

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

Prepared by:
Griffin Finance Department

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

CITY OF GRIFFIN SINCE 1840

Commission Members

Cynthia Reid Ward
Chairperson

Joanne Todd
Chairperson Pro-Tem

Douglas S. Hollberg

William Evans

Ryan McLemore

Dick Morrow

Shaheer Beyah

City Manager
Kenny L. Smith

December 6, 2010

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, 2010. The financial statements included in this report conform with accounting principles generally accepted in the United States (U.S. GAAP) and as established by the Governmental Accounting Standards Board (GASB). State law requires that general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in conformance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

INDEPENDENT AUDIT

The City of Griffin's financial statements have been audited by Mauldin & Jenkins Certified Public Accountants, LLC. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2010, 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 2010, a single audit was required and the City spent $1,942,442 of federal funds on the following programs:

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grant/Pass-through Grantor/Program Title	*Expenditures*
U.S Department of Housing and Urban Development	
• *Community HOME Investment Program (CHIP)*	$ 31,263
• *Community Development Block Grant (CDBG)*	460,332
• *Neighborhood Stabilization Program (NSP)*	311,201
U.S. Department of Justice Grants	
• *Edward Byrne Memorial Justice Assistance Grants*	146,479
• *Bullet Proof Vest Partnership Program*	12,308
U.S. Department of Homeland Security	
• *Assistance to Firefighters Grants – fire truck and equipment*	283,500
U.S. Department of Transportation	
(Passed through Georgia Department of Transportation)	
• *Highway Planning and Construction Grant – ARRA*	235,021
• *Livable Centers Initiative Grant*	90,000
• *Airport Improvement Program Grant*	361,415
U.S. Environmental Protection Agency	
(Passed through Georgia Environmental Protection Agency)	
• *Nonpoint Source Implementation Program*	10,923
Total Expenditures of Federal Awards	**$ 1,942,442**

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

PROFILE OF THE GOVERNMENT

The City of Griffin, was incorporated in 1843, is located in the central portion of the state and currently occupies a land area of 14.1 square miles and a population of 23,887. The City of Griffin is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by the State to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing Board.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

THE CITY OF GRIFFIN'S ECONOMY IN 2010

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. The Cityof Griffin is moving towards a more diverse economy, having concentrated its efforts into manaufacturing in the past. Presently, the Griffin Spalding Development Authority is completing the Lakes at Green Valley, a 600 acre multi-use Industrial/Business Park. This park, in conjuction with a new 6,500 foot runway at the Griffin Spalding Airport, will serve as the catalyst for a new economic era in the City of Griffin located in Spalding County, Georgia. Because of the City's balanced revenues streams coming from its governmental and business-type activities, as such, the City is not dependent upon a single source of income. Diversified revenues come from two sources of activities: governmental and business-type activities. Governmental activities (or program revenues) include revenues from property taxes, sales taxes, charges for services, fines and forfeitures, and donations. Business-type activities (enterprise) are those functions that the City provides and operates for profit generation geared for reinvestment into infrastructure. Examples of infrastructure investment are electrical supply (power lines), water distribution (underground pipes), solid waste services (environmental cleanup), or a municipal airport.

Local Economy

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

Cash Management Policies and Practices

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

Pension and Other Post Employment Retirement Benefits

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

The City of Griffin 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 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.

Post Employment Health Care Plan

The City also provides other post employment health care benefits (OPEB) to retirees on a pay-as-you-go basis. The OPEB plan provides a subsidy for medical and dental insurance benefits to eligible retirees. Benefit provisions and contribution requirements are established and may be amended by the City Commission. For the fiscal year 2010, the City contributed $861,515 to the plan. Additional information on the City's pension plan and its funding progress can be found under note 16, in the notes to the financial statements.

MAJOR INITIATIVES

During fiscal year 2010, the City of Griffin achieved many significant accomplishments in connection with goals established by the Board of City Commissioners. These broad-based goals are summarized as follows:

- Received Gold Awards from Georgia Association of Water Professionals for permit compliance for:
    - Water Treatment Plants at Still Branch and Harry Simmons,
    - Wastewater Treatment Plants at Cabin Creek, Shoal Creek, and Potato Creek,
- Received Georgia Association of Water Professionals "Lab of the Year Award for Medium Size System" Award,
- Received Georgia Association of Water Professionals "MS4 NPDES Storm water Program of the Year" Award,

- Solid Waste Division enacted Flow Control Ordinance to allow for more accurate reporting of total solid waste tonnage generated within city limits,
- The City implemented a new customer service and utility billing system,
- The City began deployment of Automatic Metering Infrastructure (AMI) Smart Synch technologies,
- Received Energy, Efficiency, and Conservation Block Grant (EECCBG) totalling $293,774 for projects dedicated to solar power generation, energy audits and conservation,
- The City of Griffin's website, www.cityofgriffin.com, was recognized by Juggle.com as one the "Top Georgia Local Government Websites",
- Information Technology Center staff received Server Virtualization Certification,
- The City's Information Technology Center staff are Georgia Work Ready Certified,
- The City received the Grassroot Planning Initiative Award from the Georgia Planning Assocation,
- The City was awarded $500,000.00 in Communitiy Development Block Grant (CDBG) from the Georgia Department of Community Affairs.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Griffin, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 6th consecutive year that the City of Griffin has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

The timely preparation and publication of this Comprehensive Annual Financial Report represents a significant effort of the Accounting and Finance Divisions of the Department of Administrative Services as well as the excellent cooperation and assistance of other City of Griffin employees and independent auditors, Mauldin & Jenkins, Certified Public Accountants, LLC, 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.

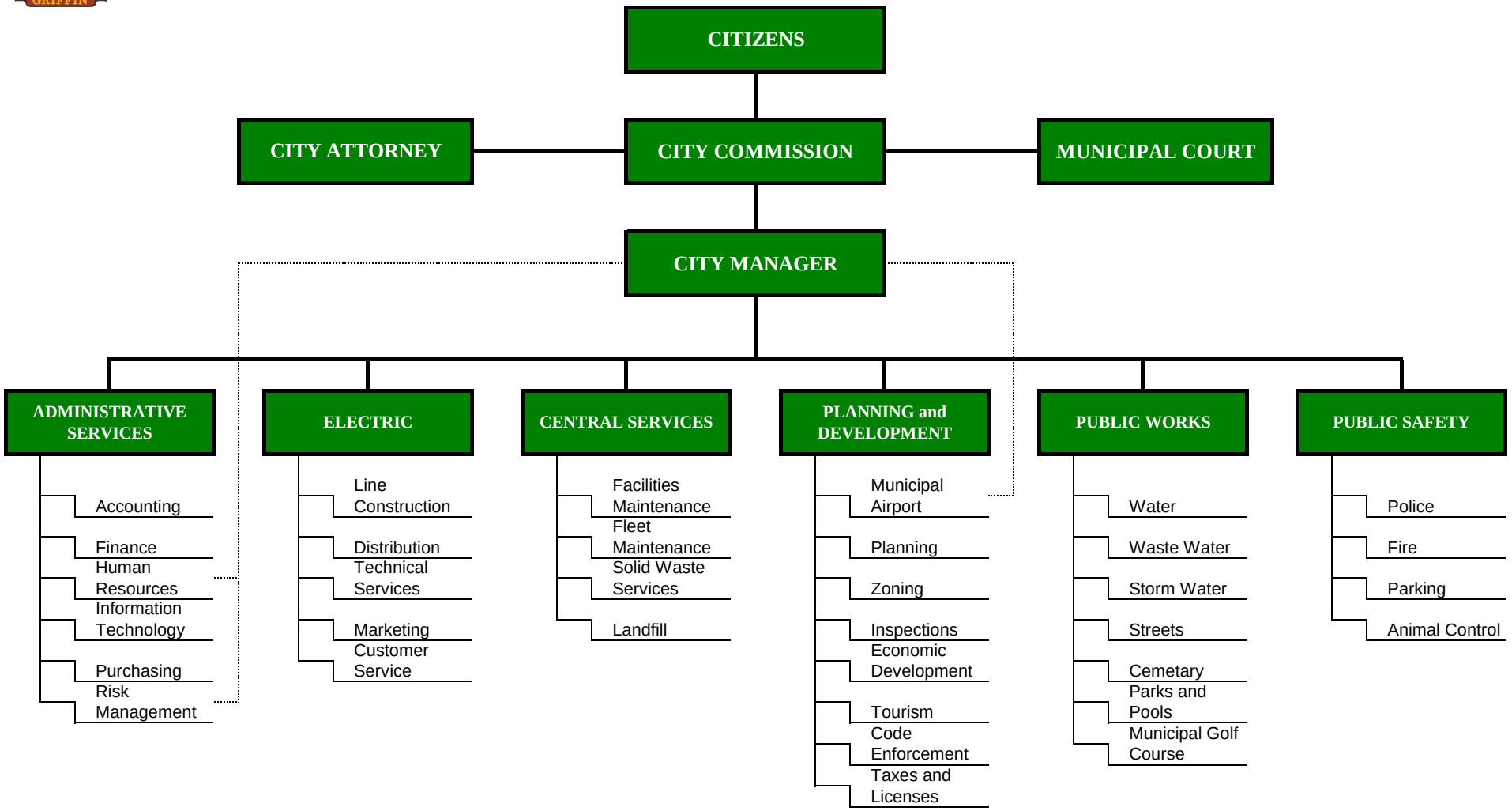
Sincere appreciation is also expressed to the Commissioners, City Manager, and Directors of Departments and Divisions for their assistance and leadership throughout the year in matters pertaining to the financial affairs of this great City.

Respectfully submitted,



Cynthia Reid Ward,
Chairperson, City of Griffin

CITY OF GRIFFIN
Organization Chart



20100730 ms

CITY OF GRIFFIN, GEORGIA

PRINCIPAL OFFICIALS
JUNE 30, 2010

Commission Member – District I	Cynthia Reid Ward
Commission Member – District II	William H. Evans
Commission Member – District III	Ryan McLemore
Commission Member – District IV	Joann Todd
Commission Member – District V	Dick Morrow
Commission Member – District VI	Shaheer A. Beyah
Commission Member – At Large	Douglas S. Hollberg
Chairman	Cynthia Reid Ward
Chairman Pro-Tem	Joann Todd
City Manager & City Clerk	Kenny Smith
City Attorney	Andrew Whalen, Esq.
Municipal Court Judge	A. Ronald Cook
Municipal Court Solicitor	Arthur Reid Turner
Director of Administrative Services	Markus Schwab, CPA.CITP
Fire Chief	Tommy Jones
Police Chief	Frank Strickland
Water/Wastewater Director	Brant Keller, PhD
Electric Director	Bill Bosch
Central Services Director	Phil Francis
Airport Manager	Robert Mohl
Developmental Services Director	Frederick Gardiner

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, 2009

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, the aggregate discretely presented component units, 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, 2010, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Griffin, Georgia, as of June 30, 2010 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 November 29, 2010, 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 63) 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 section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Griffin, Georgia. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the City of Griffin, Georgia. The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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
November 29, 2010

CITY OF GRIFFIN, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Griffin, Georgia (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Griffin, Georgia for the fiscal year ended June 30, 2010. 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 $91,142,179 (*net assets*). Of this amount, $30.8 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 $10,329,644.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $7,043,156, an increase of $3,917,108 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the General Fund was $2,262,948, or 9.8% of total General Fund expenditures.
- The City's total debt decreased by $2,161,105 during the current fiscal year. This decrease was mostly due to scheduled principle payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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 – 62 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 64 – 82 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 $91,142,179 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (65.1%) 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 14,228,602	$ 9,799,858	$ 31,024,673	$ 25,499,423	$ 45,253,275	$ 35,299,281
Capital assets	18,340,762	17,717,329	115,651,297	118,064,339	133,992,059	135,781,668
Total assets	32,569,364	27,517,187	146,675,970	143,563,762	179,245,334	171,080,949
Other liabilities	1,540,797	1,288,030	8,576,375	8,673,121	10,117,172	9,961,151
Long-term liabilities outstanding	5,346,846	5,580,445	72,639,137	74,727,277	77,985,983	80,307,722
Total liabilities	6,887,643	6,868,475	81,215,512	83,400,398	88,103,155	90,268,873
Net assets:						
Invested in capital assets, net of related debt	13,665,934	12,975,572	45,704,091	46,056,274	59,370,025	59,031,846
Restricted	-	-	1,000,105	995,921	1,000,105	995,921
Unrestricted	12,015,787	7,673,140	18,756,262	13,111,169	30,772,049	20,784,309
Total net assets	$ 25,681,721	$ 20,648,712	$ 65,460,458	$ 60,163,364	$ 91,142,179	$ 80,812,076

