

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

Prepared by:
Griffin Finance Department

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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INTRODUCTORY SECTION

CITY OF GRIFFIN SINCE 1840

November 27, 2006

Commission Members

Rodney McCord
Mayor

Bill Landrum
Mayor Pro-Tem

Dick Morrow

Cora Flowers

Doug Hollberg

Rodney McCord

Joanne Todd

Cynthia Reid Ward

City Manager

Kenny L. Smith

Finance Department

Finance Director

Christopher Pike, CPA

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

State law requires that all general purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in conformance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Griffin, Georgia for the year ended June 30, 2006.

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

The City of Griffin's financial statements have been audited by Mauldin & Jenkins CPA, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Griffin for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Griffin, Georgia's financial statements for the fiscal year ended June 30, 2006 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"

Post Office Box T ✤ 231 East Solomon Street ✤ Griffin, Georgia 30224 ✤ Tel. 770-229-6401 ✤ FAX 770-229-6600
Web Site: *www.cityofgriffin.com*

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

Profile of the Government

The City of Griffin, incorporated in 1843, is located in the central portion of the state and currently occupies a land area of 14.1 square miles. The City of Griffin is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by the State to extend its corporate limits by annexation, which occurs periodically when deemed 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 the budget, appointing committees, and hiring both the City's manager and legal counsel. The government's manager is responsible for carrying out the day to day operations of the government, and for appointing the heads of the various departments. The Board is elected on a non-partisan basis, and serves staggered terms, meaning elections are held every two years with three Commissioners on one cycle and four Commissioners the next cycle. The Chairperson is elected by the Board, and serves for one year only.

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

The annual budget serves as the foundation for the City of Griffin's financial planning and control. All agencies of the City of Griffin are required to submit requests for appropriations to the City Manager on March 31. The government's manager uses these requests as a starting point for developing the proposed budget. The City's manager then presents this proposed budget to the Board of Commissioners for review prior to May 15. The Board of Commissioners is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., Public Safety), and department (Police). Department heads are not allowed to make transfers between appropriated accounts. Neither are appropriations between departments allowed, except by specific action of the Board of Commissioners. Budget to actual comparisons are provided in this report for each indivdiual fund for which an appropriated budget has been adopted. For the general fund, this comparison extends to the department level. Budget to actual comparisons for all governmental fund types as well as enterprise funds are presented within this report.

Factors affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific enviroment in which the City operates.

Local Economy

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

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

Long Term Financial Planning

The City is in the process of developing a regional water distribution system, providing water to the surrounding counties and cities contained within. During the current fiscal year, the City has used revenue bond proceeds for the creation of a new reservoir and necessary distribution infrastructure, providing a superior revenue stream in years to come. Contracts for construction have been let, and construction is nearing completion.

Cash Management Polices and Practices

Cash temporarily idle during the year was invested primarily in certificates of deposit. Restricted cash in the Water/Wastewater and Electric Funds were held in obligations of the federal government and the Local Government Investment Pool.

Pension and Other Post Employment Retirement Benefits

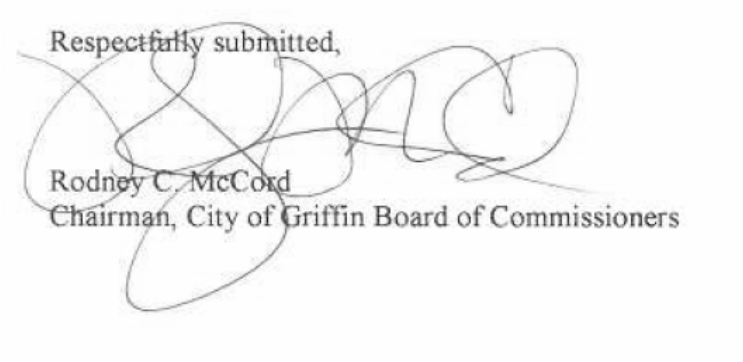
The City of Griffin participates in agent multiple employer defined benefit pension plan for all of its covered employees. The day-to-day management of those assets and activities are handled by internal staff and the Georgia Municipal Employees Benefits System. As a matter of policy, the City fully 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.

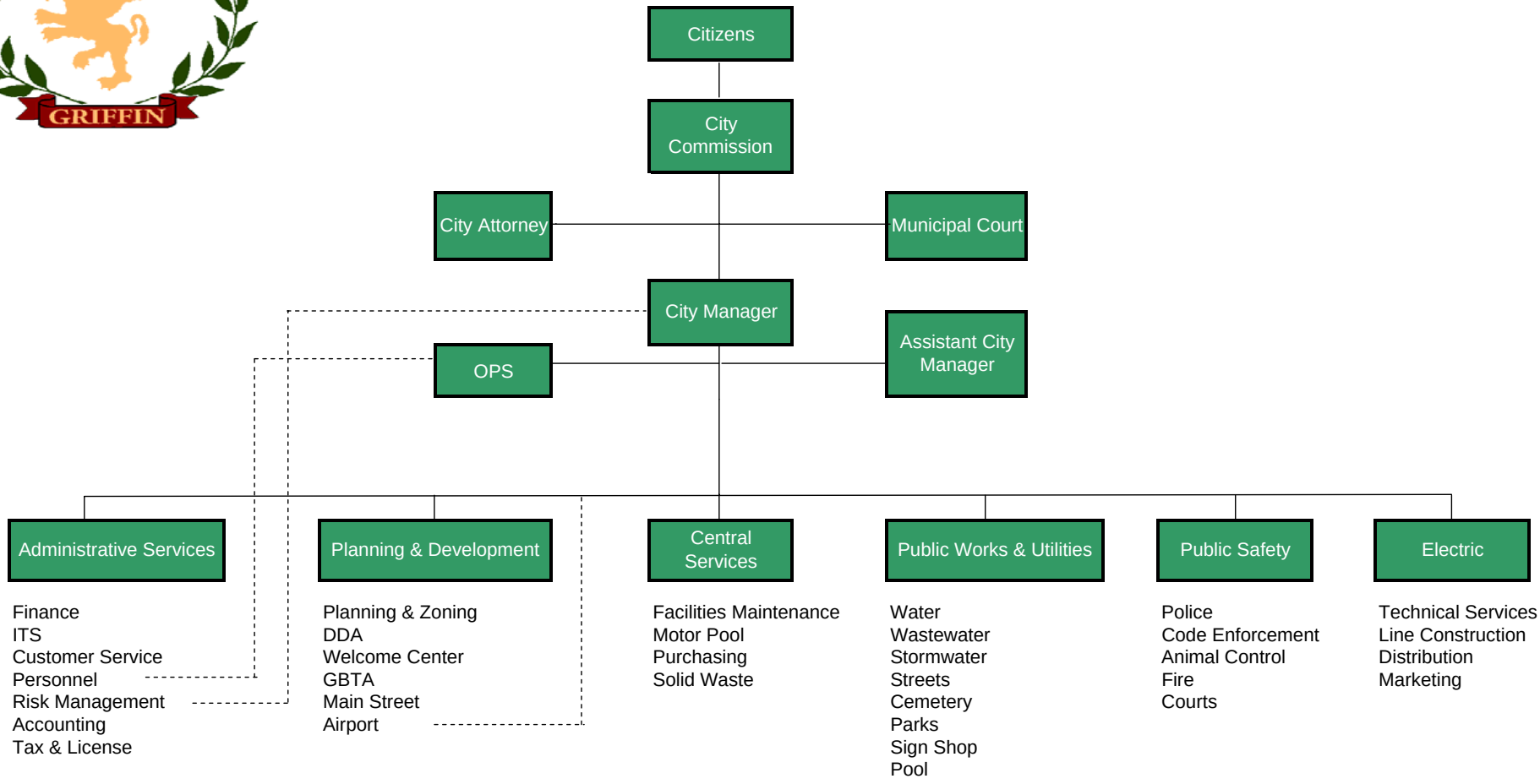
Additional information on the City's pension plan and its funding progress can be found in the notes to the financial statements.

Acknowledgements

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



2006 Organization Chart



CITY OF GRIFFIN, GEORGIA

PRINCIPAL OFFICIALS
JUNE 30, 2006

Chairperson – Council Member – District IV	Joann Todd
Council Member – At Large	Doug S. Hollberg
Council Member – District II	Cora Flowers
Council Member – District III	William D. Landrum
Council Member – District I	Cynthia Reid Ward
Council Member – District V	Dick Morrow
Council Member – District VI	Rodney McCord
City Manager & City Clerk	Kenny Smith
Assistant City Manager	Vacant
City Attorney	Andrew Whalen
Municipal Court Judge	A. Ronald Cook
Municipal Court Prosecutor	E. Carl Touchstone
City Auditor	Mauldin & Jenkins, LLC
Finance Director	Christopher J. Pike, CPA
Fire Chief	Tommy Jones
Police Chief	Frank Strickland
Water/Wastewater Director	Dr. Brant Keller
Electric Director	Hugo Hodge
Public Works Director	Dr. Brant Keller
Central Services Director	Phil Francis
Airport Manager	Barry Griffin
Developmental Services Director	Frederick Gardiner

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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, 2006, 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, 2006, 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 September 28, 2006, 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 10) and the Schedule of Funding Progress (on page 60) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Griffin, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Griffin, Georgia. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
September 28, 2006

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, 2006. We encourage readers to read the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $80,937,496 (*net assets*). Of this amount, $21.6 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $1,665,863.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $3,932,055, an increase of $760,087 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the general fund was $1,517,697, or 15% of total general fund expenditures.
- The City's total debt decreased by $449,650 during the current fiscal year. This decrease was mostly due to scheduled payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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 11 and 12 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 nine governmental funds (three special revenue funds, four capital projects funds, and two permanent funds) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 13 and 14 of this report.

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 18 - 25 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26 and 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 - 59 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and enterprise funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 61 – 76 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $80,937,496 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (78.9%) 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	$ 8,567,474	$ 7,691,865	$ 27,766,374	$ 38,455,822	$ 36,333,848	$ 46,147,687
Capital assets	15,831,592	17,472,500	120,683,843	111,175,309	136,515,435	128,647,809
Total assets	24,399,066	25,164,365	148,450,217	149,631,131	172,849,283	174,795,496
Other liabilities	859,458	1,420,910	8,050,688	11,235,279	8,910,146	12,656,189
Long-term liabilities outstanding	2,037,118	1,779,263	80,964,523	81,088,411	83,001,641	82,867,674
Total liabilities	2,896,576	3,200,173	89,015,211	92,323,690	91,911,787	95,523,863
Net assets:						
Invested in capital assets, net of related debt	14,785,016	16,924,455	43,107,249	44,633,488	57,892,265	61,557,943
Restricted	-	-	1,414,792	2,212,070	1,414,792	2,212,070
Unrestricted	6,717,474	5,039,737	14,912,965	10,461,883	21,630,439	15,501,620
Total net assets	$ 21,502,490	$ 21,964,192	$ 59,435,006	$ 57,307,441	$ 80,937,496	$ 79,271,633

An additional portion of the City's net assets (1.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($21,630,439) 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, 2006, decreased the City of Griffin's net assets by $461,702. Business-type activities during the same period increased net assets by $2,127,565 for a total increase in net assets of $1,665,863. Key elements of this increase are as follows:

City of Griffin's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues						
Charges for services	$ 7,042,030	$ 6,212,998	$ 58,196,357	$ 52,615,034	$ 65,238,387	$ 58,828,032
Operating grants and contributions	413,975	449,113	155,219	158,883	569,194	607,996
Capital grants and contributions	-	-	11,800	4,319	11,800	4,319
General revenues:						
Property taxes	4,875,516	4,966,178	-	-	4,875,516	4,966,178
Sales taxes	3,713,381	3,370,370	-	-	3,713,381	3,370,370
Insurance premium tax	1,174,508	1,091,683	-	-	1,174,508	1,091,683
Other taxes	1,245,596	1,216,282	-	-	1,245,596	1,216,282
Franchise fees	596,534	571,945	-	-	596,534	571,945
Unrestricted investment earnings	112,359	115,668	811,917	742,558	924,276	858,226
Gain on sale of capital assets	71,085	-	42,631	-	113,716	-
Total revenues	19,244,984	17,994,237	59,217,924	53,520,794	78,462,908	71,515,031
Expenses:						
General government	5,665,886	4,755,055	-	-	5,665,886	4,755,055
Judicial	147,337	232,360	-	-	147,337	232,360
Public safety	13,268,194	11,817,622	-	-	13,268,194	11,817,622
Public works	4,116,631	4,447,313	-	-	4,116,631	4,447,313
Parks and recreation	412,667	350,586	-	-	412,667	350,586
Housing and development	596,803	360,112	-	-	596,803	360,112
Interest on long-term debt	21,826	45,564	-	-	21,826	45,564
Water and wastewater	-	-	13,668,876	12,050,829	13,668,876	12,050,829
Electric	-	-	30,161,161	27,846,434	30,161,161	27,846,434
Solid Waste	-	-	5,980,372	5,452,149	5,980,372	5,452,149
Stormwater	-	-	1,567,435	1,821,120	1,567,435	1,821,120
Airport operations	-	-	1,025,792	882,948	1,025,792	882,948
Welcome Center	-	-	122,687	108,408	122,687	108,408
Golf Course	-	-	41,378	436,261	41,378	436,261
Total expenses	24,229,344	22,008,612	52,567,701	48,598,149	76,797,045	70,606,761
Change in net assets before transfers	(4,984,360)	(4,014,375)	6,650,223	4,922,645	1,665,863	908,270
Transfers	4,522,658	7,791,881	(4,522,658)	(7,791,881)	-	-
Change in net assets	(461,702)	3,777,506	2,127,565	(2,869,236)	1,665,863	908,270
Net assets, beginning	21,964,192	11,927,083	57,307,441	60,176,677	79,271,633	72,103,760
Prior period adjustment	-	6,259,603	-	-	-	6,259,603
Net assets, beginning as restated	21,964,192	18,186,686	57,307,441	60,176,677	79,271,633	78,363,363
Net assets, ending	$ 21,502,490	$ 21,964,192	$ 59,435,006	$ 57,307,441	$ 80,937,496	$ 79,271,633

As can be seen above, the governmental activities show a deficit of revenues under expenditures before transfers of $4,984,360 and $4,014,375, for 2006 and 2005, 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.

