	4.95	4.95	4.95
City of Sunny Side maintenance and operations	5.00	5.00	5.00	4.36	4.36	4.36	4.36	4.36	4.36	4.36
Spalding County rates:										
Unincorporated maintenance and operations	11.55	9.70	9.70	9.88	11.91	13.53	13.46	13.41	13.39	13.89
Fire protection (1)	5.77	5.26	5.13	5.16	4.58	4.70	4.76	4.81	4.81	4.83
Insurance premium rollback (1)	(2.54)	(2.18)	(2.05)	(2.08)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)	(1.79)
Board of Education	18.64	18.02	19.57	18.94	18.55	18.95	18.90	18.85	18.82	18.81
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated Spalding County	33.67	31.05	32.60	32.15	33.80	35.82	35.68	35.56	35.51	35.99
Total Municipalities:										
City of Griffin	39.90	37.43	38.98	37.92	39.56	41.58	41.26	41.14	41.08	41.07
City of Orchard Hill	30.44	32.97	34.52	34.07	35.71	37.73	37.60	37.46	37.43	37.38
City of Sunny Side	35.44	32.97	34.52	33.43	35.07	37.09	36.97	36.87	36.84	36.79

Source: Spalding County Tax Commissioner

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

CITY OF GRIFFIN, GEORGIA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30th	Digest Tax Year	Taxes Levied for the Fiscal Year ^a	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
			Amount	Percentage of Levy		Amount	Percentage of Levy	
1999	1998	\$ 3,715,237	\$ N/A	0.00%	\$ N/A	\$ 3,683,284	99.14%	\$ 31,953
2000	1999	4,091,152	4,014,424	98.12%	65,090	4,079,514	99.72%	11,638
2001	2000	4,303,851	4,118,179	95.69%	157,268	4,275,447	99.34%	28,404
2002	2001	4,424,983	4,270,548	96.51%	141,205	4,411,753	99.70%	13,230
2003	2002	4,611,972	4,393,246	95.26%	203,251	4,596,497	99.66%	15,475
2004	2003	4,858,911	4,696,598	96.66%	152,240	4,848,838	99.79%	10,073
2005	2004	4,985,616	4,863,916	97.56%	113,060	4,976,976	99.83%	8,640
2006	2005	4,823,638	4,702,117	97.48%	103,312	4,805,429	99.62%	18,209
2007	2006	4,921,300	4,807,096	97.68%	62,901	4,869,997	98.96%	51,303
2008	2007	5,021,890	4,843,578	96.45%	-	4,843,578	96.45%	178,312

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

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

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

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

<u>Taxpayer</u>	<u>2007</u>			<u>2004</u>		
	<u>Taxable Assessed Value (In thousands)</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
NACOM	\$ 69,150	1	4.74%	\$ 109,007	1	7.74%
Tenet-Spalding Regional Hospital	37,298	2	2.55%	27,492	2	1.95%
Wal-Mart Stores	27,920	3	1.91%	24,413	5	1.73%
Exo-Tech Packaging LLC	27,703	4	1.90%	17,928	7	1.27%
Bandag Inc.	22,218	5	1.52%	21,211	6	1.51%
Weyerhaeuser Co.	20,185	6	1.38%	17,953	8	1.27%
Halpem Enterprises, Inc.	14,845	7	1.02%	17,684	9	1.26%
Lowe's Home Centers, Inc.	11,783	8	0.81%	11,985	11	0.85%
Home Depot	11,180	9	0.77%	-		-
Walden Point	9,293	10	0.64%			
Cooper Standard	-		-	25,808	3	1.83%
Bellsouth Telecomm	-		-	25,782	4	1.83%
Griffin Crossing, LLC	-		-	12,124	10	0.86%
Total	\$ 251,575		17.23%	\$ 311,387		14.37%