An additional portion of the City's net assets (1.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($30,772,049) 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, 2010, increased the City of Griffin's net assets by $5,032,550. Business-type activities during the same period increased net assets by $5,297,094 for a total increase in net assets of $10,329,644. Key elements of this increase are as follows:

City of Griffin's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	$ 7,191,807	$ 7,029,516	$ 67,095,785	$ 66,536,925	$ 74,287,592	$ 73,566,441
Operating grants and contributions	1,693,407	406,984	141,499	206,103	1,834,906	613,087
Capital grants and contributions	2,488,143	-	571,622	642,931	3,059,765	642,931
General revenues:						
Property taxes	4,823,429	4,721,865	-	-	4,823,429	4,721,865
Sales taxes	3,327,451	3,249,639	-	-	3,327,451	3,249,639
Insurance premium tax	1,300,347	1,312,511	-	-	1,300,347	1,312,511
Other taxes	1,210,341	1,195,767	-	-	1,210,341	1,195,767
Franchise taxes	560,428	621,589	-	-	560,428	621,589
Unrestricted investment earnings	(81,675)	(158,665)	410,381	372,215	328,706	213,550
Gain on sale of capital assets	30,023	50,012	-	-	30,023	50,012
Total revenues	22,543,701	18,429,218	68,219,287	67,758,174	90,762,988	86,187,392
Expenses:						
General government	3,847,393	4,145,149	-	-	3,847,393	4,145,149
Judicial	166,044	154,801	-	-	166,044	154,801
Public safety	14,034,310	14,735,107	-	-	14,034,310	14,735,107
Public works	4,250,091	4,255,794	-	-	4,250,091	4,255,794
Parks and recreation	265,882	535,047	-	-	265,882	535,047
Housing and development	960,351	574,377	-	-	960,351	574,377
Interest on long-term debt	218,882	232,108	-	-	218,882	232,108
Water and wastewater	-	-	15,439,483	15,291,525	15,439,483	15,291,525
Electric	-	-	31,929,195	34,862,574	31,929,195	34,862,574
Solid Waste	-	-	5,972,508	6,321,731	5,972,508	6,321,731
Stormwater	-	-	1,882,797	1,754,685	1,882,797	1,754,685
Airport operations	-	-	806,985	911,534	806,985	911,534
Welcome Center	-	-	108,418	101,039	108,418	101,039
Golf Course	-	-	551,005	595,589	551,005	595,589
Total expenses	23,742,953	24,632,383	56,690,391	59,838,677	80,433,344	84,471,060
Change in net assets before transfers	(1,199,252)	(6,203,165)	11,528,896	7,919,497	10,329,644	1,716,332
Transfers	6,231,802	6,197,941	(6,231,802)	(6,197,941)	-	-
Change in net assets	5,032,550	(5,224)	5,297,094	1,721,556	10,329,644	1,716,332
Net assets, beginning	20,649,171	20,654,395	60,163,364	58,441,808	80,812,535	79,096,203
Net assets, ending	$ 25,681,721	$ 20,649,171	$ 65,460,458	$ 60,163,364	$ 91,142,179	$ 80,812,535

As can be seen above, the governmental activities show a deficit of revenues over expenses before transfers of $1,199,252 and $6,203,165 for 2010 and 2009, 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 operations of the general fund. The 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 $5,297,094 in 2010 and increased net assets by $1,721,556 in 2009.

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

	2010	2009
Net operating income (loss):		
Water / Wastewater Fund	$ 4,458,651	$ 4,158,923
Electric Utility Fund	10,655,299	7,777,357
Solid Waste Fund	(359,971)	(633,617)
Nonmajor Enterprise Funds	(416,899)	(491,299)
Total net operating income	14,337,080	10,811,364
Nonoperating expenses	(2,385,241)	(2,329,239)
Income before transfers	11,951,839	8,482,125
Net transfers out	(6,212,424)	(6,320,506)
Changes in net assets	$ 5,739,415	$ 2,161,619

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 2010 and 2009, the combined ending fund balances of the City's governmental funds were a positive $7,043,156 and a positive $3,125,589 respectively. A positive $4,701,603 at June 30, 2010 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, 2010, $2,341,553 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 2010 the General Fund had a positive fund balance of $2,262,948. This is an increase of $1,340,603 from the beginning fund balance. This increase was due to a decrease in expenses of the general government, public safety, and parks and recreation categories.

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 $5,739,415 in 2010 and by $2,161,619 in 2009, 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, 2010, governmental activities and business-type activities had capital assets of $133,992,059 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was 1.3% (a 3.5% increase for governmental activities and a 2.0% decrease for business-type activities). The major decrease in capital assets for governmental activities and business-type activities was from the sale of capital assets and scheduled depreciation expense.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 1,495,785	$ 1,494,880	$ 7,650,221	$ 7,650,221	$ 9,146,006	$ 9,145,101
Land improvements	-	-	3,634,811	3,605,844	3,634,811	3,605,844
Buildings and improvements	6,546,098	6,823,637	22,529,162	22,939,342	29,075,260	29,762,979
Improvements other than buildings	-	-	74,267,937	75,483,416	74,267,937	75,483,416
Machinery and equipment	2,589,476	2,367,956	6,220,492	6,825,031	8,809,968	9,192,987
Infrastructure	5,863,562	6,121,745	-	-	5,863,562	6,121,745
Construction in progress	1,845,841	909,111	1,348,674	1,560,485	3,194,515	2,469,596
Total	$ 18,340,762	$ 17,717,329	$ 115,651,297	$ 118,064,339	$ 133,992,059	$ 135,781,668

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, 2010, the City had $5,346,846 of outstanding long-term liabilities related to governmental activities and $72,639,137 of long-term liabilities related to business-type activities for a total of $77,985,983 compared to the previous year's total of $80,307,722. This is a decrease of $2,321,739 due mostly to scheduled principle payments on long term debt. At the end of 2010, the City had total bonded debt outstanding of $67,677,000 as compared to $69,472,000 in 2009. The debt is secured solely by specified revenue sources (i.e. revenue bonds). The majority of the bonded debt outstanding is from the issuance of $64,385,000 of Combined Public Utility Revenue Refunding and Improvement Bonds (Series 2002) in 2003. These bonds, along with other available funds were used to refund $6,210,000 in of the Series 1993A bonds, initially fund approximately 33 months of interest on the Series 2002 bonds, and construct improvements and a new regional water supply system for the water and wastewater fund.

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

Currently Known Conditions Affecting Future Operations

The governor of the State of Georgia decided to eliminate the Homeowners Tax Relief Grant for fiscal year 2010. The effect on the City is a reduction of approximately $200,000 of general fund revenue. This along with the downturn in the economy will affect the City's operations in the area of reduced sales tax receipts and other general fund revenues. We will be monitoring this closely and amending our forecasts accordingly.

Factors affecting the FY 2010-11 Budget:

The Commission of the City of Griffin considered many factors when approving the City's 2011 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 Confiscated Assets Fund, the Police Technology Fund, the Court Technology Fund, the Police Donations Fund, the 2008 CDBG Fund, the 2009 CDBG 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 $285 thousand 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 appropriations needed within the public safety and housing and economic development functions.

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, 2010

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Griffin Main Street	Griffin Downtown Development	Business and Tourism Association
Cash and cash equivalents	$ 4,395,529	$ 5,181,862	$ 9,577,391	$ 38,300	$ 21,750	$ 1,037
Investments	2,381,721	7,587,403	9,969,124	-	-	-
Taxes receivable	873,096	-	873,096	-	-	-
Accounts receivable, net of allowances	65,719	7,717,668	7,783,387	-	-	-
Due from other governments	616,526	159,672	776,198	-	-	-
Due from component units	88,982	-	88,982	-	-	-
Due from primary government	-	-	-	-	-	1,853
Internal balances	2,851,980	(2,851,980)	-	-	-	-
Inventories	196,407	2,417,371	2,613,778	-	-	-
Prepaid expenses	248,836	236,327	485,163	334	348	89
Restricted assets:						
Cash and cash equivalents	-	956,044	956,044	-	-	-
Investments	-	7,920,437	7,920,437	-	-	-
Deferred charges	-	1,487,425	1,487,425	-	-	-
Assets held for resale	243,130	-	243,130	-	-	-
Other noncurrent asset - OPEB	-	212,444	212,444	-	-	-
Other noncurrent asset - pension	2,266,676	-	2,266,676	-	-	-
Capital assets:						
Nondepreciable	3,341,626	8,998,895	12,340,521	-	250	-
Depreciable, net	14,999,136	106,652,402	121,651,538	-	-	-
Total assets	32,569,364	146,675,970	179,245,334	38,634	22,348	2,979
LIABILITIES						
Accounts payable	943,196	5,142,484	6,085,680	158	79	-
Accrued liabilities	582,098	607,405	1,189,503	1,004	3,038	1,547
Due to primary government	-	-	-	30,803	48,170	10,009
Due to component unit	1,853	-	1,853	-	-	-
Unearned revenues	13,650	-	13,650	-	-	-
Due to other governments	-	191,858	191,858	-	-	-
Customer deposits payable	-	2,634,628	2,634,628	-	-	-
Capital leases due within one year	463,214	99,798	563,012	-	-	-
Capital leases due in more than one year	4,211,614	231,521	4,443,135	-	-	-
Notes payable due within one year	-	137,483	137,483	-	-	-
Notes payable due in more than one year	-	1,801,404	1,801,404	-	-	-
Bonds payable due within one year	-	1,861,000	1,861,000	-	-	-
Bonds payable due in more than one year	-	65,816,000	65,816,000	-	-	-
Compensated absences due within one year	571,215	443,892	1,015,107	-	-	-
Compensated absences due in more than one year	100,803	78,335	179,138	-	-	-
Due to Pike County due in more than one year	-	205,010	205,010	-	-	-
Landfill postclosure care costs due within one year	-	87,300	87,300	-	-	-
Landfill postclosure care costs due in more than one year	-	1,877,394	1,877,394	-	-	-
Total liabilities	6,887,643	81,215,512	88,103,155	31,965	51,287	11,556
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	13,665,934	45,704,091	59,370,025	-	-	-
Restricted for debt service	-	1,000,105	1,000,105	-	-	-
Unrestricted	12,015,787	18,756,262	30,772,049	6,669	(28,939)	(8,577)
Total net assets	$ 25,681,721	$ 65,460,458	$ 91,142,179	$ 6,669	$ (28,939)	$ (8,577)