Business-type activities. The City's business-type activities which include the Water/Wastewater Fund, Electric Utility Fund, Solid Waste Fund, and four non-major funds increased net assets by $2,127,565 in 2006 and decreased net assets by $2,869,236 in 2005.

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

	2006	2005
Net operating income (loss):		
Water / Wastewater Fund	$ 4,150,787	$ 5,096,149
Electric Utility Fund	6,811,118	4,367,827
Solid Waste Fund	(577,810)	(278,532)
Nonmajor Enterprise Funds	(398,451)	(843,423)
Total net operating income	9,985,644	8,342,021
Nonoperating revenues (expenses)	(2,377,083)	(2,419,792)
Income (loss) before transfers	7,608,561	5,922,229
Transfers in (out)	(4,522,610)	(8,223,182)
Changes in net assets	$ 3,085,951	$ (2,300,953)

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 2006 and 2005, the combined ending fund balances of the City's governmental funds were a positive $3,932,055 and a positive $3,171,968 respectively. A positive $1,429,195 at June 30, 2006 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, 2006, $2,502,860 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 2006 the General Fund had a positive fund balance of $1,517,697. This is an increase of $787,974 from the beginning fund balance. As noted earlier, this increase was due mostly to substantial transfers from the City's enterprise funds.

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

The net assets of the City's enterprise funds increased by $2,127,565 in 2006 and decreased by $2,869,236 in 2005, 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, 2006, governmental activities and business-type activities had capital assets of $136,515,435 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 6.1% (a 9.4% decrease for governmental activities and an 8.5% increase for business-type activities). The major decrease in capital assets for governmental activities comes from the normal depreciation expense related to capital assets of the City purchased in prior years. The major increase in capital assets for the business-type activities was from the additional construction costs related to the new regional water supply system within the City's Water/Wastewater System Fund funded by Series 2002 revenue bonds. This large project was completed and on-line beginning in February 2006.

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2004
Land	$ 911,299	$ 995,389	$ 7,675,744	$ 7,494,342	$ 8,587,043	$ 8,489,731
Land improvements	-	-	3,478,594	3,622,992	3,478,594	3,622,992
Buildings and improvements	3,209,542	3,216,851	25,323,288	12,421,329	28,532,830	15,638,180
Improvements other than buildings	-	-	74,237,175	41,374,136	74,237,175	41,374,136
Machinery and equipment	3,110,928	3,858,728	6,783,912	5,697,855	9,894,840	9,556,583
Infrastructure	7,684,327	8,564,357	-	-	7,684,327	8,564,357
Construction in progress	915,496	837,175	3,185,130	40,564,655	4,100,626	41,401,830
Total	15,831,592	17,472,500	120,683,843	111,175,309	136,515,435	128,647,809

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

Debt Administration. At the end of June 30, 2006, the City had $2,037,118 of outstanding long-term liabilities related to governmental activities and $80,638,761 of long-term liabilities related to business-type activities for a total of $82,675,879 compared to the previous year's total of $82,867,674. This is a decrease of $191,795 due mostly to the issuance of $9,748,000 of revenue bonds and scheduled amortization payments. At the end of 2006, the City had total bonded debt outstanding of $74,499,000 as compared to $75,165,000 in 2005. 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. As noted earlier, the new regional water supply system was completed and placed into operation during the year.

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

Factors affecting the FY 2006-07 Budget:

The Commission of the City of Griffin considered many factors when approving the City's 2007 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.

Budgets are adopted for the General Fund, the Water/Wastewater Fund, Electric Utility Fund, Solid Waste Fund, Stormwater Utility Fund, Airport Fund, Welcome Center Fund, and Golf Course Fund (Enterprise Funds). Budgets for the Enterprise Funds are prepared for planning and control purposes only. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget. During the year there was an approximate $661,000 increase in appropriations between the original budget and the final amended budget for the City's General Fund. This increase was due mostly to additional funds needed within the City's police department for current operations and personnel expenditures. The increase was funded with larger than anticipated transfers from the City's enterprise funds.

Requests for Information

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

CITY OF GRIFFIN, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 1,928,384	$ 2,382,387	$ 4,310,771
Investments	1,790,582	3,089,132	4,879,714
Taxes receivable	1,001,605	-	1,001,605
Accounts receivable, net of allowances	183,853	8,746,643	8,930,496
Due from other governments	5,794	92,987	98,781
Due from Spalding County	113,395	727,939	841,334
Internal balances	(101,699)	101,699	-
Inventories	166,003	1,444,330	1,610,333
Prepaid expenses	363,544	134,147	497,691
Restricted assets:			
Cash and cash equivalents	-	3,622,657	3,622,657
Investments	-	5,610,216	5,610,216
Deferred charges	-	1,814,237	1,814,237
Assets held for resale	204,431	-	204,431
Other noncurrent asset	2,911,582	-	2,911,582
Capital assets:			
Nondepreciable	1,826,795	10,860,874	12,687,669
Depreciable, net of accumulated depreciation	14,004,797	109,822,969	123,827,766
Total assets	24,399,066	148,450,217	172,849,283
LIABILITIES			
Checks issued in excess of bank balance	20,159	10,435	30,594
Accounts payable	589,213	4,680,691	5,269,904
Accrued liabilities	250,086	580,304	830,390
Customer deposits payable	-	2,779,258	2,779,258
Capital leases due within one year	261,154	242,045	503,199
Capital leases due in more than one year	785,422	785,542	1,570,964
Notes payable due within one year	-	163,747	163,747
Notes payable due in more than one year	-	2,465,581	2,465,581
Bonds payable due within one year	-	1,612,000	1,612,000
Bonds payable due in more than one year	-	72,887,000	72,887,000
Compensated absences due within one year	742,900	515,033	1,257,933
Compensated absences due in more than one year	247,642	171,678	419,320
Due to Pike County due within one year	-	-	-
Due to Pike County due in more than one year	-	325,762	325,762
Landfill postclosure care costs due within one year	-	139,800	139,800
Landfill postclosure care costs due in more than one year	-	1,656,335	1,656,335
Total liabilities	2,896,576	89,015,211	91,911,787
NET ASSETS			
Invested in capital assets, net of related debt	14,785,016	43,107,249	57,892,265
Restricted for debt service	-	1,414,792	1,414,792
Unrestricted	6,717,474	14,912,965	21,630,439
Total net assets	$ 21,502,490	$ 59,435,006	$ 80,937,496

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, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets: Business-type Activities	Net (Expenses) Revenues and Changes in Net Assets: Total
Primary government:							
Governmental activities:							
General government	$ 5,665,886	$ 5,225,192	$ 20,876	$ -	$ (419,818)	$ -	$ (419,818)
Judicial	147,337	1,178,213	-	-	1,030,876	-	1,030,876
Public safety	13,268,194	22,602	393,099	-	(12,852,493)	-	(12,852,493)
Public works	4,116,631	216,254	-	-	(3,900,377)	-	(3,900,377)
Parks and recreation	412,667	55,140	-	-	(357,527)	-	(357,527)
Housing and economic development	596,803	344,629	-	-	(252,174)	-	(252,174)
Interest on long-term debt	21,826	-	-	-	(21,826)	-	(21,826)
Total governmental activities	24,229,344	7,042,030	413,975	-	(16,773,339)	-	(16,773,339)
Business-type activities:							
Water and Wastewater	13,668,876	14,549,148	-	-	-	880,272	880,272
Electric	30,161,161	36,704,106	-	-	-	6,542,945	6,542,945
Solid Waste	5,980,372	4,733,764	-	-	-	(1,246,608)	(1,246,608)
Stormwater	1,567,435	1,656,357	-	-	-	88,922	88,922
Airport	1,025,792	536,607	155,219	11,800	-	(322,166)	(322,166)
Welcome Center	122,687	3,375	-	-	-	(119,312)	(119,312)
Golf Course	41,378	13,000	-	-	-	(28,378)	(28,378)
Total business-type activities	52,567,701	58,196,357	155,219	11,800	-	5,795,675	5,795,675
Total primary government	$ 76,797,045	$ 65,238,387	$ 569,194	$ 11,800	(16,773,339)	5,795,675	(10,977,664)
General revenues:							
Property taxes					4,875,516	-	4,875,516
Sales taxes					3,713,381	-	3,713,381
Insurance premium tax					1,174,508	-	1,174,508
Alcoholic beverage taxes					607,163	-	607,163
Business occupational taxes					451,474	-	451,474
Other taxes					186,959	-	186,959
Franchise fees					596,534	-	596,534
Unrestricted investment earnings					112,359	811,917	924,276
Gain on sale of capital assets					71,085	42,631	113,716
Transfers					4,522,658	(4,522,658)	-
Total general revenues and transfers					16,311,637	(3,668,110)	12,643,527
Change in net assets					(461,702)	2,127,565	1,665,863
Net assets, beginning of year					21,964,192	57,307,441	79,271,633
Net assets, end of year					$ 21,502,490	$ 59,435,006	$ 80,937,496

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

CITY OF GRIFFIN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

ASSETS	General	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 1,386,219	$ 542,165	$ 1,928,384
Investments	252,094	1,538,488	1,790,582
Taxes receivable, net	995,163	6,442	1,001,605
Accounts receivable, net	183,353	-	183,353
Due from other governments	5,794	-	5,794
Due from Spalding County	113,395	-	113,395
Due from other funds	211,528	158,336	369,864
Inventories	4,348	-	4,348
Prepaid expenditures	303,356	-	303,356
Assets held for resale	-	204,431	204,431
Total assets	$ 3,455,250	$ 2,449,862	$ 5,905,112
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 394,625	$ 2,585	$ 397,210
Accrued liabilities	242,154	1,608	243,762
Deferred revenues	141,753	-	141,753
Due to other funds	1,159,021	31,311	1,190,332
Total liabilities	1,937,553	35,504	1,973,057
FUND BALANCES			
Fund balances:			
Reserved for:			
Prepaid expenditures	303,356	-	303,356
Special projects	-	2,205,166	2,205,166
Unreserved, reported in:			
General fund	1,214,341	-	1,214,341
Special revenue funds	-	58,201	58,201
Capital projects funds	-	150,991	150,991
Total fund balances	1,517,697	2,414,358	3,932,055
Total liabilities and fund balances	$ 3,455,250	$ 2,449,862	

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.	13,395,720
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	141,753
Net pension asset that is not a financial asset in governmental fund activities and therefore not reported in governmental fund	2,911,582
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.	3,148,274
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(2,026,894)
Net assets of governmental activities	$ 21,502,490

