

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

Prepared by:
Griffin Finance Department

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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INTRODUCTORY SECTION

CITY OF GRIFFIN SINCE 1840

Commission Members

W.D. "Bill" Landrum
Chairman

Douglas S. Hollberg
Chairman Pro-Tem

Cora L. Flowers

Rodney C. McCord

Dick Morrow

Joanne Todd

Cynthia Reid Ward

City Manager
Kenny L. Smith

December 17, 2007

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

Ladies and Gentlemen:

We are pleased to present the City of Griffin's (the City's) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The financial statements included in this report conform with accounting principles generally accepted in the United States (GAAP) established by the Governmental Accounting Standards Board. State law requires that general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in conformance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Griffin. Consequently, management assumes full responsibility for the completeness and reliability of all of the information contained in this report. To provide a reasonable basis for making these representations, management of the City of Griffin has established a comprehensive internal control framework that is designed to 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.

INDEPENDENT AUDIT

The City of Griffin's financial statements have been audited by Mauldin & Jenkins Certified Public Accountants, LLC. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

"The Iris City"

One Griffin Center ✤ 100 South Hill Street ✤ Griffin, Georgia 30223 ✤ Tel. 770-229-6425 ✤ FAX 770-229-6630
Post Office Box T ✤ Griffin, Georgia 30224
Web Site: *www.cityofgriffin.com*

The independent audit of the financial statements of the City is sometimes part of a broader, federal and state mandated "single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. For fiscal year 2007, a single audit was not necessary as the City did not expend $500,000 or more of federal funds.

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

PROFILE OF THE GOVERNMENT

The City of Griffin, 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 City 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. 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 City Manager uses these requests as a starting point for developing the proposed budget. The City Manager then presents this proposed budget to the

Board of Commissioners for review, prior to May 15. The Board of Commissioners is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., Public Safety), and department (Police). Department heads are not allowed to make transfers between appropriated accounts. Neither are appropriations between departments allowed, except by specific action of the Board of Commissioners. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted. For the general fund, this comparison extends to the department level. Budget to actual comparisons for all governmental fund types as well as forenterprise 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.

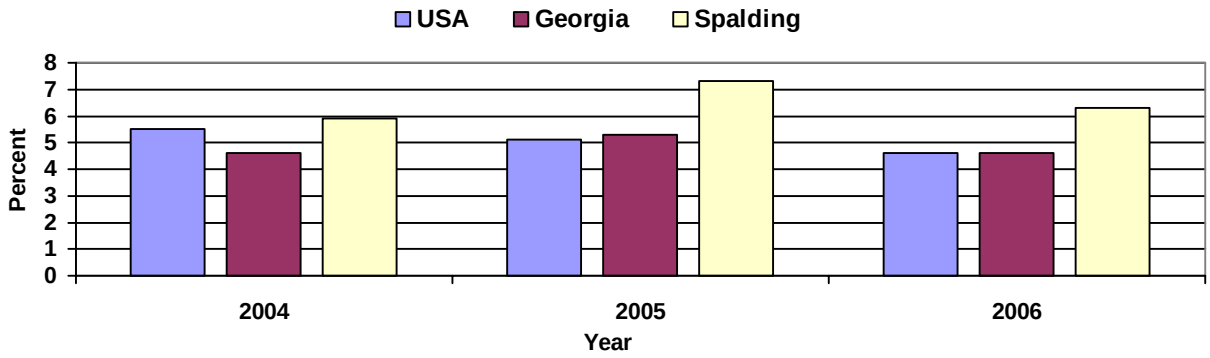
Economic Outlook

The City of Griffin's economic outlook is positive. Consumer spending continues to rise slightly and economic development continues with slow but positive progress. Local real estate sales continue to slow and prices are slightly down.

Sales and use taxes, the prime indicators of consumer spending, experienced a negligible decrease from 2006 to 2007. However, property tax revenue rose 0.76% (less than one percent) from 2006 to 2007.

Employment opportunities in the City of Griffin continue to hold steady. The Spalding County unemployment rate June 30, 2006 was 6.3%, compared to 7.3% the year before. There are indications that the unemployment rate will continue to decrease. The City of Griffin continues to be an area that businesses consider during their planning process.

Unemployment Rates



Pension and Other Post Employment Retirement Benefits

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

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

The City also provides a portion of post-retirement health benefits to retirees on a pay-as-you-go basis. GAAP currently does not require governments to report a liability in the financial statements for these benefits in connection with an employer's obligation to make these payments, and no such liability has been recorded. Additional information on the City's pension plan and its funding progress can be found in the notes to the financial statements.

MAJOR INITIATIVES

During fiscal year 2007, the City of Griffin achieved many significant accomplishments in futherance of the goals established by the Board of City Commissioners. These broad-based goals are summarized as follows:

- Purchased a fire engine ladder truck for the Fire Department.
- Purchased new utility billing software to improve billing process, statements, and to provide future web based customer account access and automated bill pay.
- Partner in Education programs - The City of Griffin's departments and staff are closely involved in the Partner in Education program. The Boys and Girls Club with Human Resources, Atkinson Elementary with the Police in conjunction with Electric Departments, and the Boy Scouts of America with Public Works.
- In May 2007, the City held a Commercial Business/Contractor's Summit whereby creating a forum for exchange of ideas and networking focused on economic trends and development. As a result of this summit, the City of Griffin adjusted permitting fees to be more in line with other municipalities. Strategically, this move was designed to encourage more development over the long term.
- The City held nine "8@8" (a concept of eight people at eight a.m.) informational/educational meetings designed to provide an opportunity for residents and business owners to meet with the City Manager and Department Directors in an informal setting. This forum gave the residents and business owners an opportunity to ask about City government, operations, and economics and for the City officials to present opportunities and challenges.

- The City adopted a Side-walk Café ordinance whereby restaurants may set and serve food and beverages outside the premises; sparking community interest, activity and revitalizing the downtown area.
- March 5, 2007 the City of Griffin initiated a mandatory recycling program. We currently have a diversion rate of 19.36%.
- March 2007 the City moved the majority of its operations to 100 South Hill Street (One Griffin Center) in a successful effort to consolidate local offices under one roof. The City completed this move in October 2007 with the final two departments – Electric and Customer Service.
- The City centralized and consolidated its information and technology resources into one server room. The Information and Technology Department continues to perform industry best practices by implementing industry standard technologies.
- The City adopted Livable Centers Initiative (LCI) recommendations to create a downtown were people can live, work and play in a safe, attractive and exciting environment.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Griffin, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the 3rd consecutive year that the City of Griffin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

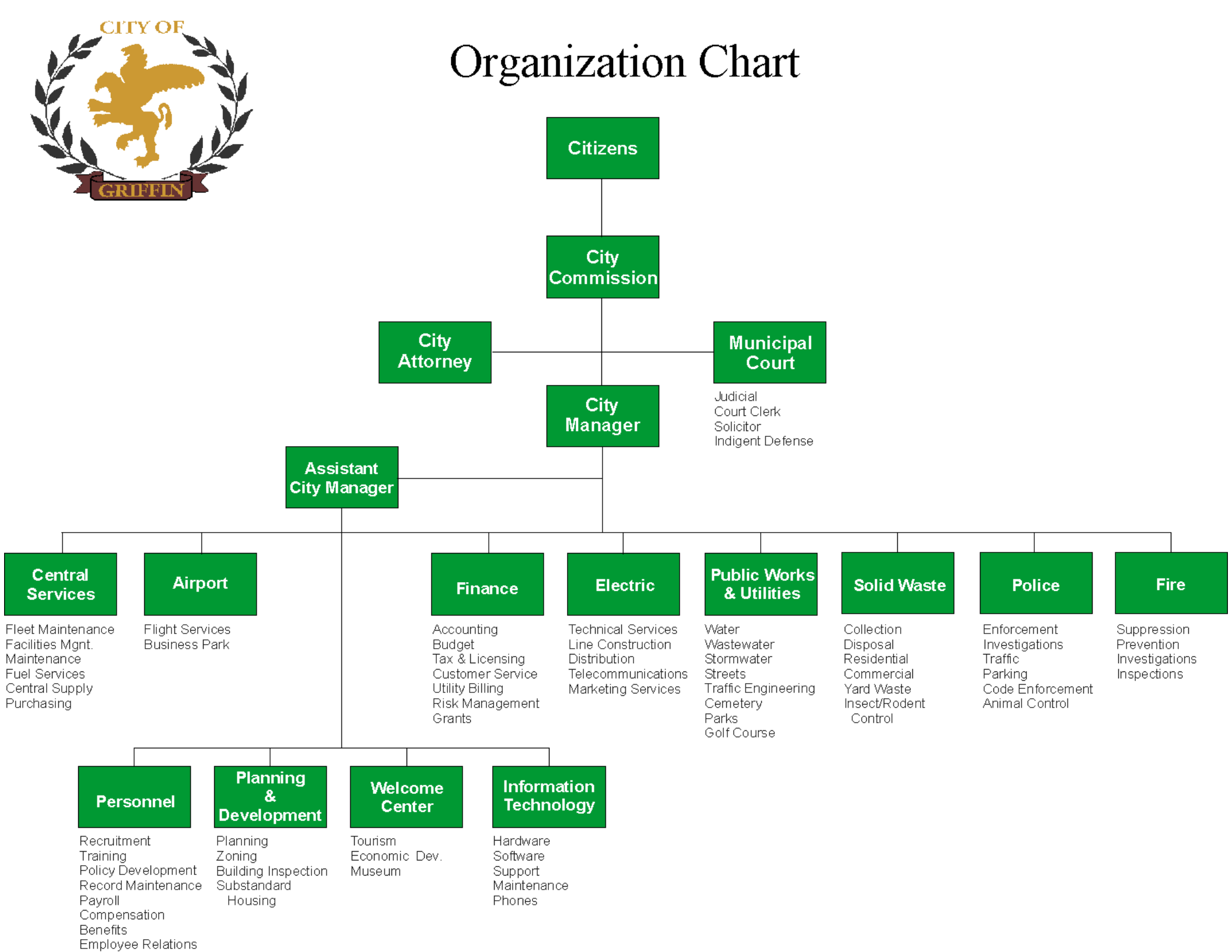
Sincere appreciation is also expressed to the Commissioners, City Manager, and Directors of Departments and Divisions for their assistance and leadership throughout the year in matters pertaining to the financial affairs of this great City.

Respectfully submitted,



W. D. Landrum,
Chairman, City of Griffin Board of Commissioners

Organization Chart



CITY OF GRIFFIN, GEORGIA

PRINCIPAL OFFICIALS
JUNE 30, 2007

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Griffin

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director

FINANCIAL SECTION

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, 2007, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2007, on our consideration of the City of Griffin, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress (on page 60) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 18, 2007

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, 2007. 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 $81,615,774 (*net assets*). Of this amount, $19.1 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 $678,278.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $4,064,449, an increase of $132,394 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the General Fund was $1,343,603, or 4.6% of total General Fund expenditures.
- The City's total debt increased by $2,129,054 during the current fiscal year. This increase was mostly due to the purchase of the old Wachovia building for consolidated city office space.

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 12 and 13 of this report.