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, 2010

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	Business-type Activities	Total	Griffin Main Street	Griffin Downtown Development	Business and Tourism Association
Primary government:										
Governmental activities:										
General government	$ 3,847,393	$ 4,485,957	$ -	$ -	$ 638,564	$ -	$ 638,564	$ -	$ -	$ -
Judicial	166,044	-	-	-	(166,044)	-	(166,044)	-	-	-
Public safety	14,034,310	2,204,342	1,693,407	2,488,143	(7,648,418)	-	(7,648,418)	-	-	-
Public works	4,250,091	174,843	-	-	(4,075,248)	-	(4,075,248)	-	-	-
Parks and recreation	265,882	211,449	-	-	(54,433)	-	(54,433)	-	-	-
Housing and economic development	960,351	115,216	-	-	(845,135)	-	(845,135)	-	-	-
Interest on long-term debt	218,882	-	-	-	(218,882)	-	(218,882)	-	-	-
Total governmental activities	23,742,953	7,191,807	1,693,407	2,488,143	(12,369,596)	-	(12,369,596)	-	-	-
Business-type activities:										
Water and Wastewater	15,439,483	16,404,641	-	4,093	-	969,251	969,251	-	-	-
Electric	31,929,195	42,538,662	-	56,310	-	10,665,777	10,665,777	-	-	-
Solid Waste	5,972,508	5,330,980	-	161,865	-	(479,663)	(479,663)	-	-	-
Stormwater	1,882,797	2,036,829	-	10,923	-	164,955	164,955	-	-	-
Airport	806,985	478,507	141,499	338,431	-	151,452	151,452	-	-	-
Welcome Center	108,418	5,300	-	-	-	(103,118)	(103,118)	-	-	-
Golf Course	551,005	300,866	-	-	-	(250,139)	(250,139)	-	-	-
Total business-type activities	56,690,391	67,095,785	141,499	571,622	-	11,118,515	11,118,515	-	-	-
Total primary government	$ 80,433,344	$ 74,287,592	$ 1,834,906	$ 3,059,765	(12,369,596)	11,118,515	(1,251,081)	-	-	-
Component units:										
Griffin Main Street	$ 80,659	$ -	$ 134,994	$ -	-	-	-	54,335	-	-
Griffin Downtown Development Authority	84,449	-	150,000	-	-	-	-	-	65,551	-
Griffin Business and Tourism Association	28,132	-	20,013	-	-	-	-	-	-	(8,119)
Total component units	193,240	-	305,007	-	-	-	-	54,335	65,551	(8,119)
General revenues:										
Property taxes					4,823,429	-	4,823,429	-	-	-
Sales taxes					3,327,451	-	3,327,451	-	-	-
Insurance premium tax					1,300,347	-	1,300,347	-	-	-
Alcoholic beverage taxes					614,651	-	614,651	-	-	-
Business occupational taxes					415,842	-	415,842	-	-	-
Franchise taxes					560,428	-	560,428	-	-	-
Other taxes					179,848	-	179,848	-	-	-
Unrestricted investment earnings					(81,675)	410,381	328,706	24	-	1
Gain on sale of capital assets					30,023	-	30,023	-	-	-
Transfers					6,231,802	(6,231,802)	-	-	-	-
Total general revenues and transfers					17,402,146	(5,821,421)	11,580,725	24	-	1
Change in net assets					5,032,550	5,297,094	10,329,644	54,359	65,551	(8,118)
Net assets (deficit), beginning of year					20,649,171	60,163,364	80,812,535	(47,690)	(94,490)	(459)
Net assets (deficit), end of year					$ 25,681,721	$ 65,460,458	$ 91,142,179	$ 6,669	$ (28,939)	$ (8,577)

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

CITY OF GRIFFIN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	General	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 667,414	$ 3,125,704	$ 3,793,118
Investments	1,072,157	1,309,564	2,381,721
Taxes receivable, net	866,613	6,483	873,096
Accounts receivable, net	65,219	-	65,219
Due from other governments	151,463	465,063	616,526
Due from other funds	989,764	233,750	1,223,514
Due from component units	88,982	-	88,982
Prepaid expenditures	238,489	-	238,489
Assets held for resale	-	243,130	243,130
Total assets	$ 4,140,101	$ 5,383,694	$ 9,523,795
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 716,349	$ 169,403	$ 885,752
Accrued liabilities	540,847	-	540,847
Deferred revenues	360,099	32,778	392,877
Due to other funds	259,858	399,452	659,310
Due to component unit	-	1,853	1,853
Total liabilities	1,877,153	603,486	2,480,639
FUND BALANCES			
Fund balances:			
Reserved for:			
Prepaid expenditures	238,489	-	238,489
Special projects	-	2,103,064	2,103,064
Unreserved, reported in:			
General fund	2,024,459	-	2,024,459
Special revenue funds	-	362,047	362,047
Capital projects funds	-	2,315,097	2,315,097
Total fund balances	2,262,948	4,780,208	7,043,156
Total liabilities and fund balances	$ 4,140,101	$ 5,383,694	

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.	17,328,784
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	379,227
Net pension asset is not a financial asset in governmental fund activities and therefore is not reported in governmental funds.	2,266,676
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.	4,029,137
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(5,365,259)
Net assets of governmental activities	$ 25,681,721

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, 2010

	General	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Property taxes	$ 4,798,935	$ -	$ 4,798,935
Other taxes	5,766,465	70,024	5,836,489
Charges for services	4,454,639	36,571	4,491,210
Licenses and permits	284,588	-	284,588
Intergovernmental	678,255	3,484,167	4,162,422
Franchise taxes	560,428	-	560,428
Fines and forfeitures	1,374,932	753,618	2,128,550
Interest revenue	6,847	(88,905)	(82,058)
Rental income	195,969	-	195,969
Contributions and donations	-	35,626	35,626
Other revenues	28,680	27,184	55,864
Total revenues	18,149,738	4,318,285	22,468,023
EXPENDITURES			
Current:			
General government	3,627,897	-	3,627,897
Judicial	165,023	-	165,023
Public safety	13,773,332	485,411	14,258,743
Public works	3,460,013	1,206,946	4,666,959
Parks and recreation	310,404	-	310,404
Housing and economic development	929,532	20,013	949,545
Capital outlay	-	88,322	88,322
Debt service:			
Principal	682,955	29,139	712,094
Interest	219,797	598	220,395
Total expenditures	23,168,953	1,830,429	24,999,382
Excess (deficiency) of revenues over (under) expenditures	(5,019,215)	2,487,856	(2,531,359)
OTHER FINANCING SOURCES (USES)			
Transfers in	15,782,930	138,660	15,921,590
Transfers out	(10,089,777)	(50,011)	(10,139,788)
Capital leases	645,165	-	645,165
Proceeds from the sale of capital assets	21,500	-	21,500
Total other financing sources (uses)	6,359,818	88,649	6,448,467
Net change in fund balances	1,340,603	2,576,505	3,917,108
Fund balances, beginning of year	922,345	2,203,703	3,126,048
Fund balances, end of year	$ 2,262,948	$ 4,780,208	$ 7,043,156

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, 2010

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

Net change in fund balances - total governmental funds	$	3,917,108
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.		750,200
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		45,272
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.		252,598
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.		66,929
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.		443
	$	5,032,550

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, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 4,551,000	$ 4,551,000	$ 4,798,935	$ 247,935
Other taxes	5,684,000	5,684,000	5,766,465	82,465
Charges for services	4,418,388	4,424,388	4,454,639	30,251
Licenses and permits	303,600	303,600	284,588	(19,012)
Intergovernmental	160,385	392,486	678,255	285,769
Franchise fees	584,000	584,000	560,428	(23,572)
Fines and forfeitures	1,229,700	1,229,700	1,374,932	145,232
Interest revenue	32,000	32,000	6,847	(25,153)
Rental income	193,334	193,334	195,969	2,635
Other revenues	5,000	8,000	28,680	20,680
Total revenues	17,161,407	17,402,508	18,149,738	747,230
EXPENDITURES:				
Current:				
General government:				
Legislative	384,109	384,109	244,947	139,162
Executive	315,162	315,162	277,324	37,838
Elections	13,900	13,900	8,797	5,103
Administrative services	2,682,178	2,682,178	2,394,266	287,912
Central services	741,553	741,553	620,038	121,515
Legal	100,050	100,050	82,525	17,525
Total general government	4,236,952	4,236,952	3,627,897	609,055
Judicial	172,408	172,408	165,023	7,385
Public safety:				
Police	8,886,371	9,000,211	8,541,271	458,940
Fire	4,633,160	4,680,910	5,044,466	(363,556)
Code enforcement	135,049	135,049	93,696	41,353
Other protection	118,075	118,075	93,899	24,176
Total public safety	13,772,655	13,934,245	13,773,332	160,913
Public works:				
Highways and streets	3,171,704	3,171,704	3,000,717	170,987
Cemetery	435,918	435,918	459,296	(23,378)
Total public works	3,607,622	3,607,622	3,460,013	147,609
Parks and recreation:				
Recreation	63,952	63,952	53,201	10,751
Parks	312,732	312,732	257,203	55,529
Total parks and recreation	376,684	376,684	310,404	66,280

(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, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Housing and economic development:				
Protective inspection	$ 650,571	$ 773,571	$ 679,538	$ 94,033
Downtown development	-	-	150,000	(150,000)
Main Street	-	-	99,994	(99,994)
Total housing and economic development	650,571	773,571	929,532	(155,961)
Debt service	946,789	946,789	902,752	44,037
Total expenditures	23,763,681	24,048,271	23,168,953	879,318
Deficiency of revenues under expenditures	(6,602,274)	(6,645,763)	(5,019,215)	1,626,548
OTHER FINANCING SOURCES (USES)				
Transfers in	6,377,587	6,377,587	15,782,930	9,405,343
Transfers out	(193,813)	(300,136)	(10,089,777)	(9,789,641)
Capital leases	403,500	403,500	645,165	241,665
Proceeds from the sale of capital assets	15,000	19,000	21,500	2,500
Total other financing sources (uses)	6,602,274	6,499,951	6,359,818	(140,133)
Net change in fund balances	-	(145,812)	1,340,603	1,486,415
Fund balances, beginning of year	922,345	922,345	922,345	-
Fund balances, end of year	$ 922,345	$ 776,533	$ 2,262,948	$ 1,486,415

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

CITY OF GRIFFIN, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 360,169	$ 4,116,518	$ 24,296	$ 680,879
Investments	-	7,587,403	-	-
Restricted assets, cash	451,377	60,735	280,227	163,705
Restricted assets, investments	1,951,544	673,079	25,000	-
Accounts receivable, net of allowances	136,192	7,503,121	-	78,355
Due from other governments	155,718	1,768	-	2,186
Due from other funds	44,448	132,239	19,655	223,409
Inventories	658,083	1,699,879	-	59,409
Prepaid expenses	93,255	39,614	61,929	41,529
Total current assets	3,850,786	21,814,356	411,107	1,249,472
NONCURRENT ASSETS				
Restricted assets, investments	2,841,720	2,214,447	214,647	-
Deferred charges	1,487,425	-	-	-
Net OPEB asset	-	212,444	-	-
Capital assets:				
Nondepreciable	6,184,830	318,025	-	2,496,040
Depreciable, net of accumulated depreciation	78,785,853	15,510,182	2,214,405	10,141,962
Total noncurrent assets	89,299,828	18,255,098	2,429,052	12,638,002
Total assets	93,150,614	40,069,454	2,840,159	13,887,474
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	987,573	3,510,626	443,164	201,121
Accrued liabilities	51,720	490,189	42,450	23,046
Due to other governments	191,858	-	-	-
Current portion - compensated absences	225,092	130,494	62,934	25,372
Current portion - notes payable	-	-	-	137,483
Current portion - capital leases payable	-	-	83,645	16,153
Current portion - landfill closure / postclosure care costs	-	-	87,300	-
Customer deposits payable	14,496	2,620,132	-	-
Due to other funds	28,706	234,575	86,791	305,601
Payable from restricted assets:				
Revenue bonds payable, current portion	1,861,000	-	-	-
Total current liabilities	3,360,445	6,986,016	806,284	708,776
NONCURRENT LIABILITIES				
Compensated absences, net of current portion	39,723	23,028	11,106	4,478
Revenue bonds payable, net of current portion	65,816,000	-	-	-
Capital leases payable, net of current portion	-	-	170,411	61,110
Notes payable, net of current portion	-	-	-	1,801,404
Due to Pike County, net of current portion	205,010	-	-	-
Landfill closure / postclosure care costs	-	-	1,877,394	-
Total noncurrent liabilities	66,060,733	23,028	2,058,911	1,866,992
Total liabilities	69,421,178	7,009,044	2,865,195	2,575,768
NET ASSETS (DEFICITS)				
Invested in capital assets, net of related debt	17,293,683	15,828,207	1,960,349	10,621,852
Restricted for debt service	1,000,105	-	-	-
Unrestricted	5,435,648	17,232,203	(1,985,385)	689,854
Total net assets	$ 23,729,436	$ 33,060,410	$ (25,036)	$ 11,311,706