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, 2006

	General	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Property taxes	$ 4,917,436	$ -	$ 4,917,436
Other taxes	6,053,044	80,441	6,133,485
Charges for services	4,512,109	81,898	4,594,007
Licenses and permits	521,097	-	521,097
Intergovernmental	346,528	67,447	413,975
Franchise fees	596,534	-	596,534
Fines and forfeitures	1,178,213	-	1,178,213
Interest revenue	40,086	72,273	112,359
Rental income	69,743	-	69,743
Contributions and donations	16,276	-	16,276
Other revenues	662,694	-	662,694
Total revenues	18,913,760	302,059	19,215,819
EXPENDITURES			
Current:			
General government	5,412,240	-	5,412,240
Judicial	133,113	-	133,113
Public safety	13,090,592	55,569	13,146,161
Public works	3,033,546	21,831	3,055,377
Parks and recreation	472,303	-	472,303
Housing and economic development	490,740	99,616	590,356
Capital outlay	-	37,745	37,745
Debt service:			
Principal	129,983	-	129,983
Interest	21,826	-	21,826
Total expenditures	22,784,343	214,761	22,999,104
Excess (deficiency) of revenues over (under) expenditures	(3,870,583)	87,298	(3,783,285)
OTHER FINANCING SOURCES (USES)			
Transfers in	17,166,192	94,804	17,260,996
Transfers out	(13,291,324)	(209,989)	(13,501,313)
Capital leases	628,514	-	628,514
Proceeds from the sale of capital assets	155,175	-	155,175
Total other financing sources (uses)	4,658,557	(115,185)	4,543,372
Net change in fund balances	787,974	(27,887)	760,087
Fund balances, beginning of year	729,723	2,442,245	3,171,968
Fund balances, end of year	$ 1,517,697	$ 2,414,358	$ 3,932,055

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, 2006

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	760,087
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(554,453)
The net effect of the sale of fixed assets is to decrease net assets.		(84,090)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(41,920)
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.		(121,645)
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.		(498,531)
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.		78,850
	$	(461,702)

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, 2006

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 5,105,178	$ 5,000,178	$ 4,917,436	$ (82,742)
Other taxes	5,776,846	5,639,596	6,053,044	413,448
Charges for services	4,490,871	4,490,871	4,512,109	21,238
Licenses and permits	817,573	817,573	521,097	(296,476)
Intergovernmental	341,770	339,570	346,528	6,958
Franchise fees	590,000	590,000	596,534	6,534
Fines and forfeitures	1,335,000	1,335,000	1,178,213	(156,787)
Interest revenue	5,000	5,000	40,086	35,086
Rental income	45,000	45,000	69,743	24,743
Contributions and donations	-	-	16,276	16,276
Other revenues	757,536	754,336	662,694	(91,642)
Total revenues	19,264,774	19,017,124	18,913,760	(103,364)
EXPENDITURES:				
Current:				
General government:				
Legislative	635,572	630,416	614,380	16,036
Executive	841,998	833,843	874,699	(40,856)
Elections	5,450	5,200	2,967	2,233
Administrative services	3,211,470	3,178,799	3,387,413	(208,614)
Central services	647,050	493,440	438,996	54,444
Legal	109,820	109,820	93,785	16,035
Total general government	5,451,360	5,251,518	5,412,240	(160,722)
Judicial	133,455	131,618	133,113	(1,495)
Public safety:				
Police	8,016,273	8,014,273	8,122,665	(108,392)
Fire	4,972,281	4,966,931	4,818,521	148,410
Other protection	162,980	160,630	149,406	11,224
Total public safety	13,151,534	13,141,834	13,090,592	51,242
Public works:				
Administration	-	-	7,917	(7,917)
Highways and streets	3,332,509	3,280,609	2,580,383	700,226
Cemetery	429,957	429,657	445,246	(15,589)
Total public works	3,762,466	3,710,266	3,033,546	676,720
Parks and recreation:				
Recreation	89,347	89,297	80,426	8,871
Parks	421,693	419,343	391,877	27,466
Total parks and recreation	511,040	508,640	472,303	36,337

(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, 2006

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Housing and economic development:				
Protective inspection	$ 707,003	$ 567,003	$ 482,890	$ 84,113
Downtown development	-	-	3,154	(3,154)
Main Street	-	-	4,696	(4,696)
Total housing and economic development	707,003	567,003	490,740	76,263
Debt service	143,116	107,431	151,809	(44,378)
Total expenditures	23,859,974	23,418,310	22,784,343	633,967
Deficiency of revenues under expenditures	(4,595,200)	(4,401,186)	(3,870,583)	530,603
OTHER FINANCING SOURCES (USES)				
Transfers in	4,113,622	4,113,622	17,166,192	13,052,570
Transfers out	-	-	(13,291,324)	(13,291,324)
Capital leases	1,137,664	1,137,664	628,514	(509,150)
Proceeds from the sale of capital assets	25,000	-	155,175	155,175
Total other financing sources (uses)	5,276,286	5,251,286	4,658,557	(592,729)
Net change in fund balances	681,086	850,100	787,974	(62,126)
Fund balances, beginning of year	729,723	729,723	729,723	-
Fund balances, end of year	$ 1,410,809	$ 1,579,823	$ 1,517,697	$ (62,126)

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

CITY OF GRIFFIN, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 911,863	$ 810,855	$ -	$ 659,669
Investments	-	3,089,132	-	-
Restricted assets, cash	2,729,820	398,698	322,793	171,346
Restricted assets, investments	1,823,953	1,111,000	203,000	-
Accounts receivable, net of allowances	104,808	8,626,500	429	14,906
Due from Spalding County	727,939	-	-	-
Due from other governments	-	-	-	92,987
Due from other funds	713,552	238,866	200,000	119,772
Inventories	129,117	1,258,693	-	56,520
Prepaid expenses	47,184	16,403	44,458	26,102
Total current assets	7,188,236	15,550,147	770,680	1,141,302
NONCURRENT ASSETS				
Restricted assets, investments	681,875	1,790,388	-	-
Deferred charges	1,814,237	-	-	-
Capital assets:				
Nondepreciable	8,394,526	243,446	108,708	2,114,194
Depreciable, net of accumulated depreciation	84,788,511	11,713,950	1,949,544	11,370,964
Total noncurrent assets	95,679,149	13,747,784	2,058,252	13,485,158
Total assets	102,867,385	29,297,931	2,828,932	14,626,460
LIABILITIES				
CURRENT LIABILITIES				
Checks issued in excess of bank balance	-	-	10,435	-
Accounts payable	1,077,208	3,389,803	113,755	99,925
Accrued liabilities	35,336	484,185	41,692	19,091
Current portion - compensated absences	278,154	79,477	137,611	19,791
Current portion - notes payable	45,386	-	-	118,361
Current portion - capital leases payable	-	-	242,045	-
Current portion - landfill closure / postclosure care costs	-	-	139,800	-
Customer deposits payable	6,413	2,772,845	-	-
Due to other funds	273,193	241,589	103,873	255,562
Payable from restricted assets:				
Revenue bonds payable, current portion	1,612,000	-	-	-
Total current liabilities	3,327,690	6,967,899	789,211	512,730
NONCURRENT LIABILITIES				
Compensated absences, net of current portion	92,718	26,492	45,870	6,598
Revenue bonds payable, net of current portion	72,887,000	-	-	-
Capital leases payable, net of current portion	-	-	785,542	-
Notes payable, net of current portion	143,830	-	-	2,321,751
Due to Pike County, net of current portion	325,762	-	-	-
Landfill closure / postclosure care costs	-	-	1,656,335	-
Total noncurrent liabilities	73,449,310	26,492	2,487,747	2,328,349
Total liabilities	76,777,000	6,994,391	3,276,958	2,841,079
NET ASSETS				
Invested in capital assets, net of related debt	19,074,142	11,957,396	1,030,665	11,045,046
Restricted for debt service	1,414,792	-	-	-
Unrestricted	5,601,451	10,346,144	(1,478,691)	740,335
Total net assets	$ 26,090,385	$ 22,303,540	$ (448,026)	$ 11,785,381

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.

Totals	Governmental Activities - Internal Service Funds
$ 2,382,387	$ -
3,089,132	-
3,622,657	-
3,137,953	-
8,746,643	500
727,939	-
92,987	-
1,272,190	422,495
1,444,330	161,655
134,147	60,188
24,650,365	644,838
2,472,263	-
1,814,237	-
10,860,874	-
109,822,969	2,435,872
124,970,343	2,435,872
149,620,708	3,080,710
10,435	20,159
4,680,691	192,003
580,304	6,324
515,033	10,224
163,747	-
242,045	-
139,800	-
2,779,258	-
874,217	-
1,612,000	-
11,597,530	228,710
171,678	-
72,887,000	-
785,542	-
2,465,581	-
325,762	-
1,656,335	-
78,291,898	-
89,889,428	228,710
43,107,249	2,435,872
1,414,792	-
15,209,239	416,128
59,731,280	$ 2,852,000
(296,274)	
$ 59,435,006	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 13,025,778	$ 35,120,203	$ 4,724,279	$ 2,008,386
Tap and capacity recovery fees	1,476,900	-	-	-
Other services	46,470	1,583,903	9,485	200,953
Total operating revenues	14,549,148	36,704,106	4,733,764	2,209,339
OPERATING EXPENSES				
Personal services	3,341,567	2,174,361	2,077,372	889,441
Purchased or contracted services	3,128,570	1,168,853	2,492,971	1,086,218
Purchased power	-	25,811,651	-	-
Supplies	787,425	118,060	37,481	104,785
Miscellaneous	725,956	64,441	520,839	92,743
Depreciation	2,414,843	555,622	182,911	434,603
Total operating expenses	10,398,361	29,892,988	5,311,574	2,607,790
Operating income (loss)	4,150,787	6,811,118	(577,810)	(398,451)
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	-	-	-	167,019
Interest income	527,276	260,590	19,633	4,418
Interest expense	(3,162,068)	-	(23,840)	(93,500)
Gain / (loss) on sale of capital assets	-	(119,242)	-	42,631
Total nonoperating income (expenses)	(2,634,792)	141,348	(4,207)	120,568
Income (loss) before transfers	1,515,995	6,952,466	(582,017)	(277,883)
TRANSFERS				
Transfers out	(6,215,221)	(17,730,717)	(2,416,315)	(1,632,202)
Transfers in	5,193,332	13,035,392	3,496,474	1,746,647
Total transfers	(1,021,889)	(4,695,325)	1,080,159	114,445
Change in net assets	494,106	2,257,141	498,142	(163,438)
NET ASSETS, beginning of year	25,596,279	20,046,399	(946,168)	11,948,819
NET ASSETS, end of year	$ 26,090,385	$ 22,303,540	$ (448,026)	$ 11,785,381

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.

Totals	Governmental Activities - Internal Service Funds
$ 54,878,646	$ 2,093,082
1,476,900	-
1,840,811	6,333
58,196,357	2,099,415
8,482,741	555,209
7,876,612	843,515
25,811,651	-
1,047,751	1,501,401
1,403,979	39,883
3,587,979	1,002,365
48,210,713	3,942,373
9,985,644	(1,842,958)
167,019	-
811,917	-
(3,279,408)	-
(76,611)	-
(2,377,083)	-
7,608,561	(1,842,958)
(27,994,455)	(80,048)
23,471,845	842,975
(4,522,610)	762,927
3,085,951	(1,080,031)
	3,932,031
	$ 2,852,000
(958,386)	
$ 2,127,565	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 14,471,211	$ 36,292,015	$ 4,987,208	$ 2,121,485
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(8,912,746)	(26,980,048)	(3,009,194)	(1,116,466)
Payments to employees	(3,374,206)	(2,195,397)	(2,162,146)	(900,129)
Net cash provided by (used in) operating activities	2,184,259	7,116,570	(184,132)	104,890
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental grant	-	-	-	167,019
Transfers out	(6,215,221)	(17,730,717)	(2,416,315)	(1,632,202)
Transfers in	5,193,332	13,035,392	3,496,474	1,746,647
Net cash provided by (used in) noncapital financing activities	(1,021,889)	(4,695,325)	1,080,159	281,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(9,625,173)	(1,473,817)	(1,336,906)	(80,130)
Proceeds from the sale of capital assets	-	250,000	-	50,251
Proceeds from notes and capital leases payable	-	-	561,782	-
Proceeds from the issuance of revenue bonds	9,748,000	-	-	-
Principal paid on bonds	(10,414,000)	-	-	-
Principal paid on notes payable and capital leases	(42,834)	-	(159,063)	(114,010)
Bond closing costs	(253,101)	-	-	-
Deferred charges - refunding	(206,059)	-	-	-
Interest paid	(3,576,836)	-	(26,348)	(93,840)
Net cash (used in) capital and related financing activities	(14,370,003)	(1,223,817)	(960,535)	(237,729)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(6,361,921)	5,388,549	(103,000)	-
Proceeds from the sale of investments	19,078,272	(7,007,462)	-	-
Interest and dividends received	527,276	261,760	19,633	4,418
Net cash provided by (used in) investing activities	13,243,627	(1,357,153)	(83,367)	4,418
Increase (decrease) in cash and cash equivalents	35,994	(159,725)	(147,875)	153,043
Cash and cash equivalents:				
Beginning of year	3,605,689	1,369,278	470,668	677,972
End of year	$ 3,641,683	$ 1,209,553	$ 322,793	$ 831,015
Classified as:				
Cash and cash equivalents	$ 911,863	$ 810,855	$ -	$ 659,669
Restricted assets, cash	2,729,820	398,698	322,793	171,346
	$ 3,641,683	$ 1,209,553	$ 322,793	$ 831,015