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

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

Customer	2008				2004			
	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
AMI Griffin-Spalding Co. Hospital	209,977	\$ 125,855	1	2.50 %	203,310	\$ 96,999	3	2.06 %
Southern Terry	213,807	124,744	2	2.48	533,998	246,825	1	5.24
Yazaki	146,867	88,803	3	1.76				
Northside Griffin, LLC	127,900	74,231	4	1.47				
Georgia Spalding Limited Partnership	105,977	61,398	5	1.22				
Spalding Co. Correctional Institute	94,593	56,382	6	1.12	64,318	32,504	9	0.69
Westdale Freddie Properties, LLC	88,408	54,534	7	1.08				
Riverside Uniform Rental	70,781	42,560	8	0.84				
Brightmoor Health	72,796	42,559	9	0.84				
Caterpillar Inc.	120,490	31,269	10	0.62				
National Housing Management Service					261,765	120,326	2	2.56
Nacom					175,191	83,299	4	1.77
Copper Standard					174,968	82,775	5	1.76
Griffin Housing Authority					144,400	68,645	6	1.46
First National Bank					74,492	36,139	7	0.77
Fashion Industries					138,053	35,101	8	0.75
University of Georgia, Griffin Campus					65,952	31,656	10	0.67
	<u>1,251,596</u>	<u>\$ 702,335</u>		<u>13.93 %</u>	<u>1,836,447</u>	<u>\$ 834,269</u>		<u>17.73 %</u>

Source: City of Griffin Utility Billing Department

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

Customer	2008				2004			
	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Coweta County Water and Sewer	5,756,455	\$ 1,198,315	1	12.36 %	758,103	\$ 161,512	3	2.38 %
Springs Ind. Inc.	2,764,816	768,867	2	7.93	4,039,295	878,959	1	12.94
City of Zebulon	873,941	229,668	3	2.37	533,998	177,424	2	2.61
AMI Griffin-Spalding Co. Hospital	209,977	92,321	4	0.95	160,602	58,785	8	0.87
Southern Terry	213,807	90,740	5	0.94	261,765	99,299	4	1.46
Del Webb's SCP HOA	148,113	84,776	6	0.87				
Nortside Grinnin, LLC	127,900	78,060	7	0.81				
Yazaki	146,867	65,374	8	0.67				
City of Williamson	216,289	56,875	9	0.59	174,968	60,300	7	0.89
Lamar County Water and Sewer	176,619	51,768	10	0.53				
National Housing Management Service					203,310	70,619	5	1.04
NACOM					175,340	60,679	6	0.89
Griffin Housing Authority					144,408	49,995	9	0.74
Spalding Co. Correctional Institute					116,342	44,224	10	0.65
	<u>10,634,784</u>	<u>\$ 2,716,764</u>		<u>28.03 %</u>	<u>6,568,131</u>	<u>\$ 1,661,796</u>		<u>24.47 %</u>

Source: City of Griffin Utility Billing Department

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

Customer	2008			2004				
	Usage (in kHz)	Charges	Rank	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues	
Bandag, Inc.	18,680,395	\$ 1,239,618	1	22,050,964	\$ 1,123,527	1	3.77 %	
Exopac	18,803,962	1,111,619	2	18,200,204	831,607	3	2.79	
Caterpillar Inc.	13,623,514	698,197	3	7,529,110	529,168	4	1.78	
AMI Griffin-Spalding Co. Hospital	8,788,789	610,536	4	7,615,522	485,843	5	1.63	
University of Georgia, Griffin Campus	7,617,261	605,374	5	10,139,469	457,817	7	1.54	
City of Griffin WasteWater Treatment Plant	7,217,884	578,992	6					
WAL-MART Store #01-932,	7,079,828	530,207	7	7,756,410	391,764	9	1.31	
Weyerhaeuser Co.	7,356,666	459,862	8	6,442,200	444,260	8	1.49	
Southern Terry	5,658,442	386,727	9	6,523,172	340,641	10	1.14	
Norcom	6,553,321	316,854	10					
Cooper Standard				17,704,729	1,016,728	2	3.41	
Filter Plant/River and Reservoir PMP				7,249,019	479,204	6	1.61	
	<u>101,380,062</u>	<u>\$ 6,537,986</u>		<u>111,210,799</u>	<u>\$ 6,100,559</u>		<u>20.47 %</u>	

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Estimated Actual Value of Taxable Property ¹	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Notes Payable	Capital Leases	Water Revenue Bonds	Notes Payable	Capital Leases				
1999	\$ -	\$ -	\$ 2,293,732	\$ 24,260,780	\$ -	\$ -	\$ 26,554,512	7.10%	\$ 1,370.91	\$ 1,232.23
2000	-	-	1,152,809	23,225,298	3,160,549	-	27,538,656	6.52%	1,433.26	1,174.31
2001	-	-	3,014,998	21,765,000	2,679,787	-	27,459,785	6.04%	1,406.46	1,184.94
2002	-	-	1,917,814	20,680,000	2,512,291	-	25,110,105	5.37%	1,334.86	1,081.45
2003	-	-	801,789	77,705,000	2,572,601	45,123	81,124,513	15.57%	4,108.19	3,475.77
2004	-	-	286,431	76,470,000	2,933,462	-	79,689,893	14.51%	3,229.06	3,405.99
2005	-	-	548,045	75,165,000	2,786,172	624,868	79,124,085	14.05%	3,397.93	3,397.93
2006	-	-	1,046,576	74,499,000	2,629,328	1,027,587	79,202,491	14.20%	3,209.31	3,377.36
2007	-	-	5,193,422	72,887,000	2,465,581	785,542	81,331,545	14.26%	3,173.79	3,468.15
2008	-	-	5,405,367	71,209,000	2,294,762	596,074	79,505,203	13.62%	3,002.35	3,390.27