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
$ 5,181,862	$ 602,411
7,587,403	-
956,044	-
2,649,623	-
7,717,668	500
159,672	-
419,751	158,668
2,417,371	196,407
236,327	10,347
27,325,721	968,333
5,270,814	-
1,487,425	-
212,444	-
8,998,895	-
106,652,402	1,011,978
122,621,980	1,011,978
149,947,701	1,980,311
5,142,484	57,444
607,405	7,954
191,858	-
443,892	12,651
137,483	-
99,798	-
87,300	-
2,634,628	-
655,673	486,950
1,861,000	-
11,861,521	564,999
78,335	2,233
65,816,000	-
231,521	-
1,801,404	-
205,010	-
1,877,394	-
70,009,664	2,233
81,871,185	567,232
45,704,091	1,011,978
1,000,105	-
21,372,320	401,101
68,076,516	$ 1,413,079
(2,616,058)	
$ 65,460,458	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 16,199,234	$ 40,200,280	$ 5,184,229	$ 2,806,866
Tap and capacity recovery fees	125,163	-	-	-
Other services	80,244	2,338,382	146,751	14,636
Total operating revenues	16,404,641	42,538,662	5,330,980	2,821,502
OPERATING EXPENSES				
Personal services	3,649,370	3,533,321	2,031,642	1,085,887
Purchased or contracted services	3,676,583	2,342,238	2,599,089	1,356,753
Purchased power	-	24,979,386	-	-
Supplies	989,736	77,179	81,610	192,058
Miscellaneous	452,682	106,040	552,367	134,333
Depreciation	3,177,619	845,199	426,243	469,370
Total operating expenses	11,945,990	31,883,363	5,690,951	3,238,401
Operating income (loss)	4,458,651	10,655,299	(359,971)	(416,899)
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	-	56,310	158,832	490,853
Interest income	195,729	201,666	12,246	740
Interest expense	(3,418,372)	-	(13,722)	(76,649)
Gain on sale of capital assets	-	-	-	-
Total nonoperating income (expenses)	(3,222,643)	257,976	157,356	414,944
Income (loss) before transfers	1,236,008	10,913,275	(202,615)	(1,955)
CAPITAL CONTRIBUTIONS	4,093	-	3,033	-
TRANSFERS				
Transfers out	(7,300,462)	(15,775,610)	(2,321,833)	(1,106,620)
Transfers in	5,544,612	10,613,733	2,894,861	1,238,895
Total transfers	(1,755,850)	(5,161,877)	573,028	132,275
Change in net assets	(515,749)	5,751,398	373,446	130,320
NET ASSETS (DEFICITS), beginning of year	24,245,185	27,309,012	(398,482)	11,181,386
NET ASSETS (DEFICITS), end of year	$ 23,729,436	$ 33,060,410	$ (25,036)	$ 11,311,706

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
$ 64,390,609	$ 1,081,464
125,163	-
2,580,013	2,177
67,095,785	1,083,641
10,300,220	654,205
9,974,663	223,596
24,979,386	-
1,340,583	682,061
1,245,422	26,263
4,918,431	126,767
52,758,705	1,712,892
14,337,080	(629,251)
705,995	-
410,381	383
(3,508,743)	-
-	8,523
(2,392,367)	8,906
11,944,713	(620,345)
7,126	-
(26,504,525)	(19,378)
20,292,101	450,000
(6,212,424)	430,622
5,739,415	(189,723)
	1,602,802
	$ 1,413,079
(442,321)	
$ 5,297,094	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 16,375,528	$ 43,903,732	$ 5,327,708	$ 3,205,216
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(5,194,801)	(27,637,234)	(3,175,631)	(1,655,558)
Payments to employees	(3,688,052)	(3,545,512)	(2,058,601)	(1,084,635)
Net cash provided by operating activities	7,492,675	12,720,986	93,476	465,023
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental grant	-	56,310	158,832	490,853
Transfers out	(7,300,462)	(15,775,610)	(2,321,833)	(1,106,620)
Transfers in	5,544,612	10,613,733	2,894,861	1,238,895
Net cash provided by (used in) noncapital financing activities	(1,755,850)	(5,105,567)	731,860	623,128
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(472,142)	(1,101,676)	(410,229)	(521,341)
Proceeds from the sale of capital assets	-	-	-	-
Proceeds from capital leases payable	-	-	-	85,028
Principal paid on bonds	(1,795,000)	-	-	-
Principal paid on notes payable and capital leases	(44,790)	-	(165,901)	(140,196)
Capital contributions	4,093	-	3,033	-
Principal paid on agreement due to Pike County	(33,317)	-	-	-
Interest paid	(3,331,208)	-	(14,003)	(76,932)
Net cash provided by (used in) capital and related financing activities	(5,672,364)	(1,101,676)	(587,100)	(653,441)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,202,262)	(8,489,074)	(15,647)	-
Proceeds from the sale of investments	1,389,000	4,753,254	-	-
Interest and dividends received	174,156	168,322	12,246	740
Net cash provided by (used in) investing activities	(639,106)	(3,567,498)	(3,401)	740
Increase (decrease) in cash and cash equivalents	(574,645)	2,946,245	234,835	435,450
Cash and cash equivalents:				
Beginning of year	1,386,191	1,231,008	69,688	409,134
End of year	$ 811,546	$ 4,177,253	$ 304,523	$ 844,584
Classified as:				
Cash and cash equivalents	$ 360,169	$ 4,116,518	$ 24,296	$ 680,879
Restricted assets, cash	451,377	60,735	280,227	163,705
	$ 811,546	$ 4,177,253	$ 304,523	$ 844,584

(Continued)

Totals	Governmental Activities Internal Service Fund - Motor Pool
$ 68,812,184	$ -
-	1,744,500
(37,663,224)	(1,013,057)
(10,376,800)	(649,175)
20,772,160	82,268
705,995	-
(26,504,525)	(19,378)
20,292,101	450,000
(5,506,429)	430,622
(2,505,388)	-
-	8,523
85,028	-
(1,795,000)	-
(350,887)	-
7,126	-
(33,317)	-
(3,422,143)	-
(8,014,581)	8,523
(10,706,983)	-
6,142,254	-
355,464	383
(4,209,265)	383
3,041,885	521,796
3,096,021	80,615
$ 6,137,906	$ 602,411
$ 5,181,862	$ 602,411
956,044	-
$ 6,137,906	$ 602,411

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 4,458,651	$ 10,655,299	$ (359,971)	$ (416,899)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,177,619	845,199	426,243	469,370
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	20,517	1,549,408	146,337	76,816
(Increase) decrease in due from other governments	(155,718)	137,915	-	(2,186)
(Increase) decrease in inventories	(332,595)	163,089	-	(19,949)
(Increase) decrease in due from other funds	(23,363)	(75,526)	(7,445)	70,134
(Increase) decrease in prepaids and other assets	(40,588)	144,072	(14,195)	(11,836)
Increase in accounts payable	292,190	(401,661)	(5,883)	50,633
Increase (decrease) in accrued liabilities	(33,489)	(50,082)	(29,881)	1,578
Increase in due to other governments	191,858	-	-	-
Decrease in customer deposits	-	(185,844)	-	-
Increase in landfill closure / postclosure care costs	-	-	80,435	-
Increase (decrease) in due to other funds	(62,407)	(60,883)	(142,164)	247,362
Net cash provided by operating activities	$ 7,492,675	$ 12,720,986	$ 93,476	$ 465,023
Noncash investing, capital, and financing activities:				
Unrealized loss on investments	$ 21,573	$ 33,344	$ -	$ -

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

Totals	Governmental Activities Internal Service Fund - Motor Pool
$ 14,337,080	$ (629,251)
4,918,431	126,767
1,793,078	-
(19,989)	-
(189,455)	(13,923)
(36,200)	310,580
77,453	(465)
(64,721)	(66,749)
(111,874)	5,030
191,858	-
(185,844)	-
80,435	-
(18,092)	350,279
$ 20,772,160	$ 82,268
$ 54,917	$ -

CITY OF GRIFFIN, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2010

	Municipal Court
ASSETS	
Cash and cash equivalents	$ 25,932
Total assets	25,932
LIABILITIES	
Due to others	25,932
Total liabilities	$ 25,932

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 units. The component units discussed below are included in the City’s reporting entity because of the significance of their 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 units’ financial statements have been included as both blended and discretely presented. 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. All of the City’s component units have a June 30 year-end.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Discretely Presented Component Units

The City of Griffin Main Street Association (the "Main Street") - The City Commission appoints several positions of the Main Street's board with additional positions being appointed by various organizations. There are 12 members plus two ex-officio officers. Budget requests for Main Street are submitted to the City Commission for approval, with the City Commission possessing the authority to amend the budget. The City provides approximately 80 percent of the Main Street's annual operating budget. Separate financial statements for the Main Street are not prepared.

The City of Griffin Downtown Development Authority (the "DDA") - The City Commission appoints all seven members of the DDA's board (one of which is an elected member of the City Commission). Budget requests for the DDA are submitted to the Commission for approval, with the City Commission possessing authority to revise the budget. The City also provides for a substantial portion of the DDA's annual budget. Separate financial statements for the DDA are not prepared.

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, the City Attorney, and the City Finance Director. 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. The Association was previously reported as a blended component unit. As such, the beginning balance of the governmental activities has been increased by the Association's prior year ending fund deficit balance of $459.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

The ***Electric Utility Fund*** accounts for the provision of electrical services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

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

Additionally, the City reports the following fund types:

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

The ***capital projects 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 of the 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of $5,000 between departments requires the approval of the City Commission. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any department or fund must be approved by the City Commission. The City Commission made several immaterial supplemental budget appropriations during the year.

6. Formal budgetary integration is employed as a management control device during the year for all the following funds: (General, Hotel/Motel Tax, Multiple Grant, Confiscated Assets, Police Technology, Court Technology, the Police Donations, the 2008 CDBG, and the 2009 CDBG 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments (Continued)

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

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

G. Inventory and Prepaid Items

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

H. Short-Term Interfund Receivables/Payables

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

J. Capital Assets

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

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 back trending. 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, 2010, no amounts were capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

Governmental Assets	
Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 10 years
Infrastructure	25 - 30 years
Business-type Assets	
Buildings and improvements	10 - 50 years
Utility system	5 - 50 years
Equipment	5 - 20 years

K. Long-Term Liabilities

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

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

L. Compensated Absences

All employees, except shift firefighters, accrue vacation as follows: 1.54 hours per week of vacation with under 10 years of service; 2.3 hours per week of vacation with greater than 10 years and less than 20 years of service; and 3.07 hours per week of vacation with greater than 20 years of service. Shift firefighters accrue vacation as follows: 3.23 hours per week of vacation with under 10 years of service; 4.62 hours per week of vacation with greater than 10 years and less than 20 years of service; and 6.46 hours per week of vacation with greater than 20 years of service. Vacation time must be taken as time off and will not be paid-out except that any unused vacation will be paid at an employee's termination of employment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences (Continued)

All City employees, except shift firefighters, accrue sick leave at 1.85 hours per week. Shift firefighters accrue sick leave at 5.54 hours per week. Sick leave, however, is not paid upon an employee's termination except to employees who are eligible to retire between January 2, 2005 and January 1, 2010. 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.