(Continued)

Totals	Governmental Activities - Internal Service Funds
$ 57,871,919	$ -
-	1,963,989
(40,018,454)	(2,146,560)
(8,631,878)	(580,356)
9,221,587	(762,927)
167,019	-
(27,994,455)	(80,048)
23,471,845	842,975
(4,355,591)	762,927
(12,516,026)	-
300,251	-
561,782	-
9,748,000	-
(10,414,000)	-
(315,907)	-
(253,101)	-
(206,059)	-
(3,697,024)	-
(16,792,084)	-
(1,076,372)	-
12,070,810	-
813,087	-
11,807,525	-
(118,563)	-
6,123,607	-
$ 6,005,044	$ -
$ 2,382,387	$ -
3,622,657	-
$ 6,005,044	$ -

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 4,150,787	$ 6,811,118	$ (577,810)	$ (398,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,414,843	555,622	182,911	434,603
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	56,809	(503,839)	(429)	(12,515)
(Increase) in due from Spalding County	(727,939)	-	-	-
(Increase) in due from other governments	-	-	-	(92,987)
(Increase) in inventories	(4,747)	(545,517)	-	(24,840)
(Increase) decrease in due from other funds	320,000	1,819	150,000	107,241
Decrease in prepaids and other assets	67,299	38,431	59,975	33,916
Increase (decrease) in checks issued in excess of bank balance	-	-	(9,713)	-
Increase (decrease) in accounts payable	(4,138,262)	561,674	(53,475)	51,372
Increase (decrease) in accrued liabilities	(227,724)	107,333	(74,527)	(11,152)
Increase in customer deposits	-	548,340	-	-
Increase in landfill closure / postclosure care costs	-	-	35,063	-
Increase (decrease) in due to other funds	273,193	(458,411)	103,873	17,703
Net cash provided by (used in) operating activities	$ 2,184,259	$ 7,116,570	$ (184,132)	$ 104,890
Noncash investing, capital, and financing activities:				
Unrealized gain on investments	$ -	$ 1,170	$ -	$ -

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

Totals	Governmental Activities - Internal Service Funds
$ 9,985,644	$ (1,842,958)
3,587,979	1,002,365
(459,974)	248,417
(727,939)	-
(92,987)	-
(575,104)	(2,527)
579,060	(323,487)
199,621	146,528
(9,713)	317
(3,578,691)	93,921
(206,070)	(25,147)
548,340	-
35,063	-
(63,642)	(60,356)
$ 9,221,587	$ (762,927)
$ 1,170	$ -

CITY OF GRIFFIN, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	Pension Trust Fund	Agency Fund - Municipal Court
ASSETS		
Cash and cash equivalents	$ -	$ 181,963
Total assets	-	181,963
LIABILITIES		
Due to others	-	181,963
Total liabilities	-	181,963
NET ASSETS		
Held in trust for pension benefits	$ -	$ -

A schedule of funding progress is presented on page 55.

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

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Pension Trust Fund
Additions	
Contributions:	
Employer	$ -
	-
Investment income:	
Net appreciation in fair value of investments	-
Interest and dividends	-
	-
Total additions	-
Deductions	
Administrative expenses	2,767
Total deductions	2,767
Net decrease	(2,767)
Net assets available for benefits:	
Beginning of year	2,767
End of year	$ -

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

NOTES TO THE FINANCIAL STATEMENTS

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.

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. 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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund types:

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

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

The ***Pension Trust Fund*** was used to account for the activities of the City's Employee Retirement Plan, which accumulates resources for pension benefit payments to qualified City employees. The City has amended its plan and has allowed for the transfer of all assets to the GMEBS retirement plan and as of June 30, 2006 no longer maintains its pension trust fund.

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

The ***internal service funds*** are used to account for the 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.

7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

8. Revenues and expenditures of the Capital Projects Funds are budgeted on a project basis and are, therefore, excluded from presentation in the financial statements.

E. Cash and Cash Equivalents

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

F. Deposits and Investments

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

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

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.

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, 2006, $631,587 was capitalized within the Water/Wastewater Utility Fund.

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

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

Employees earn sick leave in proportion to actual hours worked. Sick leave, however, is not paid upon termination if termination is by manner other than death or retirement. One-half of the excess accrued hours over 60 days at the end of the year are paid out to employees. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when it is expected to be liquidated with expendable available resources.

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, 2006, the City contributed $478,055 and employees contributed $118,749.

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.

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 $2,026,894 difference are as follows:

Capital leases	$	1,046,576
Compensated absences		980,318
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	2,026,894

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 $554,453 difference are as follows:

Capital outlay	$	(857,970)
Depreciation expense		1,412,423
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	554,453

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (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 $498,531 difference are as follows:

Proceeds from capital leases	$	628,514
Principal retirement on long-term debt		(129,983)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	498,531

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 $78,850 difference are as follows:

Compensated absences	$	221,375
Net pension obligation		(142,525)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	78,850

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2006, are summarized as follows:

Amounts as presented on the entity wide statement of net assets:		
Cash and cash equivalents	$	4,310,771
Investments		4,879,714
Restricted cash and cash equivalents		3,622,657
Restricted investments		5,610,216
Checks issued in excess of bank balance		(30,594)
Amounts as presented on the fiduciary statement of net assets:		
Cash and cash equivalents - Agency Fund		181,963
Total	$	18,574,727
Cash deposited with financial institutions	$	13,728,639
Cash deposited with Georgia Fund 1		102,975
Investments in the Municipal Competitive Trust		3,089,132
Investments in Federated securities		1,259,063
Investments in corporate bonds		394,918
	$	18,574,727

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2006, 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 AAA by Standard & Poor's.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2006, the City had the following investments:

Investment	Maturities	Fair Value
Georgia Fund 1	28 day weighted average	$ 102,975
Certificates of Deposit	July 6, 2006 - January 31, 2012	5,643,842
Municipal Competitive Trust - Short-term	July 6, 2006 - February 23, 2007	3,089,132
Federated Equity Fund	Not applicable	785,595
Federated U.S. Government Funds	September 30, 2006 - August 20, 2036	473,468
Corporate bonds	November 28, 2008 - December 31, 2032	394,918
Total		$ 10,489,930

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, 2006, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized gain of $1,170 reflected as investment income in the Electric Utility Fund.

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	$ 1,169,937	$ 6,442	$ -
Accounts	183,353	-	110,984
Intergovernmental	119,189	-	727,939
Gross receivables	1,472,479	6,442	838,923
Less: allowance for uncollectibles	(174,774)	-	(6,176)
Net total receivables	$ 1,297,705	$ 6,442	$ 832,747

	Electric	Nonmajor Enterprise	Total
Receivables:			
Taxes	$ -	$ -	$ 1,176,379
Accounts	14,184,387	14,906	14,493,630
Intergovernmental	-	92,987	940,115
Gross receivables	14,184,387	107,893	16,610,124
Less: allowance for uncollectibles	(5,557,887)	-	(5,738,837)
Net total receivables	$ 8,626,500	$ 107,893	$ 10,871,287

Property Taxes

Property taxes were levied on behalf of the City by Spalding County on July 28, 2005, (Levy Date) based upon property values assessed as of January 1. The billings were mailed on September 15, 2005, and payable on or before November 15, 2005, for the fiscal year 2005 tax. Taxes not paid within 30 days of the November 15 due date were subject to property tax liens on December 16, 2005. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during fiscal year 2005 for the City's operations was 8.65 mills (mill equals $1 per thousand dollars of assessed value).

The City does maintain an allowance for uncollectible property taxes. At June 30, 2006, the allowance for uncollectible property taxes was $174,774.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 995,389	$ -	$ (84,090)	$ 911,299
Construction in progress	837,175	78,321	-	915,496
Total capital assets, not being depreciated	1,832,564	78,321	(84,090)	1,826,795
Capital assets, being depreciated:				
Buildings and improvements	4,212,498	121,403	-	4,333,901
Machinery and equipment	18,167,989	647,664	(20,903)	18,794,750
Infrastructure	27,292,294	10,582	-	27,302,876
Total capital assets, being depreciated	49,672,781	779,649	(20,903)	50,431,527
Less accumulated depreciation for:				
Buildings and improvements	(995,647)	(128,712)	-	(1,124,359)
Machinery and equipment	(14,309,261)	(1,395,464)	20,903	(15,683,822)
Infrastructure	(18,727,937)	(890,612)	-	(19,618,549)
Total accumulated depreciation	(34,032,845)	(2,414,788)	20,903	(36,426,730)
Total capital assets, being depreciated, net	15,639,936	(1,635,139)	-	14,004,797
Governmental activities capital assets, net	$ 17,472,500	$ (1,556,818)	$ (84,090)	$ 15,831,592

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, $2,435,872 of internal service fund's capital assets is included in the above amounts.

NOTE 5. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 7,494,342	$ -	$ (376,862)	$ 558,264	$ 7,675,744
Construction in progress	40,564,655	10,702,055	-	(48,081,580)	3,185,130
Total capital assets, not being depreciated	48,058,997	10,702,055	(376,862)	(47,523,316)	10,860,874
Capital assets, being depreciated:					
Land improvements	4,170,584	-	-	10,277	4,180,861
Buildings	22,341,977	13,233	-	13,443,909	35,799,119
Improvements other than buildings	55,792,973	719,614	-	33,929,557	90,442,144
Machinery and equipment	17,062,088	2,038,473	-	139,573	19,240,134
Total capital assets, being depreciated	99,367,622	2,771,320	-	47,523,316	149,662,258
Less accumulated depreciation for:					
Land improvements	(547,592)	(154,675)	-	-	(702,267)
Buildings	(9,920,648)	(555,183)	-	-	(10,475,831)
Improvements other than buildings	(14,418,837)	(1,786,132)	-	-	(16,204,969)
Machinery and equipment	(11,364,233)	(1,091,989)	-	-	(12,456,222)
Total accumulated depreciation	(36,251,310)	(3,587,979)	-	-	(39,839,289)
Total capital assets, being depreciated, net	63,116,312	(816,659)	-	47,523,316	109,822,969
Business-type activities activities capital assets, net	$ 111,175,309	$ 9,885,396	$ (376,862)	$ -	$ 120,683,843

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	269,505
Judicial		14,884
Public safety		163,536
Public works		954,564
Parks and recreation		4,745
Housing and development		5,189
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		1,002,365
Total depreciation expense - governmental activities	$	2,414,788
Business-type activities:		
Water and wastewater	$	2,414,843
Electric		555,622
Solid waste		182,911
Stormwater		228,337
Airport		141,674
Welcome center		41,829
Golf course		22,763
Total depreciation expense - business-type activities	$	3,587,979

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, 2006, are as follows:

Description		Original Amount	Interest Rate	Due Date		Amount
Combined Utility, Series 1993A	$	9,505,000	4.40% - 5.50%	2007	$	720,000
Combined Utility, Series 2002		64,385,000	2.00% - 5.125%	2032		64,175,000
Combined Utility, Series 2005		9,748,000	3.59%	2017		9,604,000
						74,499,000
				Less current portion		(1,612,000)
					$	72,887,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

The City of Griffin Combined Public Utility Revenue Refunding and Improvement Bonds, Series 1993A and the City of Griffin Combined Public Utility Revenue Improvement Bonds, Series 1993B (collectively the "Series 1993 Bonds") were issued October 1, 1993. The Series 1993 bonds were issued to provide funds to refund all of the City's outstanding Combined Public Utility Revenue Improvement Bonds, Series 1988A and to finance the cost of adding to, extending, and improving the City's water and wastewater systems. The Series 1993 bonds are special limited obligations of the City payable solely from and secured by a pledge of and lien on revenues derived by the City from the ownership and operation of its water, wastewater, and electric system, remaining after the payment of expenses of operating, maintaining, and repairing the system. The Series 1993 bonds do not constitute a debt or general obligation of the City or a pledge of the faith and credit or taxing power of the City. No governmental entity, including the City, is obligated to levy any tax for the payment of the Series 1993 bonds. No recourse may be had against the General Fund of the City for payment of the Series 1993 bonds.