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

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

* Information not available.

CITY OF GRIFFIN, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In thousands)

	Fiscal Year ^a									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 37,415	\$ 42,223	\$ 45,495	\$ 46,776	\$ 52,113	\$ 54,902	\$ 56,335	\$ 55,765	\$ 57,026	\$ 58,394
Total net debt applicable to limit	-	-	476	7,245	801	286	548	1,047	5,193	5,405
Legal debt margin	<u>\$ 37,415</u>	<u>\$ 42,223</u>	<u>\$ 45,019</u>	<u>\$ 39,531</u>	<u>\$ 51,312</u>	<u>\$ 54,616</u>	<u>\$ 55,787</u>	<u>\$ 54,718</u>	<u>\$ 51,833</u>	<u>\$ 52,989</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	1.05%	15.49%	1.54%	0.52%	0.97%	1.88%	9.11%	9.26%

Legal Debt Margin Calculation for Fiscal Year 2007

Total assessed value	\$ 629,161
Less Exempt:	45,220
Total taxable assessed value:	<u>583,941</u>
Debt limit (10% of total taxable assessed value)	58,394
Debt applicable to limit:	
Capital leases	<u>5,405</u>
Legal debt margin	<u>\$ 52,989</u>

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

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

CITY OF GRIFFIN, GEORGIA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2008
(in thousands)**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Griffin (1)</u>	<u>Amount Applicable to City of Griffin</u>
Debt repaid with property taxes:			
Spalding County:			
Griffin-Spalding County School System Bonds	\$ 14,000	39.79%	\$ 5,571
Subtotal, overlapping debt	<u>14,000</u>		<u>5,571</u>
Direct:			
City of Griffin capital leases	<u>5,405</u>	100.00%	<u>5,405</u>
Total	<u>\$ 19,405</u>		<u>\$ 10,976</u>

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

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

Fiscal Year	(1) Operating Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$ 54,501	\$ 42,491	\$ 12,010	\$ 1,678	\$ 3,400	\$ 5,078	\$ 2.37
2007	52,952	38,590	14,362	1,612	3,463	5,075	2.83
2006	51,253	37,321	13,932	1,435	5,446	6,881	2.02
2005	45,712	33,892	11,820	1,305	3,705	5,010	2.36
2004	42,481	35,267	7,214	1,235	3,652	4,887	1.48
2003	41,686	34,190	7,496	1,140	995	2,135	3.51
2002	37,687	33,777	3,910	1,085	1,174	2,259	1.73
2001	41,278	30,290	10,988	1,460	1,152	2,612	4.21
2000	40,474	33,492	6,982	1,035	1,197	2,232	3.13
1999	39,999	28,883	11,116	999	1,297	2,296	4.84

Note: Amounts above are in thousands.

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

(2) Direct operating expenses do not include depreciation.

CITY OF GRIFFIN, GEORGIA

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate ⁽¹⁾</u>
1999	21,550	\$ 19,370	1.11	3.90%
2000	23,451	19,214	1.22	4.40%
2001	23,174	19,524	1.19	4.90%
2002	23,219	18,811	1.23	6.80%
2003	23,340	19,747	1.18	7.80%
2004	23,397	24,679	0.95	6.50%
2005	23,286	23,286	1.00	8.20%
2006	23,451	24,679	0.95	6.80%
2007	23,451	25,626	0.92	5.60%
2008	23,451	26,481	0.89	5.40%