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, 2010, the City contributed $0 and employees contributed $490,692.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $5,365,259 difference are as follows:

Capital leases	$	4,674,828
Compensated absences		657,134
Accrued interest		33,297
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	5,365,259

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $750,200 difference are as follows:

Capital outlay	$	1,940,521
Depreciation expense		(1,190,321)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	750,200

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 $66,929 difference are as follows:

Proceeds from capital leases	$	(645,165)
Principal retirement on long-term debt		712,094
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	66,929

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 $443 difference are as follows:

Compensated absences	$	171,925
Net pension asset		(172,995)
Accrued interest		1,513
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	443

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2010, are summarized as follows:

Amounts as presented on the entity wide statement of net assets:		
Cash and cash equivalents	$	9,577,391
Investments		9,969,124
Restricted cash and cash equivalents		956,044
Restricted investments		7,920,437
Amounts as presented on the fiduciary statement of net assets:		
Cash and cash equivalents - Agency Fund		25,932
Component Unit - cash and cash equivalents		61,087
Total	$	28,510,015

Cash deposited with financial institutions	$	15,835,522
Cash deposited with Georgia Fund 1		900,194
Investments in the Municipal Competitive Trust		7,587,403
Investments in governmental bonds		2,559,814
Investments in corporate bonds		381,128
Investments in equities and various other securities		1,245,954
Total	$	28,510,015

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. It is the City's policy to limit its investments to those allowed and authorized by State law. As of June 30, 2010, the City's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's. The City's investment in the Municipal Competitive Trust was not rated. All other City investments were rated as noted on the following table.

The reporting of investments at fair value in accordance with GASB Statement No. 31 resulted in an unrealized gain of $21,573 reflected as interest income in the Water & Sewer Fund, an unrealized gain of $33,344 reflected as interest income in the Electric Utility Fund and an unrealized loss of $127,521 reflected as interest income in the Cemetery Trust Fund.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2010, the City had the following investments:

			Investment Maturities (in Years)					
Investment	**Rating**	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**11 - 15**	**16 - 20**	**> 20**
Georgia Fund 1		$ 900,194	$ 900,194	$ -	$ -	$ -	$ -	$ -
Certificates of Deposit		5,215,067	2,185,528	2,321,146	377,298	100,634	230,461	-
Municipal Competitive Trust		7,587,403	6,494,819	1,092,584	-	-	-	-
Equities and various other non-maturing securities		1,245,954	NA	-	-	-	-	-
Governmental bonds	A-	25,001	-	-	-	-	-	25,001
Governmental bonds	A	207,879	91,426	90,998	-	-	25,455	-
Governmental bonds	A+	244,677	51,541	-	-	56,204	-	136,932
Governmental bonds	AA-	433,651	125,080	-	25,813	-	228,884	53,874
Governmental bonds	AA	389,639	-	-	-	63,642	140,695	185,302
Governmental bonds	AA+	258,296	-	-	-	93,188	107,247	57,861
Governmental bonds	AAA	937,815	-	172,972	-	31,055	514,332	219,456
Governmental bonds	BBB+	62,857	-	-	62,857	-	-	-
Corporate bonds	AA	241,813	-	241,813	-	-	-	-
Corporate bonds	AA-	91,335	-	80,560	-	10,775	-	-
Corporate bonds	BBB	24,968	-	-	-	-	-	24,968
Corporate bonds	BBB+	23,012	-	-	-	-	-	23,012
Total		$ 17,889,561	$ 9,848,588	$ 4,000,073	$ 465,968	$ 355,498	$ 1,247,074	$ 726,406

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, 2010, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements.

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

NOTE 4. RECEIVABLES

Accounts Receivable

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

	General	Nonmajor Governmental	Water/ Wastewater
Receivables:			
Taxes	$ 1,056,124	$ 6,483	$ -
Accounts	65,219	-	162,952
Intergovernmental	151,463	465,063	155,718
Gross receivables	1,272,806	471,546	318,670
Less: allowance for uncollectibles	(189,511)	-	(26,760)
Net total receivables	$ 1,083,295	$ 471,546	$ 291,910

	Electric	Nonmajor Enterprise	Total
Receivables:			
Taxes	$ -	$ -	$ 1,062,607
Accounts	14,391,837	78,355	14,698,363
Intergovernmental	1,768	2,186	776,198
Gross receivables	14,393,605	80,541	16,537,168
Less: allowance for uncollectibles	(6,888,716)	-	(7,104,987)
Net total receivables	$ 7,504,889	$ 80,541	$ 9,432,181

Property Taxes

Property taxes were levied on behalf of the City by Spalding County on July 28, 2009, (Levy Date) based upon property values assessed as of January 1. The billings were mailed on September 15, 2009, and payable on or before November 16, 2009, for the calendar year 2009 tax. Taxes not paid within 30 days of the November 16 due date were subject to property tax liens on February 16, 2010. Property tax revenues are recognized when levied to the extent they result in current receivables.

The tax rate levied during calendar year 2009 for the City's operations was 8.638 mills (mill equals $1 per thousand dollars of assessed value).

The City does maintain an allowance for uncollectible property taxes. At June 30, 2010, the allowance for uncollectible property taxes was $189,511.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,494,880	$ 905	$ -	$ -	$ 1,495,785
Construction in progress	909,111	936,730	-		1,845,841
Total capital assets, not being depreciated	2,403,991	937,635	-	-	3,341,626
Capital assets, being depreciated:					
Buildings and improvements	8,670,048	-	-	-	8,670,048
Machinery and equipment	19,457,471	991,886	(103,726)	-	20,345,631
Infrastructure	28,144,141	11,000	-	-	28,155,141
Total capital assets, being depreciated	56,271,660	1,002,886	(103,726)	-	57,170,820
Less accumulated depreciation for:					
Buildings and improvements	(1,846,411)	(277,539)	-	-	(2,123,950)
Machinery and equipment	(17,089,515)	(770,366)	103,726	-	(17,756,155)
Infrastructure	(22,022,396)	(269,183)	-	-	(22,291,579)
Total accumulated depreciation	(40,958,322)	(1,317,088)	103,726	-	(42,171,684)
Total capital assets, being depreciated, net	15,313,338	(314,202)	-	-	14,999,136
Governmental activities capital assets, net	$ 17,717,329	$ 623,433	$ -	$ -	$ 18,340,762

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, $1,011,978 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	$ 7,650,221	$ -	$ -	$ -	$ 7,650,221
Construction in progress	1,560,485	522,545	-	(734,356)	1,348,674
Total capital assets, not being depreciated	9,210,706	522,545	-	(734,356)	8,998,895
Capital assets, being depreciated:					
Land improvements	4,800,195	181,981	-	20,776	5,002,952
Buildings	35,869,511	142,128	-	280,984	36,292,623
Improvements other than buildings	98,968,737	878,038	-	431,909	100,278,684
Machinery and equipment	22,765,782	780,697	-	687	23,547,166
Total capital assets, being depreciated	162,404,225	1,982,844	-	734,356	165,121,425
Less accumulated depreciation for:					
Land improvements	(1,194,351)	(173,790)	-	-	(1,368,141)
Buildings	(12,930,169)	(833,292)	-	-	(13,763,461)
Improvements other than buildings	(23,485,321)	(2,525,426)	-	-	(26,010,747)
Machinery and equipment	(15,940,751)	(1,385,923)	-	-	(17,326,674)
Total accumulated depreciation	(53,550,592)	(4,918,431)	-	-	(58,469,023)
Total capital assets, being depreciated, net	108,853,633	(2,935,587)	-	734,356	106,652,402
Business-type activities capital assets, net	$ 118,064,339	$ (2,413,042)	$ -	$ -	$ 115,651,297

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	$ 248,362
Public safety	526,606
Public works	401,677
Parks and recreation	13,676
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	126,767
Total depreciation expense - governmental activities	$ 1,317,088
Business-type activities:	
Water and wastewater	$ 3,177,619
Electric	845,199
Solid waste	426,243
Stormwater	271,633
Airport	109,011
Welcome center	42,088
Golf course	46,638
Total depreciation expense - business-type activities	$ 4,918,431

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, 2010, are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Combined Utility, Series 2002	$ 64,385,000	2.00% - 5.125%	2032	$ 61,310,000
Combined Utility, Series 2005	9,748,000	3.59%	2017	6,367,000
				67,677,000
			Less current portion	(1,861,000)
				$ 65,816,000

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
2011	$ 5,108,775	$ 1,861,000	$ 3,247,775
2012	5,108,988	1,932,000	3,176,988
2013	5,109,468	2,006,000	3,103,468
2014	5,105,148	2,078,000	3,027,148
2015	5,106,249	2,169,000	2,937,249
2016 - 2020	25,539,383	12,391,000	13,148,383
2021 - 2025	25,542,482	15,695,000	9,847,482
2026 - 2030	25,540,288	20,045,000	5,495,288
2031 and 2032	10,218,250	9,500,000	718,250
	$ 112,379,031	$ 67,677,000	$ 44,702,031

Other Long-Term Debt:

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, 2010:

Original Amount	Interest Rate	Due Date	Amount
$ 2,691,113	3.75%	2022	$ 1,938,887
		Less current portion	(137,483)
			$ 1,801,404

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

Fiscal Year Payable	Total	Principal	Interest
2011	$ 207,850	$ 137,483	$ 70,367
2012	207,851	142,624	65,227
2013	207,851	148,270	59,581
2014	207,850	153,826	54,024
2015	207,851	159,695	48,156
2016 - 2020	1,039,253	894,615	144,638
2021 and 2022	311,415	302,374	9,041
	$ 2,389,921	$ 1,938,887	$ 451,034

NOTE 6. LONG-TERM DEBT (CONTINUED)

Intergovernmental Agreement – Due to Pike County

The Water and Wastewater Utility Fund has incurred debt to Pike County as part of a settlement agreement with regards to the construction of the City's water reservoir located in Pike County. This note is as follows at June 30, 2010:

Original Amount	Interest Rate	Due Date	Amount
$ 374,469	7.00%	2016	$ 205,010

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

Fiscal Year Payable	Total	Principal	Interest
2012	$ 50,000	$ 35,649	$ 14,351
2013	50,000	38,145	11,855
2014	50,000	40,815	9,185
2015	50,000	43,672	6,328
2016	50,000	46,729	3,271
	$ 250,000	$ 205,010	$ 44,990

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, Solid Waste Fund, and Golf Course Fund payments with annual interest rates varying from 3.21% to 7.81%.

The following is an analysis of equipment leased under capital leases as of June 30, 2010:

	Governmental Activities	Business-type Activities	Total
Buildings	$ 3,949,160	$ -	$ 3,949,160
Equipment	2,554,061	888,300	3,442,361
Less accumulated depreciation	(1,692,558)	(601,532)	(2,294,090)
Carrying value	$ 4,810,663	$ 286,768	$ 5,097,431

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Leases: (Continued)

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2010:

Fiscal year ending	Governmental Activities	Golf Course Fund	Solid Waste Fund	Total
2011	$ 671,688	$ 18,557	$ 92,674	$ 782,919
2012	618,967	18,557	92,674	730,198
2013	548,994	18,557	92,674	660,225
2014	432,628	18,557	-	451,185
2015	360,331	9,280	-	369,611
2016 and 2017	3,134,703	-	-	3,134,703
Total minimum lease payments	5,767,311	83,508	278,022	6,128,841
Less amount representing interest	(1,092,483)	(6,245)	(23,966)	(1,122,694)
Present value of future minimum lease payments	$ 4,674,828	$ 77,263	$ 254,056	$ 5,006,147

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 $826,342 over the remaining 13 year period. These costs are based on what it would cost to perform all postclosure care in 2001, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Effective December 2006, the City of Griffin Shoal Creek Landfill Phase 2 was closed and no additional waste has been accepted. According to state and federal laws and regulations, the City must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately $711,773 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.