Combined Public Utility Revenue 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.

NOTE 6. LONG-TERM DEBT (CONTINUED)

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.

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

Fiscal Year Payable	Total	Principal	Interest
2007	$ 5,271,364	$ 1,612,000	$ 3,659,364
2008	5,107,004	1,678,000	3,429,004
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 - 2016	25,537,161	10,449,000	15,088,161
2017 - 2021	25,540,893	12,972,000	12,568,893
2022 - 2026	25,540,196	16,470,000	9,070,196
2027 - 2031	25,543,756	21,060,000	4,483,756
2032	5,108,250	4,865,000	243,250
	$ 132,972,540	$ 74,499,000	$ 58,473,540

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, 2006:

Original Amount	Interest Rate	Due Date	Amount
$ 653,145	5.80%	2010	$ 189,216
		Less current portion	(45,386)
			$ 143,830

NOTE 6. LONG-TERM DEBT (CONTINUED)

Other Long-Term Debt (Continued):

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

Fiscal Year Payable	Total	Principal	Interest
2007	$ 55,169	$ 45,386	$ 9,783
2008	55,169	48,078	7,091
2009	55,169	50,961	4,208
2010	45,994	44,791	1,203
	$ 211,501	$ 189,216	$ 22,285

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, 2006:

Original Amount	Interest Rate	Due Date	Amount
$ 2,691,113	3.75%	2022	$ 2,440,112
		Less current portion	(118,361)
			$ 2,321,751

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

Fiscal Year Payable	Total	Principal	Interest
2007	$ 207,851	$ 118,361	$ 89,490
2008	207,851	122,740	85,111
2009	207,851	127,693	80,158
2010	207,851	132,431	75,420
2011	207,851	137,483	70,368
2012 - 2016	1,039,253	770,136	269,117
2017 - 2021	1,039,253	928,828	110,425
2022	103,563	102,439	1,124
	$ 3,221,324	$ 2,440,111	$ 781,213

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Leases:

The City has entered into several lease agreements as lessee for financing the acquisition of various equipment through the Georgia Municipal Association direct installment program. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present values of the future minimum lease payment as of the date of their inceptions. These leases are being serviced by General Fund and Solid Waste Fund payments with annual interest rates varying from 3.37% to 3.94%.

The following is an analysis of equipment leased under capital leases as of June 30, 2006:

	Governmental Activities	Solid Waste Fund	Total
Equipment	$ 904,427	$ 803,272	$ 1,707,699
Less accumulated depreciation	(131,898)	(91,403)	(223,301)
Carrying value	$ 772,529	$ 711,869	$ 1,484,398

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, 2006:

Fiscal year ending	Governmental Activities	Solid Waste Fund	Total
2007	$ 299,304	$ 279,084	$ 578,388
2008	292,403	217,783	510,186
2009	250,732	197,349	448,081
2010	154,505	179,903	334,408
2011	26,943	92,674	119,617
2012 - 2016	132,471	185,348	317,819
Total minimum lease payments	1,156,358	1,152,141	2,308,499
Less amount representing interest	(109,782)	(124,554)	(234,336)
Present value of future minimum lease payments	1,046,576	1,027,587	2,074,163
Less current maturities	(261,154)	(242,045)	(503,199)
	$ 785,422	$ 785,542	$ 1,570,964

NOTE 6. LONG-TERM DEBT (CONTINUED)

Closure/Postclosure Care Costs

Effective March 1994, the City of Griffin Shoal Creek Landfill Phase 1 was closed and no additional waste has been accepted. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the sites for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately $984,827 over the remaining 17 year period. These costs are based on what it would cost to perform all postclosure care in 2001, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

State and federal laws and regulations require the City to place a final cover on its Shoal Creek Landfill Phase 2 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2006, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount noted as Phase 2 below reported as landfill closure and postclosure care liability at June 30, 2006, represents the cumulative amount reported to date based on the use of 93% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $57,719 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2004, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Shoal Creek Road Landfill Phase 1 postclosure care costs	$ 984,827
Shoal Creek Road Landfill Phase 2 closure and postclosure care costs	811,308
Total closure and postclosure care costs recorded within the Solid Waste Fund	1,796,135
Less current portion	(139,800)
	$ 1,656,335

The City has also begun the process of constructing a new landfill, the Shoal Creek Landfill Phase 3. State and federal laws and regulations require the City to place a final cover on its Shoal Creek Landfill Phase 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Engineering studies estimate closure and postclosure costs of approximately $2,156,248 for the Phase 3 landfill. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City will report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date once the landfill begins to accept waste. As of June 30, 2006, this facility is not yet operational and is not accepting waste. Consequently, there has not been an amount of closure or postclosure care costs recorded within the Solid Waste Fund for the Phase 3 landfill.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 548,045	$ 628,514	$ (129,983)	$ 1,046,576	$ 261,154
Compensated absences	1,231,218	655,314	(895,990)	990,542	742,900
Governmental activity Long-term liabilities	$ 1,779,263	$ 1,283,828	$ (1,025,973)	$ 2,037,118	$ 1,004,054
Business-type activities:					
Revenue bonds	$ 75,165,000	$ 9,748,000	$ (10,414,000)	$ 74,499,000	$ 1,612,000
Notes payable	2,786,172	-	(156,844)	2,629,328	163,747
Compensated absences	751,299	407,517	(472,105)	686,711	515,033
Capital leases	624,868	561,782	(159,063)	1,027,587	242,045
Landfill closure / postclosure	1,761,072	64,592	(29,529)	1,796,135	139,800
Business-type activity Long-term liabilities	$ 81,088,411	$ 10,781,891	$ (11,231,541)	$ 80,638,761	$ 2,672,625

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, $10,224 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.

NOTE 7. OPERATING LEASES

The City, as lessee, has entered into an operating lease agreement for 5,000 square feet of office space in Griffin, Georgia. This office space is leased for a term of five years. Rental expense under the non-cancelable operating leases during the year ended June 30, 2006, was $24,000.

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

2007	$	24,000
2008		24,000
2009		16,000
	$	64,000

On January 25, 2005, the City began to lease the City of Griffin Municipal Golf Course, as lessor, with a private company. The golf course is being leased for a term of five years ending on December 31, 2010. Rental revenues under the non-cancelable operating leases during the year ended June 30, 2006, was $6,000.

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

2007	$	6,000
2008		6,000
2009		6,000
2010		3,000
	$	21,000

NOTE 8. 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.

NOTE 8. 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 11.85% of annual covered payroll.

C. Annual Pension Cost

For the year ended June 30, 2006, the City's annual pension cost was $1,792,373 for the City of Griffin Retirement Plan. The recommended contribution of $1,761,976 was determined as part of the January 1, 2006 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 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, 2006 is as follows:

Annual required contribution	$ 1,761,976
Interest on net pension obligation (asset)	(61,082)
Adjustments to annual required contribution	203,607
Annual pension cost	1,904,501
Contributions made	1,761,976
Decrease in net pension obligation	142,525
Net pension obligation (asset), beginning of year	(3,054,107)
Net pension obligation (asset), end of year	$ (2,911,582)

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).

NOTE 8. PENSION PLAN (CONTINUED)

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 9. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures Over Appropriations

The following General Fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2006:

Executive	$	40,856
Administrative services		208,614
Police		108,392
Public works - administration		7,917
Cemetery		15,589
Housing and economic development - Downtown Development		3,154
Housing and economic development - Mainstreet		4,696
Debt service		44,378

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

B. Deficit Fund Balance/Net Assets

The following funds had deficit fund balances/net assets at June 30, 2006:

Solid Waste Fund	$	448,026
Hotel / Motel Tax Fund		5,662
Business and Tourism Association		1,936

The fund deficit in the Solid Waste Fund will be reduced through increased user charges and General Fund appropriations. The fund deficits in the Hotel/Motel Tax Fund and the Business and Tourism Association will be reduced through decreased transfers to the General Fund.

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2006 are as follows:

	Due From			
	General	Nonmajor Governmental	Electric	Water / Wastewater
Due To				
General Fund	$ -	$ 11,594	$ -	$ -
Nonmajor governmental	158,336	-	-	-
Water / Wastewater	583,552	-	130,000	-
Electric	219,824	-	-	-
Solid Waste	-	-	-	200,000
Internal service funds	197,309	-	11,589	73,193
Nonmajor enterprise	-	19,717	100,000	-
Total	$ 1,159,021	$ 31,311	$ 241,589	$ 273,193

	Solid Waste	Nonmajor Enterprise	Internal Service	Total
Due To				
General Fund	$ -	$ 199,934	$ -	$ 211,528
Nonmajor governmental	-	-	-	158,336
Water/Wastewater	-	-	-	713,552
Electric	-	19,042	-	238,866
Solid Waste	-	-	-	200,000
Internal Service Funds	103,873	36,531	-	422,495
Nonmajor enterprise	-	55	-	119,772
Total	$ 103,873	$ 255,562	$ -	$ 2,064,549

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

NOTE 10. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2006 consisted of the following:

	Transfer To			
Transfer From	General	Nonmajor Governmental	Water/ Wastewater	Electric
General Fund	$ -	$ 44,149	$ 4,795,626	$ 3,055,205
Nonmajor Governmental	187,027	22,962	-	-
Water / Wastewater	170,271	-	-	6,038,112
Electric	16,654,327	-	393,524	-
Solid Waste	-	-	-	2,416,315
Internal Service	80,000	-	-	-
Nonmajor Enterprise	74,567	27,693	4,182	1,525,760
Total	$ 17,166,192	$ 94,804	$ 5,193,332	$ 13,035,392

Transfer From	Solid Waste	Internal Service	Nonmajor Enterprise	Total
General Fund	$ 3,400,792	$ 842,975	$ 1,152,577	$ 13,291,324
Nonmajor Governmental	-	-	-	209,989
Water / Wastewater	3,343	-	3,495	6,215,221
Electric	92,291	-	590,575	17,730,717
Solid Waste	-	-	-	2,416,315
Internal Service	48	-	-	80,048
Nonmajor Enterprise	-	-	-	1,632,202
Total	$ 3,496,474	$ 842,975	$ 1,746,647	$ 41,575,816

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 11. RELATED ORGANIZATION

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

NOTE 12. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. For the fiscal year ended June 30, 2006, $80,441 of hotel/motel tax was collected. Of the total collected, over 60% was used for the promotion of tourism within the City ($22,963 to the Griffin Business and Tourism Association, $22,963 to the City's Welcome Center and $5,500 to the City's annual fireworks).

NOTE 13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the five county north Georgia area, is a member of the McIntosh Trail Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2006, the City paid $23,397 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 14. JOINTLY GOVERNED ORGANIZATION

During the year ended June 30, 2006, 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 15. 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.

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2006, the City has contractual commitments on various uncompleted construction contracts of approximately $12,655,000.

NOTE 15. 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, 2006, 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 $25,811,651 in 2006.

At June 30, 2006, the outstanding debt of MEAG was approximately $3.58 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $150.65 million at June 30, 2006.

NOTE 16. RISK MANAGEMENT

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

NOTE 16. 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 17. POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care benefits, as per the requirements of a local ordinance, for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City with a minimum of 10 years of service. At June 30, 2006, there were 106 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 2006, those costs were approximately $500,600.

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 %

COMBINING STATEMENTS
AND SCHEDULES

CITY OF GRIFFIN, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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.