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

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

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

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

The City adopts an annual appropriated budget for its general fund and its special revenue funds. In the current year, the Confiscated Assets Fund was created and a budget was not adopted prior to year end. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 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 – 72 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 $81,615,774 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (75.3%) 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	$ 9,466,884	$ 8,567,474	$ 25,995,198	$ 27,766,374	$ 35,462,082	$ 36,333,848
Capital assets	19,602,132	15,831,592	121,089,731	120,683,843	140,691,863	136,515,435
Total assets	29,069,016	24,399,066	147,084,929	148,450,217	176,153,945	172,849,283
Other liabilities	977,336	859,458	8,368,649	8,050,688	9,345,985	8,910,146
Long-term liabilities outstanding	6,285,533	2,037,118	78,906,653	80,964,523	85,192,186	83,001,641
Total liabilities	7,262,869	2,896,576	87,275,302	89,015,211	94,538,171	91,911,787
Net assets:						
Invested in capital assets, net of related debt	14,408,710	14,785,016	47,045,720	43,107,249	61,454,430	57,892,265
Restricted	-	-	1,025,014	1,414,792	1,025,014	1,414,792
Unrestricted	7,397,437	6,717,474	11,738,893	14,912,965	19,136,330	21,630,439
Total net assets	$ 21,806,147	$ 21,502,490	$ 59,809,627	$ 59,435,006	$ 81,615,774	$ 80,937,496

An additional portion of the City's net assets (1.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($19,136,330) 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, 2007, increased the City of Griffin's net assets by $303,657. Business-type activities during the same period increased net assets by $374,621 for a total increase in net assets of $678,278. Key elements of this increase are as follows:

City of Griffin's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2005
Revenues:						
Program revenues						
Charges for services	$ 7,745,892	$ 7,042,030	$ 60,387,964	$ 58,196,357	$ 68,133,856	$ 65,238,387
Operating grants and contributions	363,998	413,975	155,219	155,219	519,217	569,194
Capital grants and contributions	335,500	-	-	11,800	335,500	11,800
General revenues:						
Property taxes	4,976,391	4,875,516	-	-	4,976,391	4,875,516
Sales taxes	3,643,076	3,713,381	-	-	3,643,076	3,713,381
Insurance premium tax	1,228,829	1,174,508	-	-	1,228,829	1,174,508
Other taxes	1,259,834	1,245,596	-	-	1,259,834	1,245,596
Franchise taxes	599,456	596,534	-	-	599,456	596,534
Unrestricted investment earnings	314,039	112,359	747,202	811,917	1,061,241	924,276
Gain on sale of capital assets	21,607	71,085	572,424	42,631	594,031	113,716
Total revenues	20,488,622	19,244,984	61,862,809	59,217,924	82,351,431	78,462,908
Expenses:						
General government	6,263,855	5,665,886	-	-	6,263,855	5,665,886
Judicial	138,435	147,337	-	-	138,435	147,337
Public safety	13,804,583	13,268,194	-	-	13,804,583	13,268,194
Public works	4,573,818	4,116,631	-	-	4,573,818	4,116,631
Parks and recreation	426,302	412,667	-	-	426,302	412,667
Housing and development	755,454	596,803	-	-	755,454	596,803
Interest on long-term debt	175,391	21,826	-	-	175,391	21,826
Water and wastewater	-	-	15,055,974	13,668,876	15,055,974	13,668,876
Electric	-	-	31,007,937	30,161,161	31,007,937	30,161,161
Solid Waste	-	-	6,634,031	5,980,372	6,634,031	5,980,372
Stormwater	-	-	1,538,814	1,567,435	1,538,814	1,567,435
Airport operations	-	-	1,163,804	1,025,792	1,163,804	1,025,792
Welcome Center	-	-	97,060	122,687	97,060	122,687
Golf Course	-	-	37,695	41,378	37,695	41,378
Total expenses	26,137,838	24,229,344	55,535,315	52,567,701	81,673,153	76,797,045
Change in net assets before transfers	(5,649,216)	(4,984,360)	6,327,494	6,650,223	678,278	1,665,863
Transfers	5,952,873	4,522,658	(5,952,873)	(4,522,658)	-	-
Change in net assets	303,657	(461,702)	374,621	2,127,565	678,278	1,665,863
Net assets, beginning	21,502,490	21,964,192	59,435,006	57,307,441	80,937,496	79,271,633
Net assets, ending	$ 21,806,147	$ 21,502,490	$ 59,809,627	$ 59,435,006	$ 81,615,774	$ 80,937,496

As can be seen above, the governmental activities show a deficit of revenues under expenditures before transfers of $5,649,216 and $4,984,360 for 2007 and 2006, 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 $1,138,689 in 2007 and increased net assets by $3,085,951 in 2006.

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

	2007	2006
Net operating income (loss):		
Water / Wastewater Fund	$ 4,337,953	$ 4,150,787
Electric Utility Fund	6,463,823	6,811,118
Solid Waste Fund	(892,209)	(577,810)
Nonmajor Enterprise Funds	(475,738)	(398,451)
Total net operating income	9,433,829	9,985,644
Nonoperating revenues (expenses)	(2,338,321)	(2,377,083)
Income (loss) before transfers	7,095,508	7,608,561
Net transfers out	(5,956,819)	(4,522,610)
Changes in net assets	$ 1,138,689	$ 3,085,951

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 2007 and 2006, the combined ending fund balances of the City's governmental funds were a positive $4,064,449 and a positive $3,932,055 respectively. A positive $1,395,463 at June 30, 2007 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, 2007, $2,668,986 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 2007 the General Fund had a positive fund balance of $1,343,603. This is a decrease of $174,094 from the beginning fund balance. As noted earlier, this decrease was due mostly to expenditures exceed revenues.

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

The net assets of the City's enterprise funds increased by $1,138,689 in 2007 and increased by $2,127,565 in 2006, 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, 2007, governmental activities and business-type activities had capital assets of $140,691,863 (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 2.8% (a 21.1% increase for governmental activities and a .1% increase for business-type activities). The major increase in capital assets for governmental activities comes from the acquisition of the old Wachovia building for consolidated office space. The major increase in capital assets for the business-type activities was from the additional construction costs related to the new landfill.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$ 1,224,119	$ 911,299	$ 7,650,221	$ 7,675,744	$ 8,874,340	$ 8,587,043
Land improvements	-	-	3,531,015	3,478,594	3,531,015	3,478,594
Buildings and improvements	6,743,332	3,209,542	24,513,748	25,323,288	31,257,080	28,532,830
Improvements other than buildings	-	-	73,489,412	74,237,175	73,489,412	74,237,175
Machinery and equipment	3,261,470	3,110,928	6,915,570	6,783,912	10,177,040	9,894,840
Infrastructure	7,589,661	7,684,327	-	-	7,589,661	7,684,327
Construction in progress	783,550	915,496	4,989,765	3,185,130	5,773,315	4,100,626
Total	$ 19,602,132	$ 15,831,592	$ 121,089,731	$ 120,683,843	$ 140,691,863	$ 136,515,435

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, 2007, the City had $6,285,533 of outstanding long-term liabilities related to governmental activities and $78,580,891 of long-term liabilities related to business-type activities for a total of $84,866,424 compared to the previous year's total of $82,675,879. This is an increase of $2,190,545 due mostly to the $4,100,000 GMA lease purchase and refurbishment of the old Wachovia building for city office space. At the end of 2007, the City had total bonded debt outstanding of $72,887,000 as compared to $74,499,000 in 2006. 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.

Currently Known Conditions Affecting Future Operations

On April 18, 2007 the Director of the Georgia Environmental Protection Division (EPD) issued a "Level two drought response" across the State calling for specified outdoor water use restrictions which Permit Holders such as the City were required to enforce. On September 28, 2007, EPD declared a "Level four drought response", with more stringent outdoor water use restrictions, across the northern third of Georgia, which includes the City of Griffin. Then, on October 24, 2007 EPD mandated that the Water Systems already subject to the level 4 restrictions must "reduce monthly average production (amount of treated water pumped into the distribution network) by 10% of the average of the monthly average production for the period of December 2006 through March 2007".

The October 24th directive went on to say that "failure to reduce and report your water usage as required herein could result in "enforcement action". The City of Griffin is reporting as required, and is taking every reasonable step to meet the reduction mandate. However, no consideration for growth was given in the directive, and an individual's water consumption is not entirely under the control of the City. It is unknown at this time whether the City will be successful in meeting the reduction mandate or not. Nor is it known what the "enforcement action", if any, will be, and what impact this reduction mandate may have upon the City's revenues.

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 Hotel / Motel Tax Fund, the Multiple Grant Fund, the Business and Tourism Association Fund, the Water/Wastewater Fund, Electric Utility Fund, Solid Waste Fund, Stormwater Utility Fund, Airport Fund, Welcome Center Fund, and Golf Course Fund. Budgets for the Enterprise Funds are prepared for planning and control purposes only. The legal level of budgetary control is the department level, with the Commissioners being the only body authorized to make amendments to the budget. During the year there was an approximate $4.97 million 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 central services department for the purchase of the City's new City Hall building in the amount of $4.1 million. The increase was funded with a new capital lease.

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, 2007

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 1,351,588	$ 2,803,546	$ 4,155,134
Investments	2,314,311	3,182,034	5,496,345
Taxes receivable	986,556	-	986,556
Accounts receivable, net of allowances	508,398	8,032,945	8,541,343
Due from other governments	17,479	-	17,479
Due from Spalding County	1,315	203	1,518
Internal balances	939,045	(939,045)	-
Inventories	169,222	2,227,516	2,396,738
Prepaid expenses	236,850	87,411	324,261
Restricted assets:			
Cash and cash equivalents	-	2,317,440	2,317,440
Investments	-	6,693,314	6,693,314
Deferred charges	-	1,589,834	1,589,834
Assets held for resale	180,276	-	180,276
Other noncurrent asset	2,761,844	-	2,761,844
Capital assets:			
Nondepreciable	2,007,670	12,639,985	14,647,655
Depreciable, net of accumulated depreciation	17,594,462	108,449,746	126,044,208
Total assets	29,069,016	147,084,929	176,153,945
LIABILITIES			
Checks issued in excess of bank balance	-	129,519	129,519
Accounts payable	591,678	4,415,852	5,007,530
Accrued liabilities	385,658	600,130	985,788
Customer deposits payable	-	3,223,148	3,223,148
Capital leases due within one year	346,848	189,467	536,315
Capital leases due in more than one year	4,846,574	596,075	5,442,649
Notes payable due within one year	-	170,818	170,818
Notes payable due in more than one year	-	2,294,763	2,294,763
Bonds payable due within one year	-	1,678,000	1,678,000
Bonds payable due in more than one year	-	71,209,000	71,209,000
Compensated absences due within one year	819,083	473,139	1,292,222
Compensated absences due in more than one year	273,028	157,715	430,743
Due to Pike County due within one year	-	27,197	27,197
Due to Pike County due in more than one year	-	298,565	298,565
Landfill postclosure care costs due within one year	-	174,610	174,610
Landfill postclosure care costs due in more than one year	-	1,637,304	1,637,304
Total liabilities	7,262,869	87,275,302	94,538,171
NET ASSETS			
Invested in capital assets, net of related debt	14,408,710	47,045,720	61,454,430
Restricted for debt service	-	1,025,014	1,025,014
Unrestricted	7,397,437	11,738,893	19,136,330
Total net assets	$ 21,806,147	$ 59,809,627	$ 81,615,774

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, 2007

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	$ 6,263,855	$ 5,331,396	$ -	$ 335,500	$ (596,959)	$ -	$ (596,959)
Judicial	138,435	1,581,007	-	-	1,442,572	-	1,442,572
Public safety	13,804,583	18,289	283,998	-	(13,502,296)	-	(13,502,296)
Public works	4,573,818	194,501	-	-	(4,379,317)	-	(4,379,317)
Parks and recreation	426,302	231,099	-	-	(195,203)	-	(195,203)
Housing and economic development	755,454	389,600	80,000	-	(285,854)	-	(285,854)
Interest on long-term debt	175,391	-	-	-	(175,391)	-	(175,391)
Total governmental activities	26,137,838	7,745,892	363,998	335,500	(17,692,448)	-	(17,692,448)
Business-type activities:							
Water and Wastewater	15,055,974	15,597,379	-	-	-	541,405	541,405
Electric	31,007,937	37,354,903	-	-	-	6,346,966	6,346,966
Solid Waste	6,634,031	5,205,147	-	-	-	(1,428,884)	(1,428,884)
Stormwater	1,538,814	1,576,150	-	-	-	37,336	37,336
Airport	1,163,804	637,397	155,219	-	-	(371,188)	(371,188)
Welcome Center	97,060	-	-	-	-	(97,060)	(97,060)
Golf Course	37,695	16,988	-	-	-	(20,707)	(20,707)
Total business-type activities	55,535,315	60,387,964	155,219	-	-	5,007,868	5,007,868
Total primary government	$ 81,673,153	$ 68,133,856	$ 519,217	$ 335,500	(17,692,448)	5,007,868	(12,684,580)
General revenues:							
Property taxes					4,976,391	-	4,976,391
Sales taxes					3,643,076	-	3,643,076
Insurance premium tax					1,228,829	-	1,228,829
Alcoholic beverage taxes					616,134	-	616,134
Business occupational taxes					462,636	-	462,636
Other taxes					181,064	-	181,064
Franchise taxes					599,456	-	599,456
Unrestricted investment earnings					314,039	747,202	1,061,241
Gain on sale of capital assets					21,607	572,424	594,031
Transfers					5,952,873	(5,952,873)	-
Total general revenues and transfers					17,996,105	(4,633,247)	13,362,858
Change in net assets					303,657	374,621	678,278
Net assets, beginning of year					21,502,490	59,435,006	80,937,496
Net assets, end of year					$ 21,806,147	$ 59,809,627	$ 81,615,774