NOTE 6. LONG-TERM DEBT (CONTINUED)

Closure/Postclosure Care Costs (Continued)

State and federal laws and regulations require the City to place a final cover on its Shoal Creek Landfill Phase 3 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2029, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount noted as Phase 3 below reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of approximately 18% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $1,939,363 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	$ 826,342
Shoal Creek Road Landfill Phase 2 closure and postclosure care costs	711,773
Shoal Creek Road Landfill Phase 3 closure and postclosure care costs	426,579
Total closure and postclosure care costs recorded within the Solid Waste Fund	1,964,694
Less current portion	(87,300)
	$ 1,877,394

NOTE 6. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 4,741,757	$ 645,165	$ (712,094)	$ 4,674,828	$ 463,214
Compensated absences	838,688	851,534	(1,018,204)	672,018	571,215
Governmental activity Long-term liabilities	$ 5,580,445	$ 1,496,699	$ (1,730,298)	$ 5,346,846	$ 1,034,429
Business-type activities:					
Revenue bonds	$ 69,472,000	$ -	$ (1,795,000)	$ 67,677,000	$ 1,861,000
Notes payable	2,116,108	-	(177,221)	1,938,887	137,483
Compensated absences	596,626	553,710	(628,109)	522,227	443,892
Capital leases	419,957	85,028	(173,666)	331,319	99,798
Intergovernmental agreement	238,327	-	(33,317)	205,010	-
Landfill closure / postclosure	1,884,259	143,246	(62,811)	1,964,694	87,300
Business-type activity Long-term liabilities	$ 74,727,277	$ 781,984	$ (2,870,124)	$ 72,639,137	$ 2,629,473

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, $14,884 of internal service fund's compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are substantially liquidated by the General Fund. The beginning balance of business-type activities in the table above has been adjusted to properly include the beginning balance of the City's intergovernmental agreement.

NOTE 7. PENSION PLAN

A. Plan Description

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

As of January 1, 2010, the date of the most recent actuarial valuation, there were 691 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	179
Vested terminated employees not yet receiving benefits	62
Active employees	450
Total	691

As of the most recent valuation date, January 1, 2010, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded / Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	$ 44,271,925	$ 53,160,185	$ 8,888,260	83.3 %	$ 16,747,151	53.1 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010.

NOTE 7. PENSION PLAN (CONTINUED)

B. Funding Policy

The funding policy for the City of Griffin Retirement Plan is to contribute an actuarially determined amount equal to the recommended contribution each year. The City makes all contributions to the City of Griffin Retirement Plan. The City is required to contribute at an actuarially determined rate; the current rate is 13.15% of annual covered payroll.

C. Annual Pension Cost

For the year ended June 30, 2010, the City's annual pension cost was $2,413,767 for the City of Griffin Retirement Plan. The recommended contribution of $2,240,772 was determined as part of the January 1, 2010 and 2009 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, 2010 is as follows:

Annual required contribution	$	2,240,772
Interest on net pension obligation (asset)		(48,793)
Adjustments to annual required contribution		221,788
Annual pension cost		2,413,767
Contributions made		2,240,772
Decrease in net pension asset		172,995
Net pension obligation (asset), beginning of year		(2,439,671)
Net pension obligation (asset), end of year	$	(2,266,676)

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

NOTE 7. PENSION PLAN (CONTINUED)

C. Annual Pension Cost (Continued)

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)
June 30, 2008	1,718,803	1,561,590	91%	(2,604,631)
June 30, 2009	2,685,687	2,520,727	94%	(2,439,671)
June 30, 2010	2,413,767	2,240,772	93%	(2,266,676)

D. Trend Information

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

NOTE 8. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures Over Appropriations

The following General Fund departments and special revenue funds had actual expenditures in excess of appropriations for the year ended June 30, 2010:

Fire	$ 363,556
Cemetery	23,378
Downtown development	150,000
Main Street	99,994
Hotel / Motel Tax Fund	579
Confiscated Assets Fund	94,883
Police Donations Fund	19,342

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

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

B. Deficit Fund Balance/Net Assets

The following funds had deficit fund balances/net assets at June 30, 2010:

Solid Waste Fund	$ 25,036
2008 CDBG Fund	28,433
Federal Stimulus Fund	23,502
General Capital Projects Fund	26,715

The fund deficit in the Solid Waste Fund will be reduced through increased user charges and General Fund appropriations. The fund deficits in the 2008 CDBG Fund, the Federal Stimulus Fund, and the General Capital Projects will be reduced through increased General Fund appropriations and intergovernmental revenues.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2010 are as follows:

	Due From			
Due To	General	Nonmajor Governmental	Electric	Water / Wastewater
General Fund	$ -	$ 364,675	$ -	$ -
Nonmajor governmental	221,652	12,098	-	-
Water / Wastewater	-	20,825	-	-
Electric	3,267	-	-	-
Solid Waste	-	-	-	10,835
Internal service funds	34,939	-	13,075	17,871
Nonmajor enterprise	-	1,854	221,500	-
Total	$ 259,858	$ 399,452	$ 234,575	$ 28,706

Due To	Solid Waste	Nonmajor Enterprise	Internal Service	Total
General Fund	$ -	$ 138,139	$ 486,950	$ 989,764
Nonmajor governmental	-	-	-	233,750
Water/Wastewater	-	23,623	-	44,448
Electric	-	128,972	-	132,239
Solid Waste	-	8,820	-	19,655
Internal Service Funds	86,791	5,992	-	158,668
Nonmajor enterprise	-	55	-	223,409
Total	$ 86,791	$ 305,601	$ 486,950	$ 1,801,933

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 9. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	Transfer To			
	General	Nonmajor Governmental	Water/ Wastewater	Electric
Transfer From				
General Fund	$ -	$ 20,799	$ 5,544,612	$ -
Nonmajor Governmental	29,998	-	-	-
Water / Wastewater	-	115,182	-	7,185,280
Electric	15,752,932	2,679	-	-
Solid Waste	-	-	-	2,321,833
Internal Service	-	-	-	-
Nonmajor Enterprise	-	-	-	1,106,620
Total	$ 15,782,930	$ 138,660	$ 5,544,612	$ 10,613,733

	Solid Waste	Internal Service	Nonmajor Enterprise	Total
Transfer From				
General Fund	$ 2,894,861	$ 450,000	$ 1,179,505	$ 10,089,777
Nonmajor Governmental	-	-	20,013	50,011
Water / Wastewater	-	-	-	7,300,462
Electric	-	-	19,999	15,775,610
Solid Waste	-	-	-	2,321,833
Internal Service	-	-	19,378	19,378
Nonmajor Enterprise	-	-	-	1,106,620
Total	$ 2,894,861	$ 450,000	$ 1,238,895	$ 36,663,691

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

NOTE 10. RELATED ORGANIZATION

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

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. For the fiscal year ended June 30, 2010, $70,024 of hotel/motel tax was collected. Of the total collected, over 50% was used for the promotion of tourism within the City ($20,013 to the Griffin Business and Tourism Association and $20,013 to the City's Welcome Center).

NOTE 12. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county west central Georgia area, is a member of the Three Rivers Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2010, the City paid $23,719 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC 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 an RC. Separate financial statements may be obtained from: Three Rivers Regional Commission; 120 North Hill Street, Griffin, Georgia 30224.

NOTE 13. JOINTLY GOVERNED ORGANIZATION

During the year ended June 30, 2010, the City Commission approved entering into an interlocal cooperation agreement for the purpose of establishing the Griffin / Spalding County Land Bank Authority (the “Authority”). The Authority was formally created in August 2008. 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 will have no further accountability for this organization.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants from Governments

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

Agreements with the Municipal Electric Authority of Georgia

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

As of June 30, 2010, 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 $24,979,386 in 2010.

At June 30, 2010, the outstanding debt of MEAG was approximately $5.49 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $292.02 million at June 30, 2010.

NOTE 15. RISK MANAGEMENT

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

NOTE 15. RISK MANAGEMENT (CONTINUED)

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment and all expenses incurred for investigation, negotiation or defense.

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

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN

Plan Description

The City of Griffin OPEB Plan (the "OPEB Plan") is a single-employer defined benefit healthcare plan administered by the Georgia Municipal Association. The OPEB Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions and contribution requirements are established and may be amended by the Commission. The revelevant information about the OPEB Plan is provided below. No other financial reports are issued by this sole employer plan. The City has implemented the effects of GASB Statement 45 on a prospective basis.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the OPEB Plan's actuary. For fiscal year 2010, the City contributed $861,515 to the plan, including $236,589 for current premiums and an additional $624,926 to prefund benefits. Plan members receiving benefits are not required to contribute to the plan.

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Plan Provisions

Eligible participants are assumed to be employees, and former employees of the City of Griffin who had health coverage as an active employee for at least the two consecutive years immediately preceding their termination and have satisfied the following requirements: 1) completed at least 10 years of consecutive service immediately preceding their termination date; and 2) is eligible and elects to receive normal retirement or disability benefits under a qualified defined benefit plan sponsored by the City. The OPEB Plan is closed to all employees hired after July 1, 2007. The Plan benefit provisions are fixed at 1) $200 per month for retiree only coverage for employees less than age 65; 2) $400 per month for retirees and spouse (or family) coverage for employees less than age 65; 3) $100 per month for retiree only coverage for employees age 65 or older; and 4) $200 per month for retiree and spouse coverage for employees age 65 or older. Deferred retirements are not allowed to elect coverage at the time of retirement. Additionally, surviving spouses are not covered under the OPEB Plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the OPEB Plan:

Annual required contribution	$	1,021,000
Interest on net OPEB obligation (asset)		-
Adjustments to annual required contribution		-
Annual OPEB cost		1,021,000
Contributions made		861,515
Decrease in net OPEB obligation		159,485
Net OPEB obligation (asset), beginning of year		(371,929)
Net OPEB obligation (asset), end of year	$	(212,444)

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation for 2010 and 2009 (the initial year of the OPEB Plan) were as follows:

Year Ending	Annual OPEB Cost	Actual City Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
June 30, 2009	$ 1,021,000	$ 1,392,929	136%	$ (371,929)
June 30, 2010	1,021,000	861,515	84%	(212,444)

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $9,193,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $9,193,000. The covered payroll (annual payroll of active employees covered by the plan) was $17.3 million, and the ratio of the UAAL to the covered payroll was 53 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Actuarial Methods and Assumptions (Continued)

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method, with linear pro-ration to assumed benefit commencement, was used. The actuarial assumptions included a 8.0 percent investment rate of return and an annual healthcare cost trend rate of 8.50 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after four years. Both rates included a 4.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2008, was 11 years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRIFFIN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded 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
01/01/08	41,942,958	47,180,238	5,237,280	88.90	14,827,023	35.32
01/01/09	36,885,665	50,056,917	13,171,252	73.69	17,313,780	76.07
01/01/10	44,271,925	53,160,185	8,888,260	83.28	16,747,151	53.07

The assumptions used in the preparation of the above schedule are disclosed in Note 7 to the financial statements.

COMBINING STATEMENTS
AND SCHEDULES

CITY OF GRIFFIN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

The **Police Donations Fund** accounts for local donated revenues and expenditures for law enforcement expenditures.

The **2008 CDBG Fund** accounts for CDBG grant revenues and expenditures relating to public works projects.

The **2009 CDBG Fund** accounts for CDBG grant revenues and expenditures relating to public works projects.

The **2008 CHIP Fund** accounts for CHIP grant revenues and expenditures relating to public works projects.

The **Neighborhood Stabilization Fund** accounts for grant revenues and expenditures relating to the purchase of foreclosed and abandoned properties.

CITY OF GRIFFIN, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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 **Federal Stimulus Fund** accounts for capital projects of the City funded by the Federal Stimulus Grant Funds.

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

The **SPLOST Fund** account for the capital projects within the City from resources provided by the 2009 special Spalding County one percent sales and use tax.