* Source - Georgia Department Of Labor

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

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

Employer	2008			1998		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Caterpillar, Inc	780	1	5.61%	—	—	—
Springs Industries	700	2	5.04%	—	—	—
Nacom	440	3	3.17%	762	2	6.79%
Southern Terry	350	4	2.52%	—	—	—
AEP Industries	250	5	1.80%	214	9	1.91%
Supreme Corporation	235	6	1.69%	190	10	1.69%
Fashion Industries, Inc	200	7	1.44%	285	7	2.54%
William Carter Co	168	8	1.21%	611	3	5.44%
EXOPack	150	9	1.08%	—	—	—
Vernay Manufacturing, Inc	149	10	1.07%	—	—	—
Dundee Mills, Inc	—	—	—	1,940	1	17.29%
5 Rubber Corp	—	—	—	577	4	5.14%
Thomaston Mills	—	—	—	370	5	3.30%
Metrotrans Corp	—	—	—	315	6	2.81%
Southern Bell	—	—	—	215	8	1.92%
Total	3,422		24.63%	5,479		48.82%

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

CITY OF GRIFFIN, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST FIVE FISCAL YEARS

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

Source: City Finance Department

Note: Information prior to 2004 was not available.

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

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

Sources: Various City departments.

Note: Information prior to 2004 was not available.

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

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

Sources: Various City departments.

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

Note: Information prior to 2004 was not available.

COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Griffin, Georgia, as of and for the year ended June 30, 2008, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated December 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2008 - 1 through 2008 - 6 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008 - 1 through 2008 - 5 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2008 – 6.

We noted certain matters that we reported to management of the City of Griffin, Georgia in a separate letter dated December 18, 2008.

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

This report is intended solely for the information and use of management, the City Commission, 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
December 18, 2008

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2008

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

Federal Awards

Not applicable as a single audit was not performed for the year ended June 30, 2008 due to the City not expending \$500,000 or more of federal funds.

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2008 - 1. Management of Due to / From (Internal) Accounts and Pooled Cash Accounts

Criteria: Generally accepted accounting principles require consideration of the collectibility of receivables of all kinds whether external or internal to the City. As part of that process, the City should review the amounts included in due to/from accounts (interfund receivables and payables) in each fund to determine if amounts should instead be treated as operating transfers in/out during any given fiscal year. Also, controls should be in place to ensure that expenditures from pooled cash accounts within individual funds does not exceed each applicable fund's share of the pooled cash.

Condition: The City's unadjusted trial balance reported significant amounts of overstated and understated pooled cash for the General Fund, Water and Sewer Fund, Electric Revenue Fund, Solid Waste Fund, Airport Fund, Motor Pool Fund, and the Municipal Court Fund as of June 30, 2008. Adjustments were necessary to properly state the individual funds share of the pooled cash via adjustments to due to due from accounts and transfers.

Context: See above condition.

CITY OF GRIFFIN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2008 - 1. Management of Due to / From (Internal) Accounts and Pooled Cash Accounts (Continued)

Effect: Audit adjustments to increase transfers from other funds by \$40,097, decrease cash by \$306,947, decrease amounts due to other funds by \$259,220, and decrease sale of capital asset proceeds by \$87,824 was required to be recorded in the General Fund. An audit adjustment to decrease transfers out and increase cash in the amount of \$705,926 was required to be recorded in the Water and Sewer Fund. An audit adjustment to reduce transfers in and reduce cash by \$511,347 was required to be recorded in the Electric Revenue Fund. An audit adjustment to increase transfers in increase cash in the amount of \$52,219 was required to be recorded in the Solid Waste Fund. An audit adjustment to increase transfers out and reduce cash in the amount of \$483,370 was required to be recorded in the Airport Fund. An audit adjustment to reduce transfers in by \$325,890, increase cash by \$21,154, increase gain on sale of capital assets by \$87,824, and increase due to other funds in the amount of \$259,220 was required to be recorded in the Motor Pool Fund. An audit adjustment to increase cash and to reduce transfers out in the amount of \$500,000 was required to be recorded in the Municipal Court Fund.

Recommendation: We recommend the City review all pooled cash accounts, interfund receivables and payables on a quarterly basis and consider the need for settlement between funds at that time via transfers in/out by the respective funds. We also recommend that all interfund activity be properly recorded through the due to / from accounts as appropriate.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. Regular reviews will be made to accurately report pooled cash and interfund balances.

2008 - 2. Accounts Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The City did not properly record various year end accounts receivable in the City's Funds during the year ended June 30, 2008.

Context: We addressed this matter with the City and they were able to determine the appropriate receivables that should be recorded as of June 30, 2008.