The accompanying notes are an integral part of these financial statements

CITY OF GRIFFIN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

ASSETS	General	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 574,832	$ 670,259	$ 1,245,091
Investments	599,502	1,714,809	2,314,311
Taxes receivable, net	978,574	7,982	986,556
Accounts receivable, net	507,898	-	507,898
Due from other governments	994	16,485	17,479
Due from Spalding County	1,315	-	1,315
Due from other funds	173,378	153,003	326,381
Inventories	4,803	-	4,803
Prepaid expenditures	219,852	-	219,852
Assets held for resale	-	180,276	180,276
Total assets	$ 3,061,148	$ 2,742,814	$ 5,803,962
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 502,446	$ 1,798	$ 504,244
Accrued liabilities	241,620	594	242,214
Deferred revenues	163,367	-	163,367
Due to other funds	810,112	19,576	829,688
Total liabilities	1,717,545	21,968	1,739,513
FUND BALANCES			
Fund balances:			
Reserved for:			
Prepaid expenditures	219,852	-	219,852
Special projects	-	2,449,134	2,449,134
Unreserved, reported in:			
General fund	1,123,751	-	1,123,751
Special revenue funds	-	121,906	121,906
Capital projects funds	-	149,806	149,806
Total fund balances	1,343,603	2,720,846	4,064,449
Total liabilities and fund balances	$ 3,061,148	$ 2,742,814	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,846,922
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	163,367
Net pension asset that is not a financial asset in governmental fund activities and therefore not reported in governmental fund	2,761,844
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.	3,381,042
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(6,411,477)
Net assets of governmental activities	$ 21,806,147

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, 2007

	General	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Property taxes	$ 4,954,777	$ -	$ 4,954,777
Other taxes	6,048,529	83,210	6,131,739
Charges for services	4,573,806	59,924	4,633,730
Licenses and permits	545,177	-	545,177
Intergovernmental	281,494	82,504	363,998
Franchise taxes	599,456	-	599,456
Fines and forfeitures	1,581,007	-	1,581,007
Interest revenue	98,334	215,705	314,039
Rental income	238,126	-	238,126
Contributions and donations	5,953	-	5,953
Other revenues	709,938	31,961	741,899
Total revenues	19,636,597	473,304	20,109,901
EXPENDITURES			
Current:			
General government	10,291,124	-	10,291,124
Judicial	138,431	-	138,431
Public safety	13,763,003	72,805	13,835,808
Public works	3,634,247	30,475	3,664,722
Parks and recreation	432,342	-	432,342
Housing and economic development	667,770	78,048	745,818
Capital outlay	-	10,734	10,734
Debt service:			
Principal	261,154	-	261,154
Interest	38,150	-	38,150
Total expenditures	29,226,221	192,062	29,418,283
Excess (deficiency) of revenues over (under) expenditures	(9,589,624)	281,242	(9,308,382)
OTHER FINANCING SOURCES (USES)			
Transfers in	17,688,075	106,287	17,794,362
Transfers out	(12,702,152)	(81,041)	(12,783,193)
Capital leases	4,408,000	-	4,408,000
Proceeds from the sale of capital assets	21,607	-	21,607
Total other financing sources (uses)	9,415,530	25,246	9,440,776
Net change in fund balances	(174,094)	306,488	132,394
Fund balances, beginning of year	1,517,697	2,414,358	3,932,055
Fund balances, end of year	$ 1,343,603	$ 2,720,846	$ 4,064,449

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, 2007

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

Net change in fund balances - total governmental funds	$	132,394
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		4,115,702
The net effect of various miscellaneous transactions (i.e., sales and donations) is to increase net assets.		335,500
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		21,614
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.		232,768
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.		(4,146,846)
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.		(387,475)
	$	303,657

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, 2007

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 5,104,742	$ 5,102,742	$ 4,954,777	$ (147,965)
Other taxes	5,987,500	6,141,200	6,048,529	(92,671)
Charges for services	4,537,216	4,539,216	4,573,806	34,590
Licenses and permits	540,800	492,800	545,177	52,377
Intergovernmental	172,307	252,307	281,494	29,187
Franchise fees	595,000	595,000	599,456	4,456
Fines and forfeitures	1,133,000	1,193,000	1,581,007	388,007
Interest revenue	35,000	55,000	98,334	43,334
Rental income	53,000	53,000	238,126	185,126
Contributions and donations	-	-	5,953	5,953
Other revenues	693,000	693,000	709,938	16,938
Total revenues	18,851,565	19,117,265	19,636,597	519,332
EXPENDITURES:				
Current:				
General government:				
Legislative	618,954	589,129	497,540	91,589
Executive	948,605	995,010	1,068,425	(73,415)
Elections	1,000	1,000	295	705
Administrative services	3,645,264	4,107,487	3,993,230	114,257
Central services	655,898	4,825,198	4,636,946	188,252
Legal	104,800	101,800	94,688	7,112
Total general government	5,974,521	10,619,624	10,291,124	328,500
Judicial	143,253	146,253	138,431	7,822
Public safety:				
Police	8,597,839	8,485,299	8,660,711	(175,412)
Fire	4,569,167	4,872,897	4,986,975	(114,078)
Other protection	141,660	133,849	115,317	18,532
Total public safety	13,308,666	13,492,045	13,763,003	(270,958)
Public works:				
Highways and streets	3,295,747	3,388,300	3,223,903	164,397
Cemetery	412,019	406,744	410,344	(3,600)
Total public works	3,707,766	3,795,044	3,634,247	160,797
Parks and recreation:				
Recreation	68,122	69,622	59,489	10,133
Parks	372,688	388,688	372,853	15,835
Total parks and recreation	440,810	458,310	432,342	25,968

(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, 2007

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Housing and economic development:				
Protective inspection	$ 633,676	$ 667,016	$ 603,420	$ 63,596
Downtown development	6,400	5,650	3,197	2,453
Main Street	66,733	66,733	61,153	5,580
Total housing and economic development	706,809	739,399	667,770	71,629
Debt service	468,936	468,936	299,304	169,632
Total expenditures	24,750,761	29,719,611	29,226,221	493,390
Deficiency of revenues under expenditures	(5,899,196)	(10,602,346)	(9,589,624)	1,012,722
OTHER FINANCING SOURCES (USES)				
Transfers in	5,896,004	5,896,004	17,688,075	11,792,071
Transfers out	-	-	(12,702,152)	(12,702,152)
Capital leases	732,000	5,448,000	4,408,000	(1,040,000)
Proceeds from the sale of capital assets	35,000	35,000	21,607	(13,393)
Total other financing sources (uses)	6,663,004	11,379,004	9,415,530	(1,963,474)
Net change in fund balances	763,808	776,658	(174,094)	(950,752)
Fund balances, beginning of year	1,517,697	1,517,697	1,517,697	-
Fund balances, end of year	$ 2,281,505	$ 2,294,355	$ 1,343,603	$ (950,752)

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

CITY OF GRIFFIN, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 325,509	$ 1,660,751	$ -	$ 817,286
Investments	-	3,182,034	-	-
Restricted assets, cash	1,447,500	453,870	240,982	175,088
Restricted assets, investments	2,458,593	1,057,149	-	-
Accounts receivable, net of allowances	99,472	7,921,478	-	11,995
Due from Spalding County	203	-	-	-
Due from other funds	350,000	-	-	14,936
Inventories	325,521	1,852,822	-	49,173
Prepaid expenses	29,048	11,887	32,376	14,100
Total current assets	5,035,846	16,139,991	273,358	1,082,578
NONCURRENT ASSETS				
Restricted assets, investments	880,031	2,297,541	-	-
Deferred charges	1,589,834	-	-	-
Capital assets:				
Nondepreciable	10,208,554	328,628	-	2,102,803
Depreciable, net of accumulated depreciation	81,959,122	13,304,013	2,222,595	10,964,016
Total noncurrent assets	94,637,541	15,930,182	2,222,595	13,066,819
Total assets	99,673,387	32,070,173	2,495,953	14,149,397
LIABILITIES				
CURRENT LIABILITIES				
Checks issued in excess of bank balance	-	-	85,647	43,872
Accounts payable	632,331	3,497,500	142,621	143,400
Accrued liabilities	38,958	483,924	47,158	30,090
Current portion - compensated absences	264,805	82,712	113,155	12,467
Current portion - notes payable	48,078	-	-	122,740
Current portion - capital leases payable	-	-	189,467	-
Current portion - due to Pike County	27,197	-	-	-
Current portion - landfill closure / postclosure care costs	-	-	174,610	-
Customer deposits payable	8,513	3,214,635	-	-
Due to other funds	8,964	13,029	40,899	180,747
Payable from restricted assets:				
Revenue bonds payable, current portion	1,678,000	-	-	-
Total current liabilities	2,706,846	7,291,800	793,557	533,316
NONCURRENT LIABILITIES				
Compensated absences, net of current portion	88,268	27,571	37,719	4,157
Revenue bonds payable, net of current portion	71,209,000	-	-	-
Capital leases payable, net of current portion	-	-	596,075	-
Notes payable, net of current portion	95,752	-	-	2,199,011
Due to Pike County, net of current portion	298,565	-	-	-
Landfill closure / postclosure care costs	-	-	1,637,304	-
Total noncurrent liabilities	71,691,585	27,571	2,271,098	2,203,168
Total liabilities	74,398,431	7,319,371	3,064,655	2,736,484
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	21,230,958	13,632,641	1,437,053	10,745,068
Restricted for debt service	1,025,014	-	-	-
Unrestricted	3,018,984	11,118,161	(2,005,755)	667,845
Total net assets	$ 25,274,956	$ 24,750,802	$ (568,702)	$ 11,412,913

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 Fund - Motor Pool
$ 2,803,546	$ 106,497
3,182,034	-
2,317,440	-
3,515,742	-
8,032,945	500
203	-
364,936	382,010
2,227,516	164,419
87,411	16,998
22,531,773	670,424
3,177,572	-
1,589,834	-
12,639,985	-
108,449,746	1,755,210
125,857,137	1,755,210
148,388,910	2,425,634
129,519	-
4,415,852	87,434
600,130	6,203
473,139	11,297
170,818	-
189,467	-
27,197	-
174,610	-
3,223,148	-
243,639	-
1,678,000	-
11,325,519	104,934
157,715	-
71,209,000	-
596,075	-
2,294,763	-
298,565	-
1,637,304	-
76,193,422	-
87,518,941	104,934
47,045,720	1,755,210
1,025,014	-
12,799,235	565,490
60,869,969	$ 2,320,700
(1,060,342)	
$ 59,809,627	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 14,489,957	$ 35,610,607	$ 5,070,843	$ 2,139,978
Tap and capacity recovery fees	1,049,218	-	-	-
Other services	58,204	1,744,296	134,304	90,557
Total operating revenues	15,597,379	37,354,903	5,205,147	2,230,535
OPERATING EXPENSES				
Personal services	3,566,394	2,446,961	2,102,124	799,394
Purchased or contracted services	3,353,698	1,174,705	2,758,151	1,239,586
Purchased power	-	26,403,034	-	-
Supplies	932,731	200,176	18,692	117,772
Miscellaneous	451,487	61,284	900,067	112,089
Depreciation	2,955,116	604,920	318,322	437,432
Total operating expenses	11,259,426	30,891,080	6,097,356	2,706,273
Operating income (loss)	4,337,953	6,463,823	(892,209)	(475,738)
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	-	-	-	155,219
Interest income	264,312	458,335	17,483	7,072
Interest expense	(3,687,199)	-	(36,830)	(89,137)
Gain on sale of capital assets	6,777	545,647	20,000	-
Total nonoperating income (expenses)	(3,416,110)	1,003,982	653	73,154
Income (loss) before transfers	921,843	7,467,805	(891,556)	(402,584)
TRANSFERS				
Transfers out	(6,996,254)	(20,529,017)	(4,635,052)	(1,736,151)
Transfers in	5,258,982	15,508,474	5,405,932	1,766,267
Total transfers	(1,737,272)	(5,020,543)	770,880	30,116
Change in net assets	(815,429)	2,447,262	(120,676)	(372,468)
NET ASSETS, beginning of year	26,090,385	22,303,540	(448,026)	11,785,381
NET ASSETS, end of year	$ 25,274,956	$ 24,750,802	$ (568,702)	$ 11,412,913