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

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

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

CITY OF GRIFFIN, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

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, 2006

	Special Revenue Funds				
ASSETS	**Community Development Block Grant Fund**	**Hotel/ Motel Tax Fund**	**Multiple Grant Fund**	**Business and Tourism Association**	**General Capital Projects Fund**
Cash and cash equivalents	$ -	$ -	$ 65,799	$ 1,010	$ 2,515
Investments	-	-	-	-	-
Taxes receivable	-	6,442	-	-	-
Due from other funds	-	7,613	-	-	150,723
Assets held for resale	-	-	-	-	-
Total assets	$ -	$ 14,055	$ 65,799	$ 1,010	$ 153,238
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 338	$ 2,247
Accrued liabilities	-	-	-	1,608	-
Due to other funds	-	19,717	-	1,000	-
Total liabilities	-	19,717	-	2,946	2,247
FUND BALANCES					
Reserved:					
Reserved for special projects	-	-	-	-	-
Unreserved, designated for capital projects	-	-	-	-	150,991
Unreserved, undesignated	-	(5,662)	65,799	(1,936)	-
Total fund balances	-	(5,662)	65,799	(1,936)	150,991
Total liabilities and fund balances	$ -	$ 14,055	$ 65,799	$ 1,010	$ 153,238

Capital Project Funds			Permanent Funds		
General Facilities Replacement Fund	General Equipment Replacement Fund	Special Purpose Local Option Sales Tax Fund	Cemetery Trust Fund	Mausoleum Trust Fund	Totals
$ -	$ -	$ -	$ 463,839	$ 9,002	$ 542,165
-	-	-	1,259,063	279,425	1,538,488
-	-	-	-	-	6,442
-	-	-	-	-	158,336
-	-	-	204,431	-	204,431
$ -	$ -	$ -	$ 1,927,333	$ 288,427	$ 2,449,862
$ -	$ -	$ -	$ -	$ -	$ 2,585
-	-	-	-	-	1,608
-	-	-	10,594	-	31,311
-	-	-	10,594	-	35,504
-	-	-	1,916,739	288,427	2,205,166
-	-	-	-	-	150,991
-	-	-	-	-	58,201
-	-	-	1,916,739	288,427	2,414,358
$ -	$ -	$ -	$ 1,927,333	$ 288,427	$ 2,449,862

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Special Revenue Funds				
	Community Development Block Grant Fund	Hotel/ Motel Tax Fund	Multiple Grant Fund	Business and Tourism Association	General Capital Projects Fund
Revenues:					
Other taxes	$ -	$ 80,441	$ -	$ -	$ -
Charges for services	-	-	-	-	-
Intergovernmental	-	-	67,447	-	-
Interest revenue	-	-	67	6	62
Total revenues	-	80,441	67,514	6	62
Expenditures:					
Public safety	-	-	55,569	-	-
Public works	-	-	-	-	-
Housing and economic development	-	5,500	-	94,116	-
Capital outlay	-	-	-	-	37,745
Total expenditures	-	5,500	55,569	94,116	37,745
Excess (deficiency) of revenues over (under) expenditures	-	74,941	11,945	(94,110)	(37,683)
Other financing sources (uses)					
Transfers in	-	-	2,630	92,174	-
Transfers out	(3,102)	(91,605)	-	-	-
Total other financing sources (uses)	(3,102)	(91,605)	2,630	92,174	-
Net change in fund balances	(3,102)	(16,664)	14,575	(1,936)	(37,683)
Fund balances, beginning of year	3,102	11,002	51,224	-	188,674
Fund balances, end of year	$ -	$ (5,662)	$ 65,799	$ (1,936)	$ 150,991

Capital Project Funds			Permanent Funds		
General Facilities Replacement Fund	General Equipment Replacement Fund	Special Purpose Local Option Sales Tax Fund	Cemetery Trust Fund	Mausoleum Trust Fund	Totals
$ -	$ -	$ -	$ -	$ -	$ 80,441
-	-	-	81,898	-	81,898
-	-	-	-	-	67,447
-	-	-	68,210	3,928	72,273
-	-	-	150,108	3,928	302,059
-	-	-	-	-	55,569
-	-	-	21,831	-	21,831
-	-	-	-	-	99,616
-	-	-	-	-	37,745
-	-	-	21,831	-	214,761
-	-	-	128,277	3,928	87,298
-	-	-	-	-	94,804
(40,000)	(40,000)	(35,282)	-	-	(209,989)
(40,000)	(40,000)	(35,282)	-	-	(115,185)
(40,000)	(40,000)	(35,282)	128,277	3,928	(27,887)
40,000	40,000	35,282	1,788,462	284,499	2,442,245
$ -	$ -	$ -	$ 1,916,739	$ 288,427	$ 2,414,358

CITY OF GRIFFIN, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Final Budgeted Amounts	Actual	Variance
EXPENDITURES			
Other financing (uses)			
Transfers out	$ -	$ (3,102)	$ (3,102)
Total other financing (uses)			
Net change in fund balance	-	(3,102)	(3,102)
FUND BALANCES, beginning of year	3,102	3,102	-
FUND BALANCES, end of year	$ 3,102	$ -	$ (3,102)

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, 2006

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Other taxes	$ 80,265	$ 80,441	$ 176
EXPENDITURES			
Housing and development	22,933	5,500	17,433
Total expenditures	22,933	5,500	17,433
Excess of revenues over expenditures	57,332	74,941	17,609
Other financing (uses)			
Transfers out	(57,332)	(91,605)	(34,273)
Total other financing (uses)	(57,332)	(91,605)	(34,273)
Net change in fund balance	-	(16,664)	(16,664)
FUND BALANCES, beginning of year	11,002	11,002	-
FUND BALANCES (Deficit), end of year	$ 11,002	$ (5,662)	$ (16,664)

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, 2006

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 119,627	$ 67,447	$ (52,180)
Interest revenue	7	67	60
Total revenues	119,634	67,514	(52,120)
EXPENDITURES			
Public safety	122,914	55,569	67,345
Total expenditures	122,914	55,569	67,345
Excess (deficiency) of revenues over expenditures	(3,280)	11,945	15,225
Other financing sources (uses)			
Transfers in	-	2,630	2,630
Transfers out	(5)	-	5
Total other financing sources (uses)	(5)	2,630	2,635
Net change in fund balance	(3,285)	14,575	17,860
FUND BALANCES, beginning of year	51,224	51,224	-
FUND BALANCES, end of year	$ 47,939	$ 65,799	$ 17,860

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, 2006

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest revenue	$ -	$ 6	$ 6
Total revenues	-	6	6
EXPENDITURES			
Housing and economic development	138,597	94,116	44,481
Total expenditures	138,597	94,116	44,481
Deficiency of revenues under expenditures	(138,597)	(94,110)	44,487
Other financing sources			
Transfers in	138,597	92,174	(46,423)
Total other financing sources	138,597	92,174	(46,423)
Net change in fund balance	-	(1,936)	(1,936)
FUND BALANCES, beginning of year	-	-	-
FUND BALANCES (Deficit), end of year	$ -	$ (1,936)	$ (1,936)

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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, 2006

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
ASSETS					
CURRENT ASSETS					
Cash	$ 19,590	$ 418,578	$ -	$ 221,501	$ 659,669
Restricted assets, cash	-	-	-	171,346	171,346
Accounts receivable, net of allowances	136	14,363	-	407	14,906
Due from other governments	92,987	-	-	-	92,987
Due from other funds	100,000	55	19,717	-	119,772
Inventories	-	56,520	-	-	56,520
Prepaid expenses	11,370	9,957	857	3,918	26,102
Total current assets	224,083	499,473	20,574	397,172	1,141,302
NONCURRENT ASSETS					
Capital assets:					
Nondepreciable	169,923	86,391	365,500	1,492,380	2,114,194
Depreciable, net of accumulated depreciation	6,089,142	3,160,582	1,832,273	288,967	11,370,964
Total noncurrent assets	6,259,065	3,246,973	2,197,773	1,781,347	13,485,158
Total assets	6,483,148	3,746,446	2,218,347	2,178,519	14,626,460
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	73,693	22,932	3,300	-	99,925
Accrued liabilities	13,727	4,464	900	-	19,091
Current portion - compensated absences	10,825	8,966	-	-	19,791
Current portion - notes payable	118,361	-	-	-	118,361
Due to other funds	77,189	159,151	-	19,222	255,562
Total current liabilities	293,795	195,513	4,200	19,222	512,730
NONCURRENT LIABILITIES					
Compensated absences, net of current portion	3,609	2,989	-	-	6,598
Notes payable, net of current portion	2,321,751	-	-	-	2,321,751
Total noncurrent liabilities	2,325,360	2,989	-	-	2,328,349
Total liabilities	2,619,155	198,502	4,200	19,222	2,841,079
NET ASSETS					
Invested in capital assets, net of related debt	3,818,953	3,246,973	2,197,773	1,781,347	11,045,046
Unrestricted	45,040	300,971	16,374	377,950	740,335
Total net assets	$ 3,863,993	$ 3,547,944	$ 2,214,147	$ 2,159,297	$ 11,785,381

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, 2006

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
OPERATING REVENUES					
Charges for services	$ 1,499,606	$ 505,405	$ 3,375	$ -	$ 2,008,386
Other services	156,751	31,202	-	13,000	200,953
Total operating revenues	1,656,357	536,607	3,375	13,000	2,209,339
OPERATING EXPENSES					
Personal services	600,179	289,201	61	-	889,441
Purchased or contracted service	462,873	525,396	79,343	18,606	1,086,218
Supplies	92,204	11,127	1,454	-	104,785
Miscellaneous	42,857	49,877	-	9	92,743
Depreciation	228,337	141,674	41,829	22,763	434,603
Total operating expenses	1,426,450	1,017,275	122,687	41,378	2,607,790
Operating income (loss)	229,907	(480,668)	(119,312)	(28,378)	(398,451)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	-	167,019	-	-	167,019
Interest revenue	155	2,400	-	1,863	4,418
Interest expense	(93,500)	-	-	-	(93,500)
Gain on sale of capital assets	-	-	-	42,631	42,631
Total nonoperating revenues (expenses)	(93,345)	169,419	-	44,494	120,568
Income (loss) before transfers	136,562	(311,249)	(119,312)	16,116	(277,883)
TRANSFERS					
Transfers out	(1,529,942)	-	(40,059)	(62,201)	(1,632,202)
Transfers in	1,378,998	352,195	8,963	6,491	1,746,647
Total transfers	(150,944)	352,195	(31,096)	(55,710)	114,445
Change in net assets	(14,382)	40,946	(150,408)	(39,594)	(163,438)
NET ASSETS, beginning of year	3,878,375	3,506,998	2,364,555	2,198,891	11,948,819
NET ASSETS, end of year	$ 3,863,993	$ 3,547,944	$ 2,214,147	$ 2,159,297	$ 11,785,381

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 1,579,970	$ 525,140	$ 3,375	$ 13,000	$ 2,121,485
Payments to suppliers	(549,540)	(588,306)	27,930	(6,550)	(1,116,466)
Payments to employees	(606,587)	(293,333)	(209)	-	(900,129)
Net cash provided by (used in) operating activities	423,843	(356,499)	31,096	6,450	104,890
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	-	167,019	-	-	167,019
Transfers out	(1,529,942)	-	(40,059)	(62,201)	(1,632,202)
Transfers in	1,378,998	352,195	8,963	6,491	1,746,647
Net cash provided by (used in) noncapital financing activities	(150,944)	519,214	(31,096)	(55,710)	281,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(68,740)	(11,390)	-	-	(80,130)
Proceeds from the sale of capital assets	-	-	-	50,251	50,251
Principal paid on notes payable and capital leases	(114,010)	-	-	-	(114,010)
Interest paid	(93,840)	-	-	-	(93,840)
Net cash provided by (used in) capital and related financing activities	(276,590)	(11,390)	-	50,251	(237,729)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	155	2,400	-	1,863	4,418
Net cash provided by investing activities	155	2,400	-	1,863	4,418
Increase (decrease) in cash and cash equivalents	(3,536)	153,725	-	2,854	153,043
Cash and cash equivalents:					
Beginning of year	23,126	264,853	-	389,993	677,972
End of year	$ 19,590	$ 418,578	$ -	$ 392,847	$ 831,015
Classified as:					
Cash	$ 19,590	$ 418,578	$ -	$ 221,501	$ 659,669
Restricted assets, cash	-	-	-	171,346	171,346
	$ 19,590	$ 418,578	$ -	$ 392,847	$ 831,015

(Continued)

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 229,907	$ (480,668)	$ (119,312)	$ (28,378)	$ (398,451)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	228,337	141,674	41,829	22,763	434,603
Increase in accounts receivable	(136)	(12,199)	-	(180)	(12,515)
Increase in due from other governments	(92,987)	-	-	-	(92,987)
Increase in inventory	-	(24,840)	-	-	(24,840)
(Increase) decrease in due from other funds	-	(55)	107,296	-	107,241
Decrease in prepaids and other assets	8,981	10,298	2,572	12,065	33,916
Increase (decrease) in accounts payable	39,413	12,976	(1,017)	-	51,372
Decrease in accrued liabilities	(6,408)	(4,472)	(272)	-	(11,152)
Increase in due to other funds	16,736	787	-	180	17,703
Net cash provided by (used in) operating activities	$ 423,843	$ (356,499)	$ 31,096	$ 6,450	$ 104,890

CITY OF GRIFFIN, GEORGIA
INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2006