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, 2010

	Special Revenue Funds				
ASSETS	**Hotel/ Motel Tax Fund**	**Multiple Grant Fund**	**Confiscated Assets Fund**	**Police Technology Fund**	**Court Technology Fund**
Cash and cash equivalents	$ -	$ 116,575	$ 269,578	$ 32,777	$ 31,139
Investments	-	-	-	-	-
Taxes receivable	6,483	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Assets held for resale	-	-	-	-	-
Total assets	$ 6,483	$ 116,575	$ 269,578	$ 32,777	$ 31,139
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds	4,630	30,298	572	31,987	-
Due to component unit	1,853	-	-	-	-
Deferred revenues	-	-	-	-	-
Total liabilities	6,483	30,298	572	31,987	-
FUND BALANCES (DEFICIT)					
Reserved:					
Special projects	-	-	-	-	-
Unreserved, undesignated	-	86,277	269,006	790	31,139
Total fund balances	-	86,277	269,006	790	31,139
Total liabilities and fund balances	$ 6,483	$ 116,575	$ 269,578	$ 32,777	$ 31,139

(Continued)

						Capital Project Funds		
Police Donations	2008 CDBG	2009 CDBG	2008 CHIP	Neighborhood Stabilization	Federal Stimulus	General Capital Projects Fund	SPLOST Fund
$ 32,142	$ 5	$ -	$ 14,837	$ 5	$ -	$ -	$ 1,997,860
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	101,416	-	-	-	211,519	-	152,128
-	-	-	-	-	-	-	210,952
-	-	-	-	-	-	-	-
$ 32,142	$ 101,421	$ -	$ 14,837	$ 5	$ 211,519	$ -	$ 2,360,940
$ -	$ 129,854	$ -	$ 350	$ -	$ 23,502	$ -	$ -
6,214	-	-	-	-	211,519	26,715	-
-	-	-	-	-	-	-	-
-	-	-	13,650	-	-	-	19,128
6,214	129,854	-	14,000	-	235,021	26,715	19,128
-	-	-	-	-	-	-	-
25,928	(28,433)	-	837	5	(23,502)	(26,715)	2,341,812
25,928	(28,433)	-	837	5	(23,502)	(26,715)	2,341,812
$ 32,142	$ 101,421	$ -	$ 14,837	$ 5	$ 211,519	$ -	$ 2,360,940

(Continued)

CITY OF GRIFFIN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Permanent Funds		
ASSETS	**Cemetery Trust Fund**	**Mausoleum Trust Fund**	**Totals**
Cash and cash equivalents	$ 619,072	$ 11,714	$ 3,125,704
Investments	990,073	319,491	1,309,564
Taxes receivable	-	-	6,483
Due from other governments	-	-	465,063
Due from other funds	12,098	10,700	233,750
Assets held for resale	243,130	-	243,130
Total assets	$ 1,864,373	$ 341,905	$ 5,383,694
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 15,697	$ -	$ 169,403
Due to other funds	75,419	12,098	399,452
Due to component unit	-	-	1,853
Deferred revenues	-	-	32,778
Total liabilities	91,116	12,098	603,486
FUND BALANCES (DEFICIT)			
Reserved:			
Special projects	1,773,257	329,807	2,103,064
Unreserved, undesignated	-	-	2,677,144
Total fund balances	1,773,257	329,807	4,780,208
Total liabilities and fund balances	$ 1,864,373	$ 341,905	$ 5,383,694

(Concluded)

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				
	Hotel/ Motel Tax Fund	Multiple Grant Fund	Confiscated Assets Fund	Police Technology Fund	Court Technology Fund
Revenues:					
Other taxes	$ 70,024	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	684,248	46,234	23,136
Interest revenue	-	130	352	26	17
Contributions and donations	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	70,024	130	684,600	46,260	23,153
Expenditures:					
Current:					
Public safety	-	-	436,883	26,586	-
Public works	-	-	-	-	-
Housing and economic development	20,013	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	16,653	13,084
Total expenditures	20,013	-	436,883	43,239	13,084
Excess (deficiency) of revenues over (under) expenditures	50,011	130	247,717	3,021	10,069
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(50,011)	-	-	-	-
Total other financing sources (uses)	(50,011)	-	-	-	-
Net change in fund balances	-	130	247,717	3,021	10,069
Fund balances (deficits), beginning of year	-	86,147	21,289	(2,231)	21,070
Fund balances (deficits), end of year	$ -	$ 86,277	$ 269,006	$ 790	$ 31,139

(Continued)

					Capital Project Funds		
Police Donations	2008 CDBG	2009 CDBG	2008 CHIP	Neighborhood Stabilization	Federal Stimulus	General Capital Projects Fund	SPLOST Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	460,332	-	32,100	311,201	211,519	-	2,469,015
-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	42
35,626	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,637	460,332	-	32,100	311,201	211,519	-	2,469,057
21,942	-	-	-	-	-	-	-
-	520,961	89,083	31,263	311,196	235,021	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	19,662	68,660
-	-	-	-	-	-	-	-
21,942	520,961	89,083	31,263	311,196	235,021	19,662	68,660
13,695	(60,629)	(89,083)	837	5	(23,502)	(19,662)	2,400,397
-	32,196	89,083	-	-	-	17,381	-
-	-	-	-	-	-	-	-
-	32,196	89,083	-	-	-	17,381	-
13,695	(28,433)	-	837	5	(23,502)	(2,281)	2,400,397
12,233	-	-	-	-	-	(24,434)	(58,585)
$ 25,928	$ (28,433)	$ -	$ 837	$ 5	$ (23,502)	$ (26,715)	$ 2,341,812

(Continued)

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Permanent Funds		
	Cemetery Trust Fund	Mausoleum Trust Fund	Totals
Revenues:			
Other taxes	$ -	$ -	$ 70,024
Charges for services	36,571	-	36,571
Intergovernmental	-	-	3,484,167
Fines and forfeitures	-	-	753,618
Interest revenue	(94,265)	4,782	(88,905)
Contributions and donations	-	-	35,626
Other revenues	27,184	-	27,184
Total revenues	(30,510)	4,782	4,318,285
Expenditures:			
Current:			
Public safety	-	-	485,411
Public works	19,038	384	1,206,946
Housing and economic development	-	-	20,013
Capital outlay	-	-	88,322
Debt service	-	-	29,737
Total expenditures	19,038	384	1,830,429
Excess (deficiency) of revenues over (under) expenditures	(49,548)	4,398	2,487,856
Other financing sources (uses)			
Transfers in	-	-	138,660
Transfers out	-	-	(50,011)
Total other financing sources (uses)	-	-	88,649
Net change in fund balances	(49,548)	4,398	2,576,505
Fund balances (deficits), beginning of year	1,822,805	325,409	2,203,703
Fund balances (deficits), end of year	$ 1,773,257	$ 329,807	$ 4,780,208

(Concluded)

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, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Other taxes	$ 68,000	$ 70,024	$ 2,024
EXPENDITURES			
Housing and development	19,434	20,013	(579)
Total expenditures	19,434	20,013	(579)
Excess of revenues over expenditures	48,566	50,011	1,445
Other financing (uses)			
Transfers out	(48,566)	(50,011)	(1,445)
Total other financing (uses)	(48,566)	(50,011)	(1,445)
Net change in fund balance	-	-	-
FUND BALANCES, beginning of year	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -

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, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ -	$ -	$ -
Interest revenue	-	130	130
Total revenues	-	130	130
EXPENDITURES			
Public safety	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	130	130
FUND BALANCES, beginning of year	86,147	86,147	-
FUND BALANCES, end of year	$ 86,147	$ 86,277	$ 130

CITY OF GRIFFIN, GEORGIA
CONFISCATED ASSETS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	$ 570,000	$ 684,248	$ 114,248
Interest revenue	400	352	(48)
Total revenues	570,400	684,600	114,200
EXPENDITURES			
Public safety	342,000	436,883	(94,883)
Total expenditures	342,000	436,883	(94,883)
Net change in fund balance	228,400	247,717	19,317
FUND BALANCES, beginning of year	21,289	21,289	-
FUND BALANCES, end of year	$ 249,689	$ 269,006	$ 19,317

CITY OF GRIFFIN, GEORGIA
POLICE TECHNOLOGY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	$ 51,000	$ 46,234	$ (4,766)
Interest revenue	-	26	26
Total revenues	51,000	46,260	(4,740)
EXPENDITURES			
Current:			
Public safety	32,575	26,586	5,989
Debt service	18,318	16,653	1,665
Total expenditures	50,893	43,239	7,654
Net change in fund balance	107	3,021	2,914
FUND BALANCES (DEFICITS), beginning of year	(2,231)	(2,231)	-
FUND BALANCES (DEFICITS), end of year	$ (2,124)	$ 790	$ 2,914

CITY OF GRIFFIN, GEORGIA
COURT TECHNOLOGY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	$ 25,000	$ 23,136	$ (1,864)
Interest revenue	-	17	17
Total revenues	25,000	23,153	(1,847)
EXPENDITURES			
Current:			
Public safety	6,500	-	6,500
Debt service	14,393	13,084	1,309
Total expenditures	20,893	13,084	7,809
Net change in fund balance	4,107	10,069	5,962
FUND BALANCES, beginning of year	21,070	21,070	-
FUND BALANCES, end of year	$ 25,177	$ 31,139	$ 5,962

CITY OF GRIFFIN, GEORGIA
POLICE DONATIONS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest revenue	$ -	$ 11	$ 11
Contributions and donations	2,600	35,626	33,026
Total revenues	2,600	35,637	33,037
EXPENDITURES			
Current:			
Public safety	2,600	21,942	(19,342)
Total expenditures	2,600	21,942	(19,342)
Net change in fund balance	-	13,695	13,695
FUND BALANCES, beginning of year	12,233	12,233	-
FUND BALANCES, end of year	$ 12,233	$ 25,928	$ 13,695

CITY OF GRIFFIN, GEORGIA
2008 CDBG FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 500,000	$ 460,332	$ (39,668)
Total revenues	500,000	460,332	(39,668)
EXPENDITURES			
Public works	652,782	520,961	131,821
Total expenditures	652,782	520,961	131,821
Deficiency of revenues over expenditures	(152,782)	(60,629)	92,153
Other financing sources			
Transfers in	152,782	32,196	(120,586)
Total other financing sources	152,782	32,196	(120,586)
Net change in fund balance	-	(28,433)	(28,433)
FUND BALANCES, beginning of year	-	-	-
FUND BALANCES (DEFICIT), end of year	$ -	$ (28,433)	$ (28,433)

CITY OF GRIFFIN, GEORGIA
2009 CDBG FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 500,000	$ -	$ (500,000)
Total revenues	500,000	-	(500,000)
EXPENDITURES			
Public works	879,739	89,083	790,656
Total expenditures	879,739	89,083	790,656
Deficiency of revenues over expenditures	(379,739)	(89,083)	290,656
Other financing sources			
Transfers in	379,739	89,083	(290,656)
Total other financing sources	379,739	89,083	(290,656)
Net change in fund balance	-	-	-
FUND BALANCES, beginning of year	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Roads, streets, bridges and transportation improvements and equipment:					
Airport Signals	$ 585,291	$ 585,291	$ -	$ 35,645	$ 35,645
Signals phase I	487,893	487,893	-	67,176	67,176
Signals phase II	182,013	182,013	-	17,273	17,273
Intersections	144,860	144,860	-	-	-
Airport road intersection	55,000	55,000	-	-	-
6th Street Bridge	643,340	643,340	-	4,151	4,151
Meriwether Street Bridge	275,000	275,000	-	-	-
Poplar Street Bridge	275,000	275,000	-	-	-
Street Resurfacing	1,800,000	1,800,000	-	-	-
Block Improvement	500,000	500,000	-	3,000	3,000
Sidewalks	490,728	490,728	-	-	-
North Hill Street LCI	3,000,000	3,000,000	-	-	-
Utilities / Engineering	2,435,465	2,435,465	-	-	-
	$ 10,874,590	$ 10,874,590	$ -	$ 127,245	$ 127,245

Reconciliation to the Combining Statement of Revenues, Expenditures and Changes in Fund Balance:	
Amount above less expenditures originally paid for by the City's General Fund in 2009 prior to the collection of SPLOST revenues.	(58,585)
Total per Combining Statement of Revenues, Expenditures and Changes in Fund Balance	$ 68,660