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 Fund - Motor Pool
$ 57,311,385	$ 1,306,685
1,049,218	-
2,027,361	10,969
60,387,964	1,317,654
8,914,873	577,916
8,526,140	718,440
26,403,034	-
1,269,371	796,416
1,524,927	26,156
4,315,790	675,676
50,954,135	2,794,604
9,433,829	(1,476,950)
155,219	-
747,202	-
(3,813,166)	-
572,424	-
(2,338,321)	-
7,095,508	(1,476,950)
(33,896,474)	-
27,939,655	945,650
(5,956,819)	945,650
1,138,689	(531,300)
	2,852,000
	$ 2,320,700
(764,068)	
$ 374,621	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 16,429,774	$ 38,512,021	$ 5,342,602	$ 2,370,785
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(5,358,961)	(28,324,641)	(3,540,175)	(1,364,388)
Payments to employees	(3,580,362)	(2,439,382)	(2,133,851)	(810,503)
Net cash provided by (used in) operating activities	7,490,451	7,747,998	(331,424)	195,894
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental grant	-	-	-	155,219
Transfers out	(6,996,254)	(20,529,017)	(4,635,052)	(1,736,151)
Transfers in	5,258,982	15,508,474	5,405,932	1,766,267
Net cash provided by (used in) noncapital financing activities	(1,737,272)	(5,020,543)	770,880	185,335
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,959,164)	(2,609,693)	(482,665)	(19,092)
Proceeds from the sale of capital assets	36,300	875,175	20,000	-
Principal paid on bonds	(1,612,000)	-	-	-
Principal paid on notes payable and capital leases	(45,386)	-	(242,045)	(118,361)
Interest paid	(3,473,119)	-	(37,040)	(89,489)
Net cash (used in) capital and related financing activities	(7,053,369)	(1,734,518)	(741,750)	(226,942)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(3,956,323)	(3,649,820)	-	-
Proceeds from the sale of investments	3,123,527	3,104,523	203,000	-
Interest and dividends received	264,312	457,428	17,483	7,072
Net cash provided by (used in) investing activities	(568,484)	(87,869)	220,483	7,072
Increase (decrease) in cash and cash equivalents	(1,868,674)	905,068	(81,811)	161,359
Cash and cash equivalents:				
Beginning of year	3,641,683	1,209,553	322,793	831,015
End of year	$ 1,773,009	$ 2,114,621	$ 240,982	$ 992,374
Classified as:				
Cash and cash equivalents	$ 325,509	$ 1,660,751	$ -	$ 817,286
Restricted assets, cash	1,447,500	453,870	240,982	175,088
	$ 1,773,009	$ 2,114,621	$ 240,982	$ 992,374

(Continued)

Totals	Governmental Activities Internal Service Fund - Motor Pool
$ 62,655,182	$ -
-	1,358,139
(38,588,165)	(1,625,314)
(8,964,098)	(576,964)
15,102,919	(844,139)
155,219	-
(33,896,474)	-
27,939,655	945,650
(5,801,600)	945,650
(5,070,614)	4,986
931,475	-
(1,612,000)	-
(405,792)	-
(3,599,648)	-
(9,756,579)	4,986
(7,606,143)	-
6,431,050	-
746,295	-
(428,798)	-
(884,058)	106,497
6,005,044	-
$ 5,120,986	$ 106,497
$ 2,803,546	$ 106,497
2,317,440	-
$ 5,120,986	$ 106,497

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	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)	$ 4,337,953	$ 6,463,823	$ (892,209)	$ (475,738)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,955,116	604,920	318,322	437,432
Changes in assets and liabilities:				
Decrease in accounts receivable	5,336	705,022	429	2,911
Decrease in due from Spalding County	727,736	-	-	-
Decrease in due from other governments	-	-	-	92,987
(Increase) decrease in inventories	(196,404)	(594,129)	-	7,347
Decrease in due from other funds	363,552	238,866	200,000	104,836
Decrease in prepaids and other assets	18,136	4,516	12,082	12,001
Increase (decrease) in checks issued in excess of bank balance	-	-	75,212	43,872
Increase (decrease) in accounts payable	(444,877)	107,697	28,866	43,475
Increase (decrease) in accrued liabilities	(11,868)	4,053	(26,931)	1,586
Increase in customer deposits	-	441,790	-	-
Increase in landfill closure / postclosure care costs	-	-	15,779	-
(Decrease) in due to other funds	(264,229)	(228,560)	(62,974)	(74,815)
Net cash provided by (used in) operating activities	$ 7,490,451	$ 7,747,998	$ (331,424)	$ 195,894
Noncash investing, capital, and financing activities:				
Unrealized gain on investments	$ -	$ 907	$ -	$ -

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

Totals	Governmental Activities Internal Service Fund - Motor Pool
$ 9,433,829	$ (1,476,950)
4,315,790	675,676
713,698	-
727,736	-
92,987	-
(783,186)	(2,764)
907,254	40,485
46,735	43,190
119,084	(20,159)
(264,839)	(104,569)
(33,160)	952
441,790	-
15,779	-
(630,578)	-
$ 15,102,919	$ (844,139)
$ 907	$ -

CITY OF GRIFFIN, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2007

	Municipal Court
ASSETS	
Cash and cash equivalents	$ 196,973
Total assets	196,973
LIABILITIES	
Due to others	196,973
Total liabilities	$ 196,973

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

B. Government-wide and fund financial statements

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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 (except for the two permanent funds and the Confiscated Assets Fund) 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 items 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, 2007, $10,114 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	
Land improvements	10 - 50 years
Buildings	10 - 50 years
Improvements other than buildings	5 - 50 years
Machinery and 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 only if they have matured, for example, as a result of employee resignations and retirements.

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, 2007, the City contributed $147,791 and employees contributed $495,759.

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 $6,411,477 difference are as follows:

Capital leases	$	5,193,422
Compensated absences		1,080,814
Accrued interest		137,241
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	6,411,477

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 $4,115,702 difference are as follows:

Capital outlay	$	5,686,173
Depreciation expense		(1,570,471)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	4,115,702

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

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

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $4,146,846 difference are as follows:

Proceeds from capital leases	$	4,408,000
Principal retirement on long-term debt		(261,154)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	4,146,846

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 $387,475 difference are as follows:

Compensated absences	$	100,496
Net pension obligation		149,738
Accrued interest		137,241
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	387,475

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2007, are summarized as follows:

Amounts as presented on the entity wide statement of net assets:		
Cash and cash equivalents	$	4,155,134
Investments		5,496,345
Restricted cash and cash equivalents		2,317,440
Restricted investments		6,693,314
Checks issued in excess of bank balance		(129,519)
Amounts as presented on the fiduciary statement of net assets:		
Cash and cash equivalents - Agency Fund		196,973
Total	$	18,729,687

Cash deposited with financial institutions	$	12,968,067
Cash deposited with Georgia Fund 1		442,988
Investments in the Municipal Competitive Trust		3,182,034
Investments in Federated securities		1,439,809
Investments in governmental bonds		199,528
Investments in corporate bonds		391,612
Investments in taxable unit trust		105,649
	$	18,729,687

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, 2007, 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. The City's investments in corporate bonds and taxable unit trusts were rated AA by Standard and Poor's. All other City investments were rated AAA by Standard & Poor's.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2007, the City had the following investments:

Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	16 - 20	21 - 25
Georgia Fund 1	$ 442,988	$ 442,988	$ -	$ -	$ -
Certificates of Deposit	6,413,039	3,677,079	2,735,960	-	-
Municipal Competitive Trust - Short-term	3,182,034	3,182,034	-	-	-
Federated Equity Fund	942,900	N/A	-	-	-
Federated U.S. Government Funds	496,909	-	-	80,996	415,913
Taxable unit trust	105,649	N/A	-	-	-
Governmental bonds	199,528	149,528	50,000	-	-
Corporate bonds	391,612	-	191,581	-	200,031
Total	$ 12,174,659	$ 7,451,629	$ 2,977,541	$ 80,996	$ 615,944

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, 2007, 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 $907 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	$ 1,118,485	$ 7,982	$ -
Accounts	507,898	-	105,065
Intergovernmental	71,155	16,485	203
Gross receivables	1,697,538	24,467	105,268
Less: allowance for uncollectibles	(208,757)	-	(5,593)
Net total receivables	$ 1,488,781	$ 24,467	$ 99,675

	Electric	Nonmajor Enterprise	Total
Receivables:			
Taxes	$ -	$ -	$ 1,126,467
Accounts	13,924,594	11,995	14,549,552
Intergovernmental	-	-	87,843
Gross receivables	13,924,594	11,995	15,763,862
Less: allowance for uncollectibles	(6,003,116)	-	(6,217,466)
Net total receivables	$ 7,921,478	$ 11,995	$ 9,546,396

Property Taxes

Property taxes were levied on behalf of the City by Spalding County on July 27, 2006, (Levy Date) based upon property values assessed as of January 1. The billings were mailed on September 15, 2006, and payable on or before November 15, 2006, for the fiscal year 2006 tax. Taxes not paid within 30 days of the November 15 due date were subject to property tax liens on December 16, 2006. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during fiscal year 2006 for the City's operations was 8.63 mills (mill equals $1 per thousand dollars of assessed value).

The City does maintain an allowance for uncollectible property taxes. At June 30, 2007, the allowance for uncollectible property taxes was $208,757.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 911,299	$ 312,820	$ -	$ -	$ 1,224,119
Construction in progress	915,496	664,339	-	(796,284)	783,551
Total capital assets, not being depreciated	1,826,795	977,159	-	(796,284)	2,007,670
Capital assets, being depreciated:					
Buildings and improvements	4,333,901	3,724,488	-	-	8,058,389
Machinery and equipment	18,794,750	1,320,027	(18,700)	-	20,096,077
Infrastructure	27,302,876	-	-	796,284	28,099,160
Total capital assets, being depreciated	50,431,527	5,044,515	(18,700)	796,284	56,253,626
Less accumulated depreciation for:					
Buildings and improvements	(1,124,359)	(190,698)	-	-	(1,315,057)
Machinery and equipment	(15,683,822)	(1,164,498)	13,713	-	(16,834,607)
Infrastructure	(19,618,549)	(890,951)	-	-	(20,509,500)
Total accumulated depreciation	(36,426,730)	(2,246,147)	13,713	-	(38,659,164)
Total capital assets, being depreciated, net	14,004,797	2,798,368	(4,987)	796,284	17,594,462
Governmental activities capital assets, net	$ 15,831,592	$ 3,775,527	$ (4,987)	$ -	$ 19,602,132

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for them are included as part of the above totals for governmental activities. At year end, $1,755,210 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	$ 7,675,744	$ 4,000	$ (29,523)	$ -	$ 7,650,221
Construction in progress	3,185,130	2,116,564	(92,498)	(219,432)	4,989,764
Total capital assets, not being depreciated	10,860,874	2,120,564	(122,021)	(219,432)	12,639,985
Capital assets, being depreciated:					
Land improvements	4,180,861	-	-	219,432	4,400,293
Buildings	35,799,119	5,402	-	-	35,804,521
Improvements other than buildings	90,442,144	1,810,093	(290,289)	-	91,961,948
Machinery and equipment	19,240,134	1,146,613	-	-	20,386,747
Total capital assets, being depreciated	149,662,258	2,962,108	(290,289)	219,432	152,553,509
Less accumulated depreciation for:					
Land improvements	(702,267)	(167,012)	-	-	(869,279)
Buildings	(10,475,831)	(814,943)	-	-	(11,290,774)
Improvements other than buildings	(16,204,969)	(2,318,885)	51,316	-	(18,472,538)
Machinery and equipment	(12,456,222)	(1,014,950)	-	-	(13,471,172)
Total accumulated depreciation	(39,839,289)	(4,315,790)	51,316	-	(44,103,763)
Total capital assets, being depreciated, net	109,822,969	(1,353,682)	(238,973)	219,432	108,449,746
Business-type activities activities capital assets, net	$ 120,683,843	$ 766,882	$ (360,994)	$ -	$ 121,089,731