	Motor Pool Fund	Insurance Risk Fund	Health Insurance Stabilization Fund	Total
ASSETS				
CURRENT ASSETS				
Accounts receivable	$ 500	$ -	$ -	$ 500
Due from other funds	422,495	-	-	422,495
Inventory	161,655	-	-	161,655
Prepaid expenses	60,188	-	-	60,188
Total current assets	644,838	-	-	644,838
NONCURRENT ASSETS				
Capital assets:				
Depreciable, net of accumulated depreciation	2,435,872	-	-	2,435,872
Total noncurrent assets	2,435,872	-	-	2,435,872
Total assets	3,080,710	-	-	3,080,710
LIABILITIES				
CURRENT LIABILITIES				
Checks issued in excess of bank balance	20,159	-	-	20,159
Accounts payable	192,003	-	-	192,003
Accrued liabilities	6,324	-	-	6,324
Compensated absences	10,224	-	-	10,224
Total current liabilities	228,710	-	-	228,710
Total liabilities	228,710	-	-	228,710
NET ASSETS				
Invested in capital assets, net of related debt	2,435,872	-	-	2,435,872
Unrestricted	416,128	-	-	416,128
Total net assets	$ 2,852,000	$ -	$ -	$ 2,852,000

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Motor Pool Fund	Insurance Risk Fund	Health Insurance Stabilization Fund	Total
OPERATING REVENUES				
Charges for services	$ 2,093,082	$ -	$ -	$ 2,093,082
Miscellaneous income	6,333	-	-	6,333
Total operating revenues	2,099,415	-	-	2,099,415
OPERATING EXPENSES				
Personal services	555,209	-	-	555,209
Purchased or contracted service	843,515	-	-	843,515
Supplies	1,501,401	-	-	1,501,401
Miscellaneous	39,883	-	-	39,883
Depreciation	1,002,365	-	-	1,002,365
Total operating expenses	3,942,373	-	-	3,942,373
Operating loss	(1,842,958)	-	-	(1,842,958)
TRANSFERS				
Transfers out	(48)	(40,000)	(40,000)	(80,048)
Transfers in	842,975	-	-	842,975
Total transfers	842,927	(40,000)	(40,000)	762,927
Change in net assets	(1,000,031)	(40,000)	(40,000)	(1,080,031)
TOTAL NET ASSETS, beginning of year	3,852,031	40,000	40,000	3,932,031
TOTAL NET ASSETS, end of year	$ 2,852,000	$ -	$ -	$ 2,852,000

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Motor Pool Fund	Insurance Risk Fund	Health Insurance Stabilization Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	$ 1,883,989	$ 40,000	$ 40,000	$ 1,963,989
Payments to suppliers	(2,146,560)	-	-	(2,146,560)
Payments to employees	(580,356)	-	-	(580,356)
Net cash provided by (used in) operating activities	(842,927)	40,000	40,000	(762,927)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	842,975	-	-	842,975
Transfers out	(48)	(40,000)	(40,000)	(80,048)
Net cash provided by (used in) noncapital financing activities	842,927	(40,000)	(40,000)	762,927
Net decrease in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-
Cash and cash equivalents, end of year	$ -	$ -	$ -	$ -
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating loss	$ (1,842,958)	$ -	$ -	$ (1,842,958)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	1,002,365	-	-	1,002,365
Change in assets and liabilities:				
Decrease in accounts receivable	248,417	-	-	248,417
(Increase) decrease in due from other funds	(403,487)	40,000	40,000	(323,487)
Increase in inventory	(2,527)	-	-	(2,527)
Decrease in prepaid expenses	146,528	-	-	146,528
Increase in checks issued in excess of bank balance	317	-	-	317
Increase in accounts payable	93,921	-	-	93,921
Decrease in accrued liabilities	(25,147)	-	-	(25,147)
Decrease in due to other funds	(60,356)	-	-	(60,356)
Net cash provided by (used in) operating activities	$ (842,927)	$ 40,000	$ 40,000	$ (762,927)

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.

Contents **Page**

Financial Trends ..... **77 - 82**
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity ..... **83 - 89**
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity ..... **90 - 93**
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.

Demographic and Economic Information ..... **94 and 95**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information ..... **96 - 98**
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.

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 THREE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	$ 12,732,908	$ 16,924,455	$ 14,785,016
Restricted	-	-	-
Unrestricted	(805,825)	5,039,737	6,717,474
Total governmental actives net assets	$ 11,927,083	$ 21,964,192	$ 21,502,490
Business-type activities			
Invested in capital assets, net of related debt	$ 38,011,083	$ 44,633,488	$ 43,107,249
Restricted	2,319,938	2,212,070	1,414,792
Unrestricted	19,845,656	10,461,883	14,912,965
Total business-type activities net assets	$ 60,176,677	$ 57,307,441	$ 59,435,006
Primary government			
Invested in capital assets, net of related debt	$ 50,743,991	$ 61,557,943	$ 57,892,265
Restricted	2,319,938	2,212,070	1,414,792
Unrestricted	19,039,831	15,501,620	21,630,439
Total primary government net assets	$ 72,103,760	$ 79,271,633	$ 80,937,496

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST THREE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
Expenses			
Primary government:			
Governmental activities:			
General government	$ 4,029,945	$ 4,755,055	$ 5,665,886
Judicial	16,453	232,360	147,337
Public safety [(a)]	11,702,958	11,817,622	13,268,194
Public works	3,835,115	4,447,313	4,116,631
Parks and recreation	346,028	350,586	412,667
Housing and development	672,308	360,112	596,803
Interest and fiscal changes	19,207	45,564	21,826
Total governmental activities expenses	20,622,014	22,008,612	24,229,344
Business-type activities:			
Water and Wastewater [(b)]	13,451,905	12,050,829	13,668,876
Electric [(c)]	27,476,473	27,846,434	30,161,161
Solid Waste	5,261,465	5,452,149	5,980,372
Stormwater	1,782,002	1,821,120	1,567,435
Airport	1,196,739	882,948	1,025,792
Welcome Center	94,566	108,408	122,687
Golf Course [(d)]	793,608	436,261	41,378
Total business-type activities expenses	50,056,758	48,598,149	52,567,701
Total primary government expenses	70,678,772	70,606,761	76,797,045
Program revenues			
Primary government:			
Governmental activities:			
Charges for services [(e)]	4,320,663	6,212,998	7,042,030
Operating grants and contributions	347,941	449,113	413,975
Capital grants and contributions [(f)]	231,660	-	-
Total governmental activities program revenues	4,900,264	6,662,111	7,456,005
Business-type activities:			
Charges for services [(g)]	48,892,991	52,615,034	58,196,357
Operating grants and contributions	105,000	158,883	155,219
Capital grants and contributions [(f)]	603,498	4,319	11,800
Total business-type activities program revenues	49,601,489	52,778,236	58,363,376
Total primary government program revenues	54,501,753	59,440,347	65,819,381

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST THREE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
General revenues and other changes in net assets			
Primary government:			
Governmental activities:			
Property taxes	4,950,494	4,966,178	4,875,516
Sales taxes	3,214,610	3,370,370	3,713,381
Insurance premium tax	1,007,341	1,091,683	1,174,508
Alcoholic beverage taxes	569,880	583,404	607,163
Business occupational taxes	457,428	457,860	451,474
Other taxes	158,789	175,018	186,959
Franchise fees	565,660	571,945	596,534
Unrestricted investment earnings	116,630	115,668	112,359
Gain on sale of assets	-	-	71,085
Transfers	1,942,295	7,791,881	4,522,658
Total governmental activities general revenues and other changes in net assets	12,983,127	19,124,007	16,311,637
Business-type activities:			
Unrestricted investment earnings	286,495	742,558	811,917
Gain on sale of assets	265,698	-	42,631
Transfers	(1,942,295)	(7,791,881)	(4,522,658)
Total business type activities general revenues and other changes in net assets	(1,390,102)	(7,049,323)	(3,668,110)
Total primary government general revenues and other changes in net assets	11,593,025	12,074,684	12,643,527
Change in net assets			
Governmental activities	(2,738,623)	3,777,506	(461,702)
Business-type activities	(1,845,371)	(2,869,236)	2,127,565
Total primary government change in net assets	$ (4,583,994)	$ 908,270	$ 1,665,863

[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.

[e] 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 THREE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
General Fund			
Reserved	$ 15,578	$ 692,937	$ 303,356
Unreserved	(3,155,025)	36,786	1,214,341
Total General fund	$ (3,139,447)	$ 729,723	$ 1,517,697
All Other Governmental Funds			
Reserved	$ 2,020,401	$ 2,087,065	$ 2,205,166
Unreserved, reported in:			
Special revenue funds	-	51,224	58,201
Capital projects funds	308,604	303,956	150,991
Total all other governmental funds	$ 2,329,005	$ 2,442,245	$ 2,414,358

CITY OF GRIFFIN, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST THREE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
Revenues:			
Property taxes	$ 5,028,368	$ 4,947,851	$ 4,917,436
Other taxes	5,408,048	5,678,335	6,133,485
Charges for services	2,756,654	4,186,746	4,594,007
Licenses and permits	493,902	488,576	521,097
Intergovernmental	347,941	449,113	413,975
Franchise fees	565,660	571,945	596,534
Fines and forfeitures	977,980	662,494	1,178,213
Interest revenues	116,236	115,657	112,359
Rental income	41,308	53,505	69,743
Contributions and donations	100	6,970	16,276
Other revenues	50,719	814,707	662,694
Total revenues	15,786,916	17,975,899	19,215,819
Expenditures:			
Current:			
General government [c]	4,036,999	4,563,333	5,412,240
Judicial [a]	16,453	308,837	133,113
Public safety [b]	11,871,145	12,086,794	13,146,161
Public works	3,759,057	3,427,799	3,055,377
Parks and recreation	348,834	315,171	472,303
Housing and development	670,576	394,161	590,356
Capital outlay	339,740	11,584	37,745
Debt service:			
Principal	-	29,059	129,983
Interest and fiscal charges	-	40,106	21,826
Total expenditures	21,042,804	21,176,844	22,999,104
Excess of revenues over expenditures	(5,255,888)	(3,200,945)	(3,783,285)
Other financing sources (uses)			
Transfers in	5,498,379	19,174,484	17,260,996
Transfers out	(4,569,331)	(12,568,233)	(13,501,313)
Capital leases	-	577,104	628,514
Proceeds from the sale of capital assets	-	-	155,175
Total other financing sources (uses)	929,048	7,183,355	4,543,372
Net change in fund balances	$ (4,326,840)	$ 3,982,410	$ 760,087

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

[b] Increased costs associated with an increased number of police and fire fighters during FY 06.

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

CITY OF GRIFFIN, GEORGIA

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

Fiscal Year	Property Tax	Sales and Use Tax	Business Tax	Other (1)	Total
1997	$ 2,974	$ 2,101	$ 737	$ 1,907	$ 7,719
1998	3,166	2,847	730	2,012	8,755
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	11,647

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
1997	1996	$ 138,116,934	$ 124,279,519	$ 107,834,260	$ 41,312,159	$ 73,452,323	$ 338,090,549	7.27	$ 845,226,373	40%
1998	1997	142,151,356	131,574,892	138,916,183	46,394,429	96,401,164	362,635,696	8.32	906,589,240	40%
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%

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,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Municipal rates:										
City of Griffin:										
Maintenance and operations	13.61	14.56	15.76	16.00	15.61	14.97	13.66	14.53	14.61	14.97
Debt service	0.28	0.28	-	-	-	-	-	-	-	-
Sales tax reduction	(5.57)	(5.52)	(6.30)	(6.54)	(6.15)	(6.12)	(4.81)	(5.68)	(5.96)	(6.34)
Total City of Griffin	8.32	9.32	9.46	9.46	9.46	8.85	8.85	8.85	8.65	8.63
City of Orchard Hill maintenance and operations	-	-	-	5.00	5.00	5.00	5.00	5.00	4.99	4.95
City of Sunny Side maintenance and operations	5.00	5.00	5.00	5.00	5.00	4.36	4.36	4.36	4.36	4.36
Spalding County rates:										
Unincorporated maintenance and operations	11.55	11.55	11.55	9.70	9.70	9.88	11.91	13.53	13.46	13.41
Fire protection (1)	5.66	5.74	5.77	5.26	5.13	5.16	4.58	4.70	4.76	4.81
Insurance premium rollback (1)	(2.40)	(2.51)	(2.54)	(2.18)	(2.05)	(2.08)	(1.49)	(1.61)	(1.69)	(1.76)
Board of Education	17.89	18.83	18.64	18.02	19.57	18.94	18.55	18.95	18.90	18.85
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	32.95	33.86	33.67	31.05	32.60	32.15	33.80	35.82	35.68	35.56
Total Municipalities:										
City of Griffin	38.01	39.95	39.90	37.43	38.98	37.92	39.56	41.58	41.26	41.14
City of Orchard Hill	29.69	30.63	30.44	32.97	34.52	34.07	35.71	37.73	37.60	37.46
City of Sunny Side	34.69	35.63	35.44	32.97	34.52	33.43	35.07	37.09	36.97	36.87