CITY OF GRIFFIN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2008 - 2. Accounts Receivable (Continued)

Effect: Audit adjustments to increase various receivables (franchise, property taxes, and sales taxes) by \$668,771, increase applicable revenues by \$666,969, increase deferred revenue by \$45,816, increase expenditures by \$964, decrease accrued liabilities by \$59,536, and increase transfers by \$16,485 was required to be reported by the General Fund as of June 30, 2008. An audit adjustment to decrease accounts receivable and decrease due to other funds in the amount of \$16,485 was required to be reported within the Multiple Grant Fund as of June 30, 2008. An audit adjustment to increase accounts receivable by \$1,819, increase transfers out by \$7,982, and increase tax revenue by \$9,801 was required to be reported within the Hotel / Motel Tax Fund as of June 30, 2008. Audit adjustments to decrease utility revenue and decrease transfers in the amount of \$22,404 and \$69,070 were required to be reported within the Stormwater Fund and the Solid Waste Fund, respectively, as of June 30, 2008. An audit adjustment to decrease utility billing receivables by \$863,149, decrease related revenue in the amount of \$572,360, and decrease transfers in the amount of \$290,789 was required to be reported within the Electric Revenue Fund as of June 30, 2008. An audit adjustment to increase accounts receivable in the amount of \$20,952, increase revenue in the amount of \$113,513, decrease accrued liabilities in the amount of \$312,828, and decrease transfers out in the amount of \$220,267 was required to be reported within the Water and Sewer Fund as of June 30, 2008.

Recommendation: We recommend the City begin recognizing and recording all necessary accounts receivable adjustments at the end of each financial reporting cycle.

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

2008 - 3. Management of Accounts Payable and Accrued Liabilities

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

CITY OF GRIFFIN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2008 - 3. Management of Accounts Payable and Accrued Liabilities (Continued)

Condition: The City did not properly address the above criteria as of June 30, 2008 as it relates to accounts payable items within the General Fund, the General Capital Projects Fund, the Electric Revenue Fund, the Solid Waste Fund, and the Airport Fund.

Context: We addressed this matter with City officials and they were able to determine the amount of accounts payable that should be recorded in these funds as of June 30, 2008.

Effect: An audit adjustment to decrease accounts payable in the amount of \$72,127, increase various expenditures in the amount of \$71,606, decrease prepaid expenses in the amount of \$104,662, and increase accrued liabilities by \$39,071 was required to be reported within the General Fund as of June 30, 2008. An audit adjustment to increase accounts payable in the amount of \$11,477, increase cash in the amount of \$48,307, and decrease capital outlay in the amount of \$36,830 was required to be reported within the General Capital Projects Fund as of June 30, 2008. An audit adjustment to increase accounts payable and increase energy purchases in the amount of \$3,305,855 was required to be reported within the Electric Revenue Fund as of June 30, 2008. An audit adjustment to decrease accounts payable and decrease supplies expense in the amount of \$25,426 was required to be reported within the Solid Waste Fund as of June 30, 2008. In addition, audit adjustments to decrease accrued liabilities and salary expense in the amount of \$26,566 and an audit adjustment to increase closure and postclosure care liabilities and increase professional service expense in the amount of \$357,351 were required to be reported within the Solid Waste Fund as of June 30, 2008. An audit adjustment to increase accounts payable and fuel expenses in the amount of \$72,338 was required to be reported within the Airport Fund as of June 30, 2008.

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

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

CITY OF GRIFFIN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2008 - 4. Management of Prepaid Assets

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

Condition: The City did not properly record prepaid expenses and expenditure transactions based on the above criteria as of June 30, 2008.

Context: See above condition.

Effect: An audit adjustment to decrease prepaid items in the amount of \$302,476, increase expenditures in the amount of \$78,295, and increase transfers to other funds in the amount of \$224,181 was required to be reported within the General Fund as of June 30, 2008. An audit adjustment to decrease prepaid expenses in the amount of \$142,985, decrease accounts payable in the amount of \$119,399, and increase transfers in the amount of \$26,414, increase expenses by \$20,900, and decrease the amount due to Pike County by \$29,100 was required to be reported within the Water and Sewer Fund as of June 30, 2008. An audit adjustment to decrease prepaid expenses by \$45,084, decrease accounts payable by \$64,799, and decrease transfers out in the amount of \$19,715 were required to be reported in the Electric Revenue Fund. An audit adjustment to decrease prepaid expenses by \$41,334, decrease accounts payable by \$62,873, and decrease transfers to other funds by \$21,539 was required to be recorded in the Solid Waste Fund. An audit adjustment to decrease prepaid expenses by \$5,667, decrease accounts payable by \$14,203, and decrease transfers to other funds by \$8,536 was required to be recorded in the Airport Fund. An audit adjustment to decrease prepaid expenses by \$14,220, decrease accounts payable by \$21,909, and decrease transfers to other funds by \$7,688 was required to be recorded in the Stormwater Fund. An audit adjustment to decrease prepaid expenses in the amount of \$5,051, decrease accounts payable in the amount of \$14,188, and increase operating transfers in the amount of \$9,137 was required to be reported within the Golf Course Fund as of June 30, 2008. An audit adjustment to decrease prepaid expenses in the amount of \$1,994, decrease accounts payable in the amount of \$131,166, increase insurance expense in the amount of \$6, and decrease transfers to other funds in the amount of \$129,778 was required to be reported within the Motor Pool Fund as of June 30, 2008.