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	327,053
Public safety		295,304
Public works		938,970
Parks and recreation		9,144
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		675,676
Total depreciation expense - governmental activities	$	2,246,147
Business-type activities:		
Water and wastewater	$	2,955,116
Electric		604,920
Solid waste		318,322
Stormwater		230,775
Airport		142,065
Welcome center		41,829
Golf course		22,763
Total depreciation expense - business-type activities	$	4,315,790

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, 2007, are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Combined Utility, Series 2002	$ 64,385,000	2.00% - 5.125%	2032	$ 64,045,000
Combined Utility, Series 2005	9,748,000	3.59%	2017	8,842,000
				72,887,000
			Less current portion	(1,678,000)
				$ 71,209,000

NOTE 6. LONG-TERM DEBT (CONTINUED)

Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2002

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

Combined Public Utility Revenue Bonds, Series 2005

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

NOTE 6. LONG-TERM DEBT (CONTINUED)

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

Fiscal Year Payable	Total	Principal	Interest
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	5,108,988	1,932,000	3,176,988
2013 - 2017	25,535,354	10,879,000	14,656,354
2018 - 2022	25,540,280	13,595,000	11,945,280
2023 - 2027	25,539,634	17,290,000	8,249,634
2028 - 2032	25,546,000	22,120,000	3,426,000
	$ 127,701,176	$ 72,887,000	$ 54,814,176

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, 2007:

Original Amount	Interest Rate	Due Date	Amount
$ 653,145	5.80%	2010	$ 143,830
		Less current portion	(48,078)
			$ 95,752

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
2008	$ 55,169	$ 48,078	$ 7,091
2009	55,169	50,961	4,208
2010	45,994	44,791	1,203
	$ 156,332	$ 143,830	$ 12,502

NOTE 6. LONG-TERM DEBT (CONTINUED)

Other Long-Term Debt (Continued):

The Stormwater Utility Fund has incurred debt to the Georgia Environmental Facilities Authority for utility system improvements. This note is as follows at June 30, 2007:

Original Amount	Interest Rate	Due Date	Amount
$ 2,759,602	3.75%	2022	$ 2,321,751
		Less current portion	(122,740)
			$ 2,199,011

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

Fiscal Year Payable	Total	Principal	Interest
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	207,851	142,624	65,227
2013 - 2017	1,039,253	799,683	239,570
2018 - 2022	934,967	859,097	75,870
	$ 3,013,475	$ 2,321,751	$ 691,724

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 7.81%.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Leases (Continued):

The following is an analysis of equipment leased under capital leases as of June 30, 2007:

	Governmental Activities	Solid Waste Fund	Total
Buildings	$ 3,586,460	$ -	$ 3,586,460
Equipment	1,867,800	803,272	2,671,072
Construction in progress	467,457	-	467,457
Less accumulated depreciation	(407,339)	(218,392)	(625,731)
Carrying value	$ 5,514,378	$ 584,880	$ 6,099,258

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, 2007:

Fiscal year ending	Governmental Activities	Solid Waste Fund	Total
2008	$ 687,199	$ 217,783	$ 904,982
2009	637,610	197,349	834,959
2010	541,383	179,903	721,286
2011	413,821	92,674	506,495
2012	413,821	92,674	506,495
2013 - 2017	4,336,049	92,674	4,428,723
Total minimum lease payments	7,029,883	873,057	7,902,940
Less amount representing interest	(1,836,461)	(87,515)	(1,923,976)
Present value of future minimum lease payments	5,193,422	785,542	5,978,964
Less current maturities	(346,848)	(189,467)	(536,315)
	$ 4,846,574	$ 596,075	$ 5,442,649

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 site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately $953,776 over the remaining 16 year period. These costs are based on what it would cost to perform all postclosure care in 2001, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Effective December 2006, the City of Griffin Shoal Creek Landfill Phase 2 was closed and no additional waste has been accepted. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate closure and postclosure costs of approximately $782,491 over the remaining 30 year period. These costs are based on what it would cost to perform all postclosure care in 2007, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

State and federal laws and regulations require the City to place a final cover on its Shoal Creek Landfill Phase 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2024, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount noted as Phase 3 below reported as landfill closure and postclosure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of 3% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $2,143,133 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Shoal Creek Road Landfill Phase 1 postclosure care costs	$ 953,776
Shoal Creek Road Landfill Phase 2 closure and postclosure care costs	782,491
Shoal Creek Road Landfill Phase 3 closure and postclosure care costs	75,647
Total closure and postclosure care costs recorded within the Solid Waste Fund	1,811,914
Less current portion	(174,610)
	$ 1,637,304

NOTE 6. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 1,046,576	$ 4,408,000	$ (261,154)	$ 5,193,422	$ 346,848
Compensated absences	990,542	962,441	(860,872)	1,092,111	819,083
Governmental activity Long-term liabilities	$ 2,037,118	$ 5,370,441	$ (1,122,026)	$ 6,285,533	$ 1,165,931
Business-type activities:					
Revenue bonds	$ 74,499,000	$ -	$ (1,612,000)	$ 72,887,000	$ 1,678,000
Notes payable	2,629,328	-	(163,747)	2,465,581	170,818
Compensated absences	686,711	552,211	(608,068)	630,854	473,139
Capital leases	1,027,587	-	(242,045)	785,542	189,467
Landfill closure / postclosure	1,796,135	171,469	(155,690)	1,811,914	174,610
Business-type activity Long-term liabilities	$ 80,638,761	$ 723,680	$ (2,781,550)	$ 78,580,891	$ 2,686,034

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, $11,297 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

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, 2007, was $6,000.

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

2008	$ 6,000
2009	6,000
2010	3,000
	$ 15,000

NOTE 7. OPERATING LEASES (Continued)

The following is an analysis of the capital assets leased under the operating lease agreement as of June 30, 2007:

Land	$ 1,492,380
Land improvements	75,000
Buildings	383,391
Machinery and equipment	22,579
Less accumulated depreciation	(214,766)
Carrying value	$ 1,758,584

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.

As of January 1, 2007, the date of the most recent actuarial valuation, there were 606 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	151
Vested terminated employees not yet receiving benefits	54
Active employees	401
Total	606

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 11.51% of annual covered payroll.

NOTE 8. PENSION PLAN (CONTINUED)

C. Annual Pension Cost

For the year ended June 30, 2007, the City's annual pension cost was $1,863,340 for the City of Griffin Retirement Plan. The recommended contribution of $1,713,602 was determined as part of the January 1, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% investment rate of return, (b) projected salary increases for inflation of 5.0% per year and for merit or seniority of .5% per year, and (c) 3.0% cost of living adjustment. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2006, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses; 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization period for the unfunded actuarial accrued liability is open as of the latest actuarial valuation. The method for determining the actuarial value of assets is part of GMEBS actuarial funding policy. It produces an adjusted actuarial value of assets.

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

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2007 is as follows:

Annual required contribution	$ 1,713,602
Interest on net pension obligation (asset)	(58,232)
Adjustments to annual required contribution	207,970
Annual pension cost	1,863,340
Contributions made	1,713,602
Decrease in net pension obligation	149,738
Net pension obligation (asset), beginning of year	(2,911,582)
Net pension obligation (asset), end of year	$ (2,761,844)

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).

Year Ending	Annual Pension Cost	Actual City Contribution	Percentage Contributed	Net Pension Obligation (Asset)
June 30, 2005	$ 1,955,007	2,129,847	$ 109%	(3,054,107)
June 30, 2006	1,904,501	1,761,976	93%	(2,911,582)
June 30, 2007	1,863,340	1,713,602	92%	(2,761,844)

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, 2007:

Executive	$	73,415
Police		175,412
Fire		114,078
Cemetery		3,600
Business and Tourism Association - housing and economic development		2,209

These over expenditures 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, 2007:

Solid Waste Fund	$	568,702

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

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2007 are as follows:

	Due From			
	General	Nonmajor Governmental	Electric	Water / Wastewater
Due To				
General Fund	$ -	$ 15,014	$ -	$ -
Nonmajor governmental	150,722	2,281	-	-
Water / Wastewater	350,000	-	-	-
Internal service funds	296,790	-	13,029	8,964
Nonmajor enterprise	12,600	2,281	-	-
Total	$ 810,112	$ 19,576	$ 13,029	$ 8,964

	Solid Waste	Nonmajor Enterprise	Total
Due To			
General Fund	$ -	$ 158,364	$ 173,378
Nonmajor governmental	-	-	153,003
Water/Wastewater	-	-	350,000
Internal Service Funds	40,899	22,328	382,010
Nonmajor enterprise	-	55	14,936
Total	$ 40,899	$ 180,747	$ 1,073,327

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, 2007 consisted of the following:

	Transfer To			
	General	Nonmajor Governmental	Water/ Wastewater	Electric
Transfer From				
General Fund	$ -	$ 78,407	$ 4,824,314	$ 2,519,949
Nonmajor Governmental	44,996	27,880	-	-
Water / Wastewater	152,788	-	-	6,830,227
Electric	17,481,893	-	235,941	-
Solid Waste	-	-	198,304	4,431,048
Nonmajor Enterprise	8,398	-	423	1,727,250
Total	$ 17,688,075	$ 106,287	$ 5,258,982	$ 15,508,474

	Solid Waste	Internal Service	Nonmajor Enterprise	Total
Transfer From				
General Fund	$ 3,134,157	$ 941,704	$ 1,203,621	$ 12,702,152
Nonmajor Governmental	-	-	8,165	81,041
Water / Wastewater	-	-	13,239	6,996,254
Electric	2,271,775	-	539,408	20,529,017
Solid Waste	-	3,866	1,834	4,635,052
Nonmajor Enterprise	-	80	-	1,736,151
Total	$ 5,405,932	$ 945,650	$ 1,766,267	$ 46,679,667

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, 2007, $83,210 of hotel/motel tax was collected. Of the total collected, over 43% was used for the promotion of tourism within the City ($8,163 to the Griffin Business and Tourism Association and $27,880 to the City's Welcome Center).

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, 2007, the City paid $23,286 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, 2007, the City along with Spalding County entered into an interlocal cooperation agreement for the purpose of establishing the Griffin / Spalding County Land Bank Authority (the “Authority”). The Authority’s purpose is to return land which is in a non-revenue generating, non-tax producing status to an effective utilization status in order to provide affordable housing, new trade, commerce, industry, and employment opportunities for the citizens of the City and Spalding County. The Authority is governed by a four member board of directors appointed equally by the City and Spalding County. The City has no further accountability for this organization.

NOTE 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.

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, 2007, 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 $26,403,034 in 2007.

At June 30, 2007, the outstanding debt of MEAG was approximately $3.66 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $156.72 million at June 30, 2007.