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	
1997	1996	$ 2,885,875	$ N/A	0.00%	$ N/A	$ 2,867,394	99.36%	$ 18,481
1998	1997	2,937,713	N/A	0.00%	N/A	2,922,469	99.48%	15,244
1999	1998	3,715,237	N/A	0.00%	N/A	3,682,454	99.12%	32,783
2000	1999	4,091,152	4,014,424	98.12%	64,441	4,078,865	99.70%	12,287
2001	2000	4,303,851	4,118,179	95.69%	128,057	4,246,236	98.66%	57,615
2002	2001	4,424,983	4,270,548	96.51%	140,160	4,410,708	99.68%	14,275
2003	2002	4,611,972	4,393,246	95.26%	198,500	4,591,746	99.56%	20,226
2004	2003	4,858,911	4,696,598	96.66%	143,666	4,840,264	99.62%	18,647
2005	2004	4,985,616	4,863,916	97.56%	89,470	4,953,386	99.35%	32,230
2006	2005	4,823,638	4,702,117	97.48%	-	4,702,117	97.48%	121,521

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 TWO YEARS AGO

Taxpayer	2006 Taxable Assessed Value (In thousands)	2006 Rank	2006 Percentage of Total City Taxable Assessed Value	2004 Taxable Assessed Value	2004 Rank	2004 Percentage of Total City Taxable Assessed Value
NACOM	$ 94,658	1	6.79%	$ 109,007	1	7.94%
Tenet-Spalding Regional Hospital	26,397	2	1.89%	27,492	2	2.00%
Bandag Inc.	22,518	3	1.62%	21,211	6	1.55%
Wal-Mart Stores	21,682	4	1.56%	24,413	5	1.78%
Weyerhaeuser Co.	21,181	5	1.52%	17,953	8	1.31%
Cooper Standard	20,783	6	1.49%	25,808	3	1.88%
Exo-Tech Packaging LLC	20,469	7	1.47%	17,928	7	1.31%
Ware Industries, Inc.	20,441	8	1.47%	-		-
Halpem Enterprises, Inc.	17,066	9	1.22%	17,684	9	1.29%
Lowes Home Centers, Inc.	12,393	10	0.89%	11,985	11	0.87%
Bellsouth Telecomm	-		-	25,782	4	1.88%
Griffin Crossing, LLC	-		-	12,124	10	0.88%
Total	$ 277,588		19.91%	$ 311,387		14.74%

Source: Spalding County Tax Assessor

CITY OF GRIFFIN, GEORGIA

TOP TEN SEWER CUSTOMERS
CURRENT YEAR AND TWO YEARS AGO

	2006				2004			
Customer	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Southern Terry	364,593	$ 205,655	1	4.04 %	533,998	$ 246,825	1	5.24 %
National Housing Management Service	283,681	158,757	2	3.12	261,765	120,326	2	2.56
AMI Griffin-Spalding Co. Hospital	183,345	106,984	3	2.10	203,310	96,999	3	2.06
Copper Standard	150,653	87,904	4	1.73	174,968	82,775	5	1.76
Nacom	182,396	85,533	5	1.68	175,191	83,299	4	1.77
Heritage Apts	37,419	49,649	6	0.98	-	-		-
Griffin Crossings	95,117	2,632	7	0.05	-	-		-
Riverside Uniform Rental	86,319	275	8	0.01	-	-		-
Walden Pointe Apts	86,030	218	9	-	-	-		-
First National Bank	92,913	212	10	-	74,492	36,139	7	0.77
Griffin Housing Authority					144,400	68,645	6	1.46
Fashion Industries					138,053	35,101	8	0.75
Spalding Co. Correctional Institute					64,318	32,504	9	0.69
University of Georgia, Griffin Campus					65,952	31,656	10	0.67
	1,562,466	$ 697,819		13.71 %	1,836,447	$ 834,269		17.73 %

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

TOP TEN WATER CUSTOMERS
CURRENT YEAR AND TWO YEARS AGO

	2006				2004			
Customer	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Springs Ind. Inc.	2,828,392	$ 690,088	1	8.51 %	4,039,295	$ 878,959	1	12.94 %
Coweta County Water and Sewer	925,471	213,070	2	2.63	758,103	161,512	3	2.38
City of Zebulon	967,091	180,006	3	2.22	533,998	177,424	2	2.61
Southern Terry	364,593	149,165	4	1.84	261,765	99,299	4	1.46
National Housing Management Service	283,681	118,184	5	1.46	203,310	70,619	5	1.04
AMI Griffin-Spalding Co. Hospital	200,857	85,702	6	1.06	160,602	58,785	8	0.87
University of Georgia, Griffin Campus	196,432	62,954	7	0.78				-
Lamar County Water and Sewer	237,000	50,630	8	0.62				-
Cooper Standard	182,396	50,629	9	0.62				-
City of Williamson	214,464	37,106	10	0.46	174,968	60,300	7	0.89
NACOM	-	-		-	175,340	60,679	6	0.89
Griffin Housing Authority	-	-		-	144,408	49,995	9	0.74
Spalding Co. CI	-	-		-	116,342	44,224	10	0.65
	6,400,377	$ 1,637,534		20.20 %	6,568,131	$ 1,661,796		24.47 %

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

TOP TEN ELECTRIC CUSTOMERS
CURRENT YEAR AND TWO YEARS AGO

	2006				2004			
Customer	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues
Bandag, Inc.	18,053,259	$ 1,226,557	1	3.49 %	22,050,964	$ 1,123,527	1	3.77 %
Cooper Standard	17,953,380	1,199,097	2	3.41	17,704,729	1,016,728	2	3.41
Exopac	17,357,368	1,027,377	3	2.93	18,200,204	831,607	3	2.79
Caterpillar Inc.	13,074,044	676,984	4	1.93	7,529,110	529,168	4	1.78
AMI Griffin-Spalding Co. Hospital	7,790,663	563,210	5	1.60	7,615,522	485,843	5	1.63
Filter Plant/River and Reservoir PMP	7,735,512	512,827	6	1.46	7,249,019	479,204	6	1.61
University of Georgia, Griffin Campus	7,164,701	502,022	7	1.43	10,139,469	457,817	7	1.54
Weyerhaeuser Co.	6,378,444	477,846	8	1.36	6,442,200	444,260	8	1.49
WAL-MART Store #01-932,	6,117,621	449,518	9	1.28	7,756,410	391,764	9	1.31
Southern Terry	5,769,405	414,695	10	1.18	6,523,172	340,641	10	1.14
	107,394,397	$ 7,050,133		20.07 %	111,210,799	$ 6,100,559		20.47 %

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				
1997	$ 200,000	$ -	$ 2,390,971	$ 25,725,000	$ 496,909	$ -	$ 28,812,880	8.52%	$ 1,631.16	$ 1,331.22
1998	100,000	-	1,797,820	24,790,000	469,557	-	27,157,377	7.49%	1,525.61	1,263.19
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	2,629,327	169,140	78,344,043	14.05%	3,174.52	3,340.75

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]									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	$ 33,809	$ 36,264	$ 37,415	$ 42,223	$ 45,495	$ 46,776	$ 52,113	$ 54,902	$ 56,335	$ 55,765
Total net debt applicable to limit	-	-	-	-	476	7,245	801	286	548	1,047
Legal debt margin	$ 33,809	$ 36,264	$ 37,415	$ 42,223	$ 45,019	$ 39,531	$ 51,312	$ 54,616	$ 55,787	$ 54,718
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	1.05%	15.49%	1.54%	0.52%	0.97%	1.88%

Legal Debt Margin Calculation for Fiscal Year 2006

Total assessed value	$ 611,325
Less Exempt:	53,679
Total taxable assessed value:	557,646
Debt limit (10% of total taxable assessed value)	55,765
Debt applicable to limit:	
Capital leases	1,047
Legal debt margin	$ 54,718

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, 2006
(in thousands)

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Griffin (1)	Amount Applicable to City of Griffin
Debt repaid with property taxes:			
Spalding County:			
Griffin-Spalding County School System Bonds	$ 16,950	37.33%	$ 6,327
Subtotal, overlapping debt	16,950		6,327
Direct:			
City of Griffin capital leases	548	100.00%	548
Total	$ 17,498		$ 6,875

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	
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
1998	37,530	26,361	11,169	962	1,354	2,316	4.82
1997	33,274	23,108	10,166	505	1,085	1,590	6.39

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

Fiscal Year	Population	Personal Income	Per Capita Personal Income
1997	21,644	$ 17,664	1.23
1998	21,499	17,801	1.21
1999	21,550	19,370	1.11
2000	23,451	19,214	1.22
2001	23,174	19,524	1.19
2002	23,219	18,811	1.23
2003	23,340	19,747	1.18
2004	23,397	24,679	0.95
2005	23,286	23,286	1.00
2006	23,451	24,679	0.95

* Source Georgia Department Of Labor

CITY OF GRIFFIN, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2006 Employees	2006 Rank	2006 Percentage of Total Employment	1997 Employees	1997 Rank	1997 Percentage of Total Employment
Nacom	850	1	6.19%	762	2	6.79%
Caterpillar, Inc	780	2	5.68%	—	—	—
Springs Industries	600	3	4.37%	—	—	—
AEP Industries	250	4	1.82%	214	9	1.91%
Supreme Corporation	250	5	1.82%	190	10	1.69%
Fashion Industries, Inc	200	6	1.46%	285	7	2.54%
William Carter Co	186	7	1.35%	611	3	5.44%
Vernay Manufacturing, Inc	164	8	1.19%	—	—	—
EXOPack	140	9	1.02%	—	—	—
Weyerhauser	136	10	0.99%	—	—	—
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	3,556		25.89%	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 THREE FISCAL YEARS

	Full-time Equivalent Employees as of June 30th		
	2004	2005	2006
Function			
General government			
Administration	13	13	13
Judicial	37	35	35
Public Safety	168	181	183
Public Works	71	53	40
Development	7	5	6
Water/Wastewater Operations	71	74	81
Electric operations	40	54	29
Solid Waste operations	58	58	56
Airport operations	6	6	6
Welcome Center	1	1	1
Stormwater	13	17	14
Motor Pool	18	14	13
Griffin Business and Tourism	-	-	1
Total	503	511	478

Source: City Finance Department

CITY OF GRIFFIN, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST THREE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
Function/Program			
Police			
Physical arrests	2,272	4,320	2,404
Parking violations	1,517	1,627	621
Traffic violations	11,009	11,488	10,813
Fire			
Emergency responses	1,079	1,111	938
Fires extinguished	73	97	122
Inspections	384	792	1,000
Refuse Collection			
Refuse collected (tons per day)	44	38	38
Other Public Works			
Street resurfacing (miles)	N/A	6	2.8
Potholes repaired	N/A	682	1,053
Parks and recreation			
Athletic field permits issued	N/A	356	360
Water			
New connections	N/A	99	136
Water main breaks	N/A	34	39
Average daily consumption (millions of gallons)	5.8	9.5	1.03
Peak daily consumption (millions of gallons)	N/A	1.08	1.23
Wastewater			
Average daily sewage treatment (millions of gallons)	N/A	514	460

Sources: Various City departments.

CITY OF GRIFFIN, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

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

Sources: Various City departments.

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

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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, 2006, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated September 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Griffin, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Griffin, Georgia's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Griffin, Georgia in a separate letter dated September 28, 2006.

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.



Macon, Georgia
September 28, 2006

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2006

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	____ yes __X__ no
Reportable conditions identified not considered to be material weaknesses?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Not applicable as a single audit was not performed for the year ended June 30, 2006 due to the City not expending $500,000 or more of federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2006-1. Utility Accounts Receivable Reconciliation

Condition: For the fiscal year ending June 30, 2006, we noted that the City is not balancing its detailed utility accounts receivable subsidiary ledger to the general ledger throughout the year.

Criteria: Good, sound internal controls require effective design and operation of internal controls.

Effect: The lack of effectively designed and operational internal controls causes monthly internal reports to be misleading and could lead to undetected misappropriation of City assets and delays in finding potential fraud.

Recommendation: The City should implement new policies and procedures to balance the detailed utility accounts receivable subsidiary ledger to the general ledger at least on a monthly basis, if not on a weekly or daily basis, to ensure accurate monthly financial statements as well as to properly safeguard City assets.

Response: We concur with the recommendation. New policies and procedures will be implemented as soon as possible.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.