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

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

CITY OF GRIFFIN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2008 - 5. Management of Inventory Accounts

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

Condition: The City did not properly record inventory transactions based on the above criteria as of June 30, 2008.

Context: See above condition.

Effect: An audit adjustment to decrease assets held for resale and to increase expenditures in the amount of \$36,849 was required to be reported within the Cemetery Fund as of June 30, 2008. An audit adjustment to decrease inventory in the amount of \$1,340,662, increase capital assets in the amount of \$1,261,084, and increase expenses in the amount of \$79,578 was required to be reported within the Electric Revenue Fund as of June 30, 2008. An audit adjustment to increase fuel inventory and decrease expenses in the amount of \$29,932 was required to be reported within the Airport Fund as of June 30, 2008.

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

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

2008 – 6. Special revenue fund and debt service fund budgets

Condition: For the fiscal year ending June 30, 2008, no budget was adopted for the Confiscated Assets special revenue fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

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 City 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.

CITY OF GRIFFIN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2008

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF GRIFFIN, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

STATUS OF PRIOR YEAR AUDIT FINDINGS

2007 - 1. Management of Due to / From Accounts

For the year ending June 30, 2007, we noted the City's unadjusted trial balance reported significant amounts in the due to/from accounts that should have been written off (as an operating transfer) during the year.

Status: The above finding was not corrected for the year ended June 30, 2008. See finding 2008-1.

2007 - 2. Accounts Receivable

For the year ending June 30, 2007, the City did not properly reconcile monthly its general ledger and subsidiary listings and did not record various year end accounts receivable within the City's Funds.

Status: The above finding was not corrected for the year ended June 30, 2008. See finding 2008-2.

2007 - 3. Management of Accounts Payable and Accrued Liabilities

For the year ending June 30, 2007, the City improperly recorded payable and accrued expenditure/expense items within the General Fund, the Water and Sewer Fund, the Solid Waste Fund, and the Airport Fund.

Status: The above finding was not corrected for the year ended June 30, 2008. See finding 2008-3.

2007 - 4. Maintenance of Equity / Fund Balance Accounts

For the year ending June 30, 2007, the City did not properly post all prior year adjusting journal entries and incorrectly posted some current year activity through its equity and fund balance accounts, thereby creating differences in beginning fund balance as compared to the prior year in various funds.

Status: The above finding was corrected for the year ended June 30, 2008.

2007 - 5. Management of Prepaid Assets

For the year ending June 30, 2007, we noted that the City did not properly record prepaid expenses and expenditure transactions.

Status: The above finding was not corrected for the year ended June 30, 2008. See finding 2008-4.

CITY OF GRIFFIN, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

STATUS OF PRIOR YEAR AUDIT FINDINGS (Continued)

2007 - 6. Management of Capital Asset Accounts

For the year ending June 30, 2007, we noted that the City did not properly capitalize purchased assets and did not properly recognize the sale and disposal of capital assets.

Status: The above finding was corrected for the year ended June 30, 2008.

2007 - 7. Debt Transactions

For the year ending June 30, 2007, we noted that the City did not properly record debt transactions in the Water and Sewer Fund, primarily those adjustments related to the amortization of bond issuance costs.

Status: The above finding was corrected for the year ended June 30, 2008.

2007 - 8. Management of Inventory Accounts

For the year ending June 30, 2007, we noted that the City did not properly record inventory transactions.

Status: The above finding was not corrected for the year ended June 30, 2008. See finding 2008-5.

2007 - 9. Special Revenue Fund and Debt Service Fund Budgets

For the year ending June 30, 2007, we noted that the City did not adopt a budget for the Confiscated Assets special revenue fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Status: The above finding was not corrected for the year ended June 30, 2008. See finding 2008-6.