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, 2007, there were 103 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 2007, those costs were approximately $554,800.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

COMBINING STATEMENTS
AND SCHEDULES

CITY OF GRIFFIN, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

PERMANENT FUNDS

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

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

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

CITY OF GRIFFIN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue Funds				Capital Project Fund
ASSETS	**Hotel/ Motel Tax Fund**	**Multiple Grant Fund**	**Confiscated Assets Fund**	**Business and Tourism Association**	**General Capital Projects Fund**
Cash and cash equivalents	$ -	$ 83,010	$ 20,707	$ 1,017	$ 882
Investments	-	-	-	-	-
Taxes receivable	7,982	-	-	-	-
Due from other governments	-	16,485	-	-	-
Due from other funds	-	-	-	2,281	150,722
Assets held for resale	-	-	-	-	-
Total assets	$ 7,982	$ 99,495	$ 20,707	$ 3,298	$ 151,604
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ 1,798
Accrued liabilities	-	-	-	594	-
Due to other funds	7,982	-	-	1,000	-
Total liabilities	7,982	-	-	1,594	1,798
FUND BALANCES					
Reserved:					
Reserved for special projects	-	-	-	-	-
Unreserved, undesignated	-	99,495	20,707	1,704	149,806
Total fund balances	-	99,495	20,707	1,704	149,806
Total liabilities and fund balances	$ 7,982	$ 99,495	$ 20,707	$ 3,298	$ 151,604

Permanent Funds		
Cemetery Trust Fund	Mausoleum Trust Fund	Totals
$ 534,094	$ 30,549	$ 670,259
1,439,809	275,000	1,714,809
-	-	7,982
-	-	16,485
-	-	153,003
180,276	-	180,276
$ 2,154,179	$ 305,549	$ 2,742,814
$ -	$ -	$ 1,798
-	-	594
10,594	-	19,576
10,594	-	21,968
2,143,585	305,549	2,449,134
-	-	271,712
2,143,585	305,549	2,720,846
$ 2,154,179	$ 305,549	$ 2,742,814

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue Funds				Capital Project Fund
	Hotel/ Motel Tax Fund	Multiple Grant Fund	Confiscated Assets Fund	Business and Tourism Association	General Capital Projects Fund
Revenues:					
Other taxes	$ 83,210	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-
Intergovernmental	-	82,504	-	-	-
Interest revenue	-	1,179	-	7	-
Other revenues	-	-	31,961	-	-
Total revenues	83,210	83,683	31,961	7	-
Expenditures:					
Current					
Public safety	-	65,044	7,761	-	-
Public works	-	-	-	-	-
Housing and economic development	-	-	-	78,048	-
Capital outlay	-	-	-	-	10,734
Total expenditures	-	65,044	7,761	78,048	10,734
Excess (deficiency) of revenues over (under) expenditures	83,210	18,639	24,200	(78,041)	(10,734)
Other financing sources (uses)					
Transfers in	-	15,057	-	81,681	9,549
Transfers out	(77,548)	-	(3,493)	-	-
Total other financing sources (uses)	(77,548)	15,057	(3,493)	81,681	9,549
Net change in fund balances	5,662	33,696	20,707	3,640	(1,185)
Fund balances (deficit), beginning of year	(5,662)	65,799	-	(1,936)	150,991
Fund balances, end of year	$ -	$ 99,495	$ 20,707	$ 1,704	$ 149,806

Permanent Funds		
Cemetery Trust Fund	Mausoleum Trust Fund	Totals
$ -	$ -	$ 83,210
59,924	-	59,924
-	-	82,504
197,397	17,122	215,705
-	-	31,961
257,321	17,122	473,304
-	-	72,805
30,475	-	30,475
-	-	78,048
-	-	10,734
30,475	-	192,062
226,846	17,122	281,242
-	-	106,287
-	-	(81,041)
-	-	25,246
226,846	17,122	306,488
1,916,739	288,427	2,414,358
$ 2,143,585	$ 305,549	$ 2,720,846

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, 2007

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Other taxes	$ 70,000	$ 83,210	$ 13,210
EXPENDITURES			
Housing and development	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	70,000	83,210	13,210
Other financing (uses)			
Transfers out	(70,000)	(77,548)	(7,548)
Total other financing (uses)	(70,000)	(77,548)	(7,548)
Net change in fund balance	-	5,662	5,662
FUND BALANCES (Deficit), beginning of year	(5,662)	(5,662)	-
FUND BALANCES (Deficit), end of year	$ (5,662)	$ -	$ 5,662

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, 2007

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 87,809	$ 82,504	$ (5,305)
Interest revenue	-	1,179	1,179
Total revenues	87,809	83,683	(4,126)
EXPENDITURES			
Public safety	96,531	65,044	31,487
Total expenditures	96,531	65,044	31,487
Excess (deficiency) of revenues over expenditures	(8,722)	18,639	27,361
Other financing sources			
Transfers in	-	15,057	15,057
Total other financing sources	-	15,057	15,057
Net change in fund balance	(8,722)	33,696	42,418
FUND BALANCES, beginning of year	65,799	65,799	-
FUND BALANCES, end of year	$ 57,077	$ 99,495	$ 42,418

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, 2007

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest revenue	$ -	$ 7	$ 7
Total revenues	-	7	7
EXPENDITURES			
Housing and economic development	75,839	78,048	(2,209)
Total expenditures	75,839	78,048	(2,209)
Deficiency of revenues under expenditures	(75,839)	(78,041)	(2,202)
Other financing sources			
Transfers in	61,824	81,681	19,857
Total other financing sources	61,824	81,681	19,857
Net change in fund balance	(14,015)	3,640	17,655
FUND BALANCES (Deficit), beginning of year	(1,936)	(1,936)	-
FUND BALANCES, end of year	$ (15,951)	$ 1,704	$ 17,655

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, 2007

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
ASSETS					
CURRENT ASSETS					
Cash	$ -	$ 595,785	$ -	$ 221,501	$ 817,286
Restricted assets, cash	-	-	-	175,088	175,088
Accounts receivable, net of allowances	-	3,600	-	8,395	11,995
Due from other funds	-	55	14,881	-	14,936
Inventories	-	49,173	-	-	49,173
Prepaid expenses	6,782	5,081	1,292	945	14,100
Total current assets	6,782	653,694	16,173	405,929	1,082,578
NONCURRENT ASSETS					
Capital assets:					
Nondepreciable	169,923	75,000	365,500	1,492,380	2,102,803
Depreciable, net of accumulated depreciation	5,877,459	3,029,908	1,790,445	266,204	10,964,016
Total noncurrent assets	6,047,382	3,104,908	2,155,945	1,758,584	13,066,819
Total assets	6,054,164	3,758,602	2,172,118	2,164,513	14,149,397
LIABILITIES					
CURRENT LIABILITIES					
Checks issued in excess of bank balance	43,872	-	-	-	43,872
Accounts payable	20,866	122,197	337	-	143,400
Accrued liabilities	13,245	15,322	1,523	-	30,090
Current portion - compensated absences	10,390	2,077	-	-	12,467
Current portion - notes payable	122,740	-	-	-	122,740
Due to other funds	20,684	160,008	-	55	180,747
Total current liabilities	231,797	299,604	1,860	55	533,316
NONCURRENT LIABILITIES					
Compensated absences, net of current portion	3,464	693	-	-	4,157
Notes payable, net of current portion	2,199,011	-	-	-	2,199,011
Total noncurrent liabilities	2,202,475	693	-	-	2,203,168
Total liabilities	2,434,272	300,297	1,860	55	2,736,484
NET ASSETS					
Invested in capital assets, net of related debt	3,725,631	3,104,908	2,155,945	1,758,584	10,745,068
Unrestricted	(105,739)	353,397	14,313	405,874	667,845
Total net assets	$ 3,619,892	$ 3,458,305	$ 2,170,258	$ 2,164,458	$ 11,412,913

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, 2007

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
OPERATING REVENUES					
Charges for services	$ 1,508,697	$ 631,281	$ -	$ -	$ 2,139,978
Other services	67,453	6,116	-	16,988	90,557
Total operating revenues	1,576,150	637,397	-	16,988	2,230,535
OPERATING EXPENSES					
Personal services	613,500	185,894	-	-	799,394
Purchased or contracted service	413,982	757,091	53,581	14,932	1,239,586
Supplies	100,679	15,443	1,650	-	117,772
Miscellaneous	54,286	57,803	-	-	112,089
Depreciation	230,775	142,065	41,829	22,763	437,432
Total operating expenses	1,413,222	1,158,296	97,060	37,695	2,706,273
Operating income (loss)	162,928	(520,899)	(97,060)	(20,707)	(475,738)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	-	155,219	-	-	155,219
Interest revenue	558	2,774	-	3,740	7,072
Interest expense	(89,137)	-	-	-	(89,137)
Total nonoperating revenues (expenses)	(88,579)	157,993	-	3,740	73,154
Income (loss) before transfers	74,349	(362,906)	(97,060)	(16,967)	(402,584)
TRANSFERS					
Transfers out	(1,727,753)	-	-	(8,398)	(1,736,151)
Transfers in	1,409,303	273,267	53,171	30,526	1,766,267
Total transfers	(318,450)	273,267	53,171	22,128	30,116
Change in net assets	(244,101)	(89,639)	(43,889)	5,161	(372,468)
NET ASSETS, beginning of year	3,863,993	3,547,944	2,214,147	2,159,297	11,785,381
NET ASSETS, end of year	$ 3,619,892	$ 3,458,305	$ 2,170,258	$ 2,164,458	$ 11,412,913

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 1,712,768	$ 649,017	$ -	$ 9,000	$ 2,370,785
Payments to suppliers	(573,314)	(706,925)	(53,023)	(31,126)	(1,364,388)
Payments to employees	(614,210)	(196,145)	(148)	-	(810,503)
Net cash provided by (used in) operating activities	525,244	(254,053)	(53,171)	(22,126)	195,894
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	-	155,219	-	-	155,219
Transfers out	(1,727,753)	-	-	(8,398)	(1,736,151)
Transfers in	1,409,303	273,267	53,171	30,526	1,766,267
Net cash provided by (used in) noncapital financing activities	(318,450)	428,486	53,171	22,128	185,335
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(19,092)	-	-	-	(19,092)
Principal paid on notes payable and capital leases	(118,361)	-	-	-	(118,361)
Interest paid	(89,489)	-	-	-	(89,489)
Net cash used in capital and related financing activities	(226,942)	-	-	-	(226,942)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	558	2,774	-	3,740	7,072
Net cash provided by investing activities	558	2,774	-	3,740	7,072
Increase (decrease) in cash and cash equivalents	(19,590)	177,207	-	3,742	161,359
Cash and cash equivalents:					
Beginning of year	19,590	418,578	-	392,847	831,015
End of year	$ -	$ 595,785	$ -	$ 396,589	$ 992,374
Classified as:					
Cash	$ -	$ 595,785	$ -	$ 221,501	$ 817,286
Restricted assets, cash	-	-	-	175,088	175,088
	$ -	$ 595,785	$ -	$ 396,589	$ 992,374

(Continued)

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	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)	$ 162,928	$ (520,899)	$ (97,060)	$ (20,707)	$ (475,738)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	230,775	142,065	41,829	22,763	437,432
(Increase) decrease in accounts receivable	136	10,763	-	(7,988)	2,911
Decrease in due from other governments	92,987	-	-	-	92,987
Decrease in inventory	-	7,347	-	-	7,347
Decrease in due from other funds	100,000	-	4,836	-	104,836
(Increase) decrease in prepaids and other assets	4,588	4,876	(436)	2,973	12,001
Increase in checks issued in excess of bank balance	43,872	-	-	-	43,872
Increase (decrease) in accounts payable	(52,827)	99,265	(2,963)	-	43,475
Increase (decrease) in accrued liabilities	(710)	1,673	623	-	1,586
Increase (decrease) in due to other funds	(56,505)	857	-	(19,167)	(74,815)
Net cash provided by (used in) operating activities	$ 525,244	$ (254,053)	$ (53,171)	$ (22,126)	$ 195,894

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2007

	Municipal Court			
	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
ASSETS				
Cash and cash equivalents	$ 181,963	$ 765,370	$ (750,360)	$ 196,973
Total assets	$ 181,963	$ 765,370	$ (750,360)	$ 196,973
LIABILITIES				
Due to others	$ 181,963	$ 765,370	$ (750,360)	$ 196,973
Total liabilities	$ 181,963	$ 765,370	$ (750,360)	$ 196,973

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 ..... **73 - 78**
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 ..... **79 - 85**
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity ..... **86 - 89**
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 ..... **90 and 91**
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 ..... **92 - 94**
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 FOUR FISCAL YEARS

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

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Primary government:				
Governmental activities:				
General government	$ 4,029,945	$ 4,755,055	$ 5,665,886	$ 6,263,855
Judicial	16,453	232,360	147,337	138,435
Public safety [a]	11,702,958	11,817,622	13,268,194	13,804,583
Public works	3,835,115	4,447,313	4,116,631	4,573,818
Parks and recreation	346,028	350,586	412,667	426,302
Housing and development	672,308	360,112	596,803	755,454
Interest and fiscal changes	19,207	45,564	21,826	175,391
Total governmental activities expenses	20,622,014	22,008,612	24,229,344	26,137,838
Business-type activities:				
Water and Wastewater [b]	13,451,905	12,050,829	13,668,876	15,055,974
Electric [c]	27,476,473	27,846,434	30,161,161	31,007,937
Solid Waste	5,261,465	5,452,149	5,980,372	6,634,031
Stormwater	1,782,002	1,821,120	1,567,435	1,538,814
Airport	1,196,739	882,948	1,025,792	1,163,804
Welcome Center	94,566	108,408	122,687	97,060
Golf Course [d]	793,608	436,261	41,378	37,695
Total business-type activities expenses	50,056,758	48,598,149	52,567,701	55,535,315
Total primary government expenses	70,678,772	70,606,761	76,797,045	81,673,153
Program revenues				
Primary government:				
Governmental activities:				
Charges for services [e]	4,320,663	6,212,998	7,042,030	7,745,892
Operating grants and contributions	347,941	449,113	413,975	363,998
Capital grants and contributions [f]	231,660	-	-	335,500
Total governmental activities program revenues	4,900,264	6,662,111	7,456,005	8,445,390
Business-type activities:				
Charges for services [g]	48,892,991	52,615,034	58,196,357	60,387,964
Operating grants and contributions	105,000	158,883	155,219	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	60,543,183
Total primary government program revenues	54,501,753	59,440,347	65,819,381	68,988,573

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
General revenues and other changes in net assets				
Primary government:				
Governmental activities:				
Property taxes	4,950,494	4,966,178	4,875,516	4,976,391
Sales taxes	3,214,610	3,370,370	3,713,381	3,643,076
Insurance premium tax	1,007,341	1,091,683	1,174,508	1,228,829
Alcoholic beverage taxes	569,880	583,404	607,163	616,134
Business occupational taxes	457,428	457,860	451,474	462,636
Other taxes	158,789	175,018	186,959	181,064
Franchise fees	565,660	571,945	596,534	599,456
Unrestricted investment earnings	116,630	115,668	112,359	314,039
Gain on sale of assets	-	-	71,085	21,607
Transfers	1,942,295	7,791,881	4,522,658	5,952,873
Total governmental activities general revenues and other changes in net assets	12,983,127	19,124,007	16,311,637	17,996,105
Business-type activities:				
Unrestricted investment earnings	286,495	742,558	811,917	747,202
Gain on sale of assets	265,698	-	42,631	572,424
Transfers	(1,942,295)	(7,791,881)	(4,522,658)	(5,952,873)
Total business type activities general revenues and other changes in net assets	(1,390,102)	(7,049,323)	(3,668,110)	(4,633,247)
Total primary government general revenues and other changes in net assets	11,593,025	12,074,684	12,643,527	13,362,858
Change in net assets				
Governmental activities	(2,738,623)	3,777,506	(461,702)	303,657
Business-type activities	(1,845,371)	(2,869,236)	2,127,565	374,621
Total primary government change in net assets	$ (4,583,994)	$ 908,270	$ 1,665,863	$ 678,278

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

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

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

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

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

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

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

CITY OF GRIFFIN, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

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

CITY OF GRIFFIN, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS

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

[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 equipm

[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
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	11,646
2007	4,955	3,643	463	2,625	11,686

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
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%
2007	2006	246,541,282	210,914,389	110,413,777	44,082,271	41,696,761	570,254,958	8.63	1,425,637,395	40%

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,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Municipal rates:										
City of Griffin:										
Maintenance and operations	14.56	15.76	16.00	15.61	14.97	13.66	14.53	14.61	14.97	15.11
Debt service	0.28	-	-	-	-	-	-	-	-	-
Sales tax reduction	(5.52)	(6.30)	(6.54)	(6.15)	(6.12)	(4.81)	(5.68)	(5.96)	(6.34)	(6.51)
Total City of Griffin	9.32	9.46	9.46	9.46	8.85	8.85	8.85	8.65	8.63	8.60
City of Orchard Hill maintenance and operations	-	-	5.00	5.00	5.00	5.00	5.00	4.99	4.95	4.95
City of Sunny Side maintenance and operations	5.00	5.00	5.00	5.00	4.36	4.36	4.36	4.36	4.36	4.36
Spalding County rates:										
Unincorporated maintenance and operations	11.55	11.55	9.70	9.70	9.88	11.91	13.53	13.46	13.41	13.39
Fire protection (1)	5.74	5.77	5.26	5.13	5.16	4.58	4.70	4.76	4.81	4.81
Insurance premium rollback (1)	(2.51)	(2.54)	(2.18)	(2.05)	(2.08)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)
Board of Education	18.83	18.64	18.02	19.57	18.94	18.55	18.95	18.90	18.85	18.82
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated Spalding County	33.86	33.67	31.05	32.60	32.15	33.80	35.82	35.68	35.56	35.51
Total Municipalities:										
City of Griffin	39.95	39.90	37.43	38.98	37.92	39.56	41.58	41.26	41.14	41.08
City of Orchard Hill	30.63	30.44	32.97	34.52	34.07	35.71	37.73	37.60	37.46	37.43
City of Sunny Side	35.63	35.44	32.97	34.52	33.43	35.07	37.09	36.97	36.87	36.84

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	
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%	64,643	4,079,067	99.70%	12,085
2001	2000	4,303,851	4,118,179	95.69%	128,405	4,246,584	98.67%	57,267
2002	2001	4,424,983	4,270,548	96.51%	141,196	4,411,744	99.70%	13,239
2003	2002	4,611,972	4,393,246	95.26%	200,434	4,593,680	99.60%	18,292
2004	2003	4,858,911	4,696,598	96.66%	149,063	4,845,661	99.73%	13,250
2005	2004	4,985,616	4,863,916	97.56%	106,986	4,970,902	99.70%	14,714
2006	2005	4,823,638	4,702,117	97.48%	86,755	4,788,872	99.28%	34,766
2007	2006	4,921,300	4,807,096	97.68%	-	4,807,096	97.68%	114,204

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

	2006			2004		
Taxpayer	**Taxable Assessed Value (In thousands)**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
NACOM	$ 79,888	1	5.73%	$ 109,007	1	7.94%
Tenet-Spalding Regional Hospital	33,863	2	2.43%	27,492	2	2.00%
Wal-Mart Stores	25,018	3	1.79%	24,413	5	1.78%
Bellsouth Telecomm	18,948	4	1.36%	25,782	4	1.88%
Weyerhaeuser Co.	15,453	5	1.11%	17,953	8	1.31%
Halpem Enterprises, Inc.	14,858	6	1.07%	17,684	9	1.29%
Bandag Inc.	14,360	7	1.03%	21,211	6	1.55%
Exo-Tech Packaging LLC	12,180	8	0.87%	17,928	7	1.31%
Lowes Home Centers, Inc.	11,938	9	0.86%	11,985	11	0.87%
Home Depot	10,688	10	0.77%	-		-
Cooper Standard	-		-	25,808	3	1.88%
Griffin Crossing, LLC	-		-	12,124	10	0.88%
Total	$ 237,194		17.01%	$ 311,387		14.74%

Source: Spalding County Tax Assessor

CITY OF GRIFFIN, GEORGIA

TOP TEN SEWER CUSTOMERS
CURRENT YEAR AND THREE YEARS AGO

	2007				2004			
Customer	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Southern Terry	382,625	$ 216,914	1	4.10 %	533,998	$ 246,825	1	5.24 %
Georgia Spalding Limited Partnership	339,149	191,506	2	3.62				
AMI Griffin-Spalding Co. Hospital	220,230	128,373	3	2.42	203,310	96,999	3	2.06
Nacom	142,875	84,045	4	1.59	175,191	83,299	4	1.77
Spalding Co. Correctional Institute	95,152	54,948	5	1.04	64,318	32,504	9	0.69
Griffin Crossings	80,248	47,431	6	0.90				
Riverside Uniform Rental	72,719	42,317	7	0.80				
University of Georgia, Griffin Campus	71,271	41,843	8	0.79	65,952	31,656	10	0.67
Walden Pointe Apts	68,543	38,492	10	0.73				
Brightmoor Health	75,656	35,834	9	0.68				
National Housing Management Service					261,765	120,326	2	2.56
Copper Standard					174,968	82,775	5	1.76
Griffin Housing Authority					144,400	68,645	6	1.46
First National Bank					74,492	36,139	7	0.77
Fashion Industries					138,053	35,101	8	0.75
	1,548,468	$ 881,703		16.67 %	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 THREE YEARS AGO

	2007				2004			
Customer	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Springs Ind. Inc.	3,995,170	$ 989,992	1	10.77 %	4,039,295	$ 878,959	1	12.94 %
Coweta County Water and Sewer	5,853,885	973,128	2	10.58	758,103	161,512	3	2.38
City of Zebulon	941,070	177,804	3	1.93	533,998	177,424	2	2.61
Georgia Spalding Limited Partnership	339,149	159,011	4					
Southern Terry	382,625	157,341	5	1.71	261,765	99,299	4	1.46
AMI Griffin-Spalding Co. Hospital	220,230	94,112	6	1.02	160,602	58,785	8	0.87
Lamar County Water and Sewer	379,864	89,611	7	0.97				
University of Georgia, Griffin Campus	198,718	88,109	8	0.96				
NACOM	142,993	61,959	9	0.67	175,340	60,679	6	0.89
City of Williamson	228,309	42,646	10	0.46	174,968	60,300	7	0.89
National Housing Management Service					203,310	70,619	5	1.04
Griffin Housing Authority					144,408	49,995	9	0.74
Spalding Co. Correctional Institute					116,342	44,224	10	0.65
	12,682,013	$ 2,833,713		29.09 %	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 THREE YEARS AGO

	2007				2004			
Customer	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues
Bandag, Inc.	19,478,260	$ 1,279,376	1	3.59 %	22,050,964	$ 1,123,527	1	3.77 %
Exopac	17,944,976	1,043,987	2	2.93	18,200,204	831,607	3	2.79
Caterpillar Inc.	13,575,637	691,050	3	1.94	7,529,110	529,168	4	1.78
AMI Griffin-Spalding Co. Hospital	8,323,112	607,240	4	1.71	7,615,522	485,843	5	1.63
University of Georgia, Griffin Campus	6,908,358	557,241	5	1.56	10,139,469	457,817	7	1.54
WAL-MART Store #01-932,	7,170,003	535,154	6	1.50	7,756,410	391,764	9	1.31
Weyerhaeuser Co.	7,664,316	474,053	7	1.33	6,442,200	444,260	8	1.49
Filter Plant/River and Reservoir PMP	5,608,836	450,950	8	1.27	7,249,019	479,204	6	1.61
City of Griffin WasteWater Treatment Plant	5,003,136	400,161	9	1.12				
Southern Terry	5,571,234	382,866	10	1.08	6,523,172	340,641	10	1.14
Cooper Standard					17,704,729	1,016,728	2	3.41
	97,247,868	$ 6,422,078		18.03 %	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				
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	2,629,328	1,027,587	79,202,491	14.20%	3,209.31	3,377.36
2007	-	-	5,193,422	72,887,000	2,465,581	785,542	81,331,545	14.26%	3,173.79	3,468.15

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.

CITY OF GRIFFIN, GEORGIA

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

	Fiscal Year[a]									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	$ 36,264	$ 37,415	$ 42,223	$ 45,495	$ 46,776	$ 52,113	$ 54,902	$ 56,335	$ 55,765	$ 57,026
Total net debt applicable to limit	-	-	-	476	7,245	801	286	548	1,047	5,193
Legal debt margin	$ 36,264	$ 37,415	$ 42,223	$ 45,019	$ 39,531	$ 51,312	$ 54,616	$ 55,787	$ 54,718	$ 51,833
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	1.05%	15.49%	1.54%	0.52%	0.97%	1.88%	9.11%

Legal Debt Margin Calculation for Fiscal Year 2007

Total assessed value	$ 611,952
Less Exempt:	41,697
Total taxable assessed value:	570,255
Debt limit (10% of total taxable assessed value)	57,026
Debt applicable to limit:	
Capital leases	5,193
Legal debt margin	$ 51,833

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, 2007
(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	$ 20,005	37.33%	$ 7,468
Subtotal, overlapping debt	20,005		7,468
Direct:			
City of Griffin capital leases	5,193	100.00%	5,193
Total	$ 25,198		$ 12,661

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	
2007	$ 52,952	$ 38,590	$ 14,362	$ 1,612	$ 3,463	$ 5,075	$ 2.83
2006	51,253	37,321	13,932	1,435	5,446	6,881	2.02
2005	45,712	33,892	11,820	1,305	3,705	5,010	2.36
2004	42,481	35,267	7,214	1,235	3,652	4,887	1.48
2003	41,686	34,190	7,496	1,140	995	2,135	3.51
2002	37,687	33,777	3,910	1,085	1,174	2,259	1.73
2001	41,278	30,290	10,988	1,460	1,152	2,612	4.21
2000	40,474	33,492	6,982	1,035	1,197	2,232	3.13
1999	39,999	28,883	11,116	999	1,297	2,296	4.84
1998	37,530	26,361	11,169	962	1,354	2,316	4.82

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	Unemployment Rate [1]
1998	21,499	$ 17,801	1.21	5.50%
1999	21,550	19,370	1.11	3.90%
2000	23,451	19,214	1.22	4.40%
2001	23,174	19,524	1.19	4.90%
2002	23,219	18,811	1.23	6.80%
2003	23,340	19,747	1.18	7.80%
2004	23,397	24,679	0.95	6.50%
2005	23,286	23,286	1.00	8.20%
2006	23,451	24,679	0.95	6.80%
2007	23,451	25,626	0.92	5.60%

* Source - Georgia Department Of Labor

[1] Source - U.S. Bureau of Labor Statistics for all of Spalding County

CITY OF GRIFFIN, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2007			1998		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Caterpillar, Inc	780	1	5.61%	—	—	—
Springs Industries	700	2	5.04%	—	—	—
Nacom	440	3	3.17%	762	2	6.79%
Southern Terry	350	4	2.52%			
AEP Industries	250	5	1.80%	214	9	1.91%
Supreme Corporation	235	6	1.69%	190	10	1.69%
Fashion Industries, Inc	200	7	1.44%	285	7	2.54%
William Carter Co	168	8	1.21%	611	3	5.44%
EXOPack	150	9	1.08%	—	—	—
Vernay Manufacturing, Inc	149	10	1.07%	—	—	—
Dundee Mills, Inc	—		—	1,940	1	17.29%
5 Rubber Corp	—		—	577	4	5.14%
Thomaston Mills	—		—	370	5	3.30%
Metrotrans Corp	—		—	315	6	2.81%
Southern Bell	—		—	215	8	1.92%
Total	3,422		24.63%	5,479		48.82%

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

CITY OF GRIFFIN, GEORGIA

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

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

Source: City Finance Department

CITY OF GRIFFIN, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS

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

Sources: Various City departments.

CITY OF GRIFFIN, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST FOUR FISCAL YEARS

	Fiscal Year			
Function/Program	**2004**	**2005**	**2006**	**2007**
Police				
Stations	2	2	2	2
Zone offices	112	112	112	111
Patrol units	102	102	102	102
Fire stations	3	3	3	3
Public works				
Streets (miles)	163	165	165	165
Streetlights	879	879	879	879
Traffic signals	879	879	879	913
Parks and recreation				
Acreage	207	207	207	207
Playgrounds	3	3	3	3
Water				
Water mains (miles)	700	700	700	700
Fire hydrants	7,392	7,392	7,392	7,392
Storage capacity (thousands of gallons)	500	500	500	500
Wastewater				
Sanitary sewers (miles)	160	160	160	213
Storm sewers (miles)	75	75	75	91
Treatment capacity (thousands of gallons)	2.45	6.00	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, 2007, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated December 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007 - 1 through 2007 - 8 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007 - 1 through 2007 - 8 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Griffin, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as item 2007 – 9.

We noted certain matters that we reported to management of the City of Griffin, Georgia in a separate letter dated December 18, 2007.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 18, 2007

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

Not applicable as a single audit was not performed for the year ended June 30, 2007 due to the City not expending $500,000 or more of federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2007 - 1. Management of Due to / From (Internal) Accounts

Criteria: Generally accepted accounting principles require consideration of the collectibility of receivables of all kinds whether external or internal to the City. As part of that process, the City should review the amounts included in due to/from accounts (interfund receivables and payables) in each fund to determine if amounts should instead be treated as operating transfers in/out during any given fiscal year.

Condition: The City's unadjusted trial balance reported significant amounts in the due to/from accounts for the General Fund, Water and Sewer Fund, Electric Fund, Solid Waste Fund, Airport Fund, Stormwater Fund, Golf Course Fund, and the Municipal Court Fund as of June 30, 2007. However, when reviewing the aging of such amounts along with the potential for payment to the receivable funds, it became apparent that the receivable amounts should have been written off (as an operating transfer) during the year.

Context: See above condition.

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 1. Management of Due to / From (Internal) Accounts (Continued)

Effect: An audit adjustment to increase transfers to other funds and reduce the due to other funds balance in the amount of $109,104 in the General Fund; increase transfers in and reduce to other funds balance in the amount of $11,011,659 in the Water Fund; increase transfers out and reduce due from other funds in the amount of $12,115,079 in the Electric Revenue Fund; increase transfers in and reduce due to other funds in the amount of $183,404 in the Solid Waste Fund; increase transfers out and reduce due from other funds in the amount of $17,437 in the Airport Fund; increase transfers out and reduce due from other funds in the amount of $44,763 in the Stormwater Fund; increase transfers in and reduce due to other funds in the amount of $19,166 in the Golf Course Fund; and decrease due to others and increase in due to other funds in the amount of $277,324 in the Municipal Court Fund.

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

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

2007 - 2. Accounts Receivable

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

Condition: The City did not properly reconcile monthly its general ledger and subsidiary listings and did not record various year end accounts receivable in the City's Funds during the year ended June 30, 2007.

Context: We addressed this matter with the City and they were able to determine the appropriate receivables that should be recorded as of June 30, 2007.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 2. Accounts Receivable (Continued)

Effect: Audit adjustments to increase accounts receivable by $426,961, decrease amounts due from other governments by $91,997; increase accrued liabilities by $149,094; decrease property taxes receivable by $13,217; decrease sales taxes receivable by $356,073; and adjust the related revenues was required to be reported by the General Fund as of June 30, 2007. An audit adjustment to increase accounts receivable by $1,540 and to increase tax revenue by the same amount was required to be reported by the Hotel / Motel Tax Fund as of June 30, 2007. An audit adjustment to decrease accounts receivable by $839,710 and to decrease revenue by $400,838 and increase transfers by $438,872 to other funds by the same amount was required to be reported by the Electric Revenue Fund as of June 30, 2007. An audit adjustment to decrease revenues and increase transfers by $235,342 was required to be reported by the Water Fund as of June 30, 2007. An audit adjustment to decrease revenues and increase transfers by $80,661 was required to be reported by the Solid Waste Fund as of June 30, 2007. An audit adjustment to decrease revenues and increase transfers by $122,409 was required to be reported by the Stormwater Fund as of June 30, 2007. In addition, an audit adjustment to decrease amounts due from other governments by $11,800 and to decrease intergovernmental revenue by the same amount was required to be reported by the Airport Fund as of June 30, 2007. An audit adjustment to decrease accounts receivable by $31,024 and to decrease miscellaneous revenue by the same amount was required to be reported by the Golf Course Fund as of June 30, 2007.

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

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

2007 - 3. Management of Accounts Payable Liabilities

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

Condition: The City did not properly address the above criteria as of June 30, 2007 as it relates to accounts payable items within the General Fund, the Water and Sewer Fund, the Solid Waste Fund, and the Airport Fund.

Context: We addressed this matter with City officials and they were able to determine the amount of accounts payable that should be recorded in these funds as of June 30, 2007.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 3. Management of Accounts Payable and Accrued Liabilities (Continued)

Effect: An audit adjustment to decrease accounts payable and decrease transfers out in the amount of $283,692 was required to be reported within the General Fund and increase accounts payable and decrease transfers in in the amount of $283,692 was required to be reported within the Water and Sewer Fund as of June 30, 2007. In addition, an audit adjustment to decrease accounts payable and decrease construction in progress in the amount of $64,390 was required to be reported within the Water and Sewer Fund as of June 30, 2007. An audit adjustment to decrease accounts payable and decrease operating expenses in the amount of $59,858 was required to be reported in the Solid Waste Fund as of June 30, 2007. An audit adjustment to decrease accounts payable and decrease operating expenses in the amount of $63,218 was required to be reported in the Airport Fund as of June 30, 2007.

Additionally, an audit adjustment to reduce accounts payable items and increase revenues in the amount of $821,780 and an audit adjustment to increase accrued liabilities and increase operating expenses was required to be reported within the Water and Sewer Fund. An audit adjustment to increase closure / postclosure care liability estimates and increase operating expenses in the amount of $113,537 and an audit adjustment to increase accrued liabilities and increase operating expenses by $10,722 was required to be reported in the Solid Waste Fund as of June 30, 2007.

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

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

2007 - 4. Maintenance of Equity / Fund Balance Accounts

Criteria: Generally accepted accounting principles generally require only the closing out of income and expense and any prior period adjustments be recorded within equity and fund balance accounts.

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

Context: See above condition.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 4. Maintenance of Equity / Fund Balance Accounts (Continued)

Effect: An audit adjustment to decrease fund balance and decrease expenditures in the amount of $81,771 was required to be reported within the General Fund as of June 30, 2007. An audit adjustment to decrease fund balance and increase revenues in the amount of $14,405 was required to be reported within the Confiscated Assets Fund as of June 30, 2007. An audit adjustment to decrease fund balance and decrease operating expenses in the amount of $19,228 was required to be reported within the Stormwater Fund as of June 30, 2007. In addition, an audit adjustment to increase fund balance and decrease operating revenues in the amount of $346,624 was required to be reported within the Cemetery Fund as of June 30, 2007.

Recommendation: We recommend the City review all fund balance activity, reconcile fund balance to the prior year financial statements, and make adjustments to fund balance accounts only for appropriate transactions.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all fund balance activity, reconcile fund balance to the prior year financial statements, and make adjustments to fund balance accounts only for appropriate transactions.

2007 - 5. Management of Prepaid Assets

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

Condition: The City did not properly record prepaid expenses and expenditure transactions based on the above criteria as of June 30, 2007.

Context: See above condition.

Effect: An audit adjustment to decrease prepaid items in the amounts of $375,889 in the General Fund and to increase supplies expenses in the same amount was required to be reported as of June 30, 2007. In addition, audit adjustments to increase prepaid items in the amount of $44,881 in the Water and Sewer Fund; $53,760 in the Solid Waste Fund; $3,157 in the Airport Fund; $19,352 in the Stormwater Fund; and $18,800 in the Motor Pool Fund and to decrease supplies expenses in the same amount for each fund was required to be reported as of June 30, 2007.

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

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 5. Management of Prepaid Assets (Continued)

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

2007 - 6. Management of Capital Asset Accounts

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Assets donated by outside parties should also be reported, but at the estimated fair value on the date of the donation.

Condition: The City did not properly capitalize purchased assets and did not properly recognize the sale and disposal of capital assets during the year ended June 30, 2007 within the Electric Revenue Fund and the Solid Waste Fund.

Context: See above condition.

Effect: An audit adjustment to decrease capital assets in the amount of $329,528, decrease electric revenues in the amount of $875,175, and increase gain on sale of capital assets by $545,647 was required to be reported within the Electric Revenue Fund as of June 30, 2007. In addition, an audit adjustment to increase capital assets and decrease inventory in the amount of $1,782,593 was required to be reported within the Electric Revenue Fund as of June 30, 2007. An adjustment to increase capital assets in the amount of $24,083, decrease depreciation expense in the amount of $4,083, and to increase gain on sale of assets by $20,000 was required to be reported in the Solid Waste Fund as of June 30, 2007. Additionally, an adjustment to decrease capital assets in the amount of $104,693, to decrease long term liabilities in the amount of $97,759, and increase depreciation expense in the amount of $6,934 was required to be reported within the Solid Waste Fund as of June 30, 2007.

Recommendation: We recommend the City review all capital asset activity and capitalize assets based on the City's capitalization policy.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all capital asset activity and properly record items based on our capitalization policy.

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 - 7. Debt Transactions

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including long-term debt.

Condition: The City did not appropriately record debt transactions in the Water and Sewer Fund, primarily those adjustments related to the amortization of bond issuance costs.

Context: See above condition.

Effect: An audit adjustment to decrease deferred charges and increase interest expenses in the amount of $161,582 was required to be reported in the Water and Sewer Fund.

Recommendation: We recommend the City record all debt transactions appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will record all debt transactions appropriately as they occur during the year.

2007 - 8. Management of Inventory Accounts

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

Condition: The City did not properly record inventory transactions based on the above criteria as of June 30, 2007.

Context: See above condition.

Effect: Adjustments to decrease inventory in the amounts of $235,242 in the Water and Sewer Fund; $30,984 in the Motor Pool Fund; and $24,154 in the Cemetery Fund and to increase supplies expenses in the same amount for each fund were required to be reported as of June 30, 2007.

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

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

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007 – 9. Special revenue fund and debt service fund budgets -

Condition: For the fiscal year ending June 30, 2007, no budget was adopted for the Confiscated Assets special revenue fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

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

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

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

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

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.