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, 2010

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
ASSETS					
CURRENT ASSETS					
Cash	$ 47,283	$ 425,173	$ -	$ 208,423	$ 680,879
Restricted assets, cash	-	-	-	163,705	163,705
Accounts receivable, net of allowances	33	71,038	-	7,284	78,355
Due from other governments	2,186	-	-	-	2,186
Due from other funds	-	55	1,853	221,501	223,409
Inventories	-	59,409	-	-	59,409
Prepaid expenses	18,662	15,723	2,798	4,346	41,529
Total current assets	68,164	571,398	4,651	605,259	1,249,472
NONCURRENT ASSETS					
Capital assets:					
Nondepreciable	169,923	468,237	365,500	1,492,380	2,496,040
Depreciable, net of accumulated depreciation	5,393,571	2,770,812	1,671,413	306,166	10,141,962
Total noncurrent assets	5,563,494	3,239,049	2,036,913	1,798,546	12,638,002
Total assets	5,631,658	3,810,447	2,041,564	2,403,805	13,887,474
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	65,655	124,210	360	10,896	201,121
Accrued liabilities	15,091	3,036	-	4,919	23,046
Current portion - compensated absences	14,714	7,210	-	3,448	25,372
Current portion - notes payable	137,483	-	-	-	137,483
Current portion - capital leases payable	-	-	-	16,153	16,153
Due to other funds	29,073	267,537	-	8,991	305,601
Total current liabilities	262,016	401,993	360	44,407	708,776
NONCURRENT LIABILITIES					
Compensated absences, net of current portion	2,597	1,273	-	608	4,478
Notes payable, net of current portion	1,801,404	-	-	-	1,801,404
Capital leases payable, net of current portion	-	-	-	61,110	61,110
Total noncurrent liabilities	1,804,001	1,273	-	61,718	1,866,992
Total liabilities	2,066,017	403,266	360	106,125	2,575,768
NET ASSETS					
Invested in capital assets, net of related debt	3,624,607	3,239,049	2,036,913	1,721,283	10,621,852
Unrestricted	(58,966)	168,132	4,291	576,397	689,854
Total net assets	$ 3,565,641	$ 3,407,181	$ 2,041,204	$ 2,297,680	$ 11,311,706

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, 2010

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
OPERATING REVENUES					
Charges for services	$ 2,036,829	$ 464,223	$ 5,300	$ 300,514	$ 2,806,866
Other services	-	14,284	-	352	14,636
Total operating revenues	2,036,829	478,507	5,300	300,866	2,821,502
OPERATING EXPENSES					
Personal services	656,876	173,621	-	255,390	1,085,887
Purchased or contracted service	708,079	474,549	64,496	109,629	1,356,753
Supplies	124,610	16,852	1,834	48,762	192,058
Miscellaneous	14,371	31,000	-	88,962	134,333
Depreciation	271,633	109,011	42,088	46,638	469,370
Total operating expenses	1,775,569	805,033	108,418	549,381	3,238,401
Operating income (loss)	261,260	(326,526)	(103,118)	(248,515)	(416,899)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	10,923	479,930	-	-	490,853
Interest revenue	33	363	-	344	740
Interest expense	(75,025)	-	-	(1,624)	(76,649)
Gain on sale of capital assets	-	-	-	-	-
Total nonoperating revenues	(64,069)	480,293	-	(1,280)	414,944
Income (loss) before transfers	197,191	153,767	(103,118)	(249,795)	(1,955)
TRANSFERS					
Transfers out	(1,106,620)	-	-	-	(1,106,620)
Transfers in	846,963	95,000	63,156	233,776	1,238,895
Total transfers	(259,657)	95,000	63,156	233,776	132,275
Change in net assets	(62,466)	248,767	(39,962)	(16,019)	130,320
NET ASSETS, beginning of year	3,628,107	3,158,414	2,081,166	2,313,699	11,181,386
NET ASSETS, end of year	$ 3,565,641	$ 3,407,181	$ 2,041,204	$ 2,297,680	$ 11,311,706

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 2,015,278	$ 883,375	$ 5,300	$ 301,263	$ 3,205,216
Payments to suppliers	(819,221)	(524,273)	(68,308)	(243,756)	(1,655,558)
Payments to employees	(655,164)	(171,362)	(148)	(257,961)	(1,084,635)
Net cash provided by (used in) operating activities	540,893	187,740	(63,156)	(200,454)	465,023
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	10,923	479,930	-	-	490,853
Transfers out	(1,106,620)	-	-	-	(1,106,620)
Transfers in	846,963	95,000	63,156	233,776	1,238,895
Net cash provided by (used in) noncapital financing activities	(248,734)	574,930	63,156	233,776	623,128
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(63,973)	(372,340)	-	(85,028)	(521,341)
Proceeds from capital leases payable	-	-	-	85,028	85,028
Principal paid on notes payable and capital leases	(132,431)	-	-	(7,765)	(140,196)
Interest paid	(75,419)	-	-	(1,513)	(76,932)
Net cash used in capital and related financing activities	(271,823)	(372,340)	-	(9,278)	(653,441)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	33	363	-	344	740
Net cash provided by investing activities	33	363	-	344	740
Increase in cash and cash equivalents	20,369	390,693	-	24,388	435,450
Cash and cash equivalents:					
Beginning of year	26,914	34,480	-	347,740	409,134
End of year	$ 47,283	$ 425,173	$ -	$ 372,128	$ 844,584
Classified as:					
Cash	$ 47,283	$ 425,173	$ -	$ 208,423	$ 680,879
Restricted assets, cash	-	-	-	163,705	163,705
	$ 47,283	$ 425,173	$ -	$ 372,128	$ 844,584

(Continued)

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	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)	$ 261,260	$ (326,526)	$ (103,118)	$ (248,515)	$ (416,899)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	271,633	109,011	42,088	46,638	469,370
(Increase) decrease in accounts receivable	(33)	76,452	-	397	76,816
Increase in due from other governments	(2,186)	-	-	-	(2,186)
Increase in inventory	-	(19,949)	-	-	(19,949)
(Increase) decrease in due from other funds	5,144	65,253	(263)	-	70,134
Increase in prepaids and other assets	(2,340)	(5,899)	(1,863)	(1,734)	(11,836)
Increase (decrease) in accounts payable	29,903	24,074	-	(3,344)	50,633
Increase (decrease) in accrued liabilities	1,988	2,161	-	(2,571)	1,578
Increase (decrease) in due to other funds	(24,476)	263,163	-	8,675	247,362
Net cash provided by (used in) operating activities	$ 540,893	$ 187,740	$ (63,156)	$ (200,454)	$ 465,023

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Municipal Court			
	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
ASSETS				
Cash and cash equivalents	$ 226,869	$ 1,714,614	$ (1,915,551)	$ 25,932
Total assets	$ 226,869	$ 1,714,614	$ (1,915,551)	$ 25,932
LIABILITIES				
Due to others	$ 226,869	$ 1,714,614	$ (1,915,551)	$ 25,932
Total liabilities	$ 226,869	$ 1,714,614	$ (1,915,551)	$ 25,932

CITY OF GRIFFIN, GEORGIA

STATEMENT OF NET ASSETS
COMPONENT UNITS

JUNE 30, 2010

	Griffin Main Street	Griffin Downtown Development	Business and Tourism Association
ASSETS			
Cash and cash equivalents	$ 38,300	$ 21,750	$ 1,037
Due from primary government	-	-	1,853
Prepaid items	334	348	89
Capital assets, nondepreciable	-	250	-
Total assets	38,634	22,348	2,979
LIABILITIES			
Accounts payable	158	79	-
Accrued liabilities	1,004	3,038	1,547
Due to primary government	30,803	48,170	10,009
Total liabilities	31,965	51,287	11,556
NET ASSETS (DEFICIT)			
Unrestricted	6,669	(28,939)	(28,590)
Total net deficit	$ 6,669	$ (28,939)	$ (28,590)

CITY OF GRIFFIN, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2010

	Griffin Main Street	Griffin Downtown Development	Business and Tourism Association
Revenues			
Intergovernmental	$ 134,994	$ 150,000	$ -
Interest	24	-	1
Total revenues	135,018	150,000	1
Expenses			
Personal services	54,602	75,811	17,912
Purchased or contracted services	18,246	7,636	67
Supplies	6,504	-	199
Miscellaneous	1,307	1,002	9,954
Total expenses	80,659	84,449	28,132
Net change in fund balance	54,359	65,551	(28,131)
NET ASSETS (Deficit), beginning of year	(47,690)	(94,490)	(459)
NET ASSETS (Deficit), end of year	$ 6,669	$ (28,939)	$ (28,590)

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 ..... **86 - 93**
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 ..... **94 - 100**
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity ..... **101 - 104**
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 ..... **105 and 106**
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 ..... **107 - 109**
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 SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	$ 12,732,908	$ 16,924,455	$ 14,785,016	$ 14,408,710	$ 12,991,539	$ 12,975,572	$ 13,665,934
Restricted	-	-	-	-	-	-	-
Unrestricted	(805,825)	5,039,737	6,717,474	7,397,437	7,662,397	7,673,140	12,015,787
Total governmental actives net assets	$ 11,927,083	$ 21,964,192	$ 21,502,490	$ 21,806,147	$ 20,653,936	$ 20,648,712	$ 25,681,721
Business-type activities							
Invested in capital assets, net of related debt	$ 38,011,083	$ 44,633,488	$ 43,107,249	$ 47,045,720	$ 47,793,223	$ 46,056,274	$ 45,704,091
Restricted	2,319,938	2,212,070	1,414,792	1,025,014	1,025,014	995,921	1,000,105
Unrestricted	19,845,656	10,461,883	14,912,965	11,738,893	9,623,571	13,111,169	18,756,262
Total business-type activities net assets	$ 60,176,677	$ 57,307,441	$ 59,435,006	$ 59,809,627	$ 58,441,808	$ 60,163,364	$ 65,460,458
Primary government							
Invested in capital assets, net of related debt	$ 50,743,991	$ 61,557,943	$ 57,892,265	$ 61,454,430	$ 60,784,762	$ 59,031,846	$ 59,370,025
Restricted	2,319,938	2,212,070	1,414,792	1,025,014	1,025,014	995,921	1,000,105
Unrestricted	19,039,831	15,501,620	21,630,439	19,136,330	17,285,968	20,784,309	30,772,049
Total primary government net assets	$ 72,103,760	$ 79,271,633	$ 80,937,496	$ 81,615,774	$ 79,095,744	$ 80,812,076	$ 91,142,179

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Primary government:							
Governmental activities:							
General government	$ 4,029,945	$ 4,755,055	$ 5,665,886	$ 6,263,855	$ 4,651,126	$ 4,145,149	$ 3,847,393
Judicial	16,453	232,360	147,337	138,435	155,443	154,801	166,044
Public safety [a]	11,702,958	11,817,622	13,268,194	13,804,583	14,438,842	14,735,107	14,034,310
Public works	3,835,115	4,447,313	4,116,631	4,573,818	4,760,853	4,255,794	4,250,091
Parks and recreation	346,028	350,586	412,667	426,302	464,517	535,047	265,882
Housing and development	672,308	360,112	596,803	755,454	811,268	574,377	960,351
Interest and fiscal changes	19,207	45,564	21,826	175,391	254,579	232,108	218,882
Total governmental activities expenses	20,622,014	22,008,612	24,229,344	26,137,838	25,536,628	24,632,383	23,742,953
Business-type activities:							
Water and Wastewater [b]	13,451,905	12,050,829	13,668,876	15,055,974	15,366,591	15,291,525	15,439,483
Electric [c]	27,476,473	27,846,434	30,161,161	31,007,937	34,439,453	34,862,574	31,929,195
Solid Waste	5,261,465	5,452,149	5,980,372	6,634,031	6,786,941	6,321,731	5,972,508
Stormwater	1,782,002	1,821,120	1,567,435	1,538,814	1,602,906	1,754,685	1,882,797
Airport	1,196,739	882,948	1,025,792	1,163,804	974,200	911,534	806,985
Welcome Center	94,566	108,408	122,687	97,060	103,441	101,039	108,418
Golf Course [d]	793,608	436,261	41,378	37,695	319,360	595,589	551,005
Total business-type activities expenses	50,056,758	48,598,149	52,567,701	55,535,315	59,592,892	59,838,677	56,690,391
Total primary government expenses	70,678,772	70,606,761	76,797,045	81,673,153	85,129,520	84,471,060	80,433,344
Program revenues							
Primary government:							
Governmental activities:							
Charges for services [e]							
General government	2,711,372	5,021,595	5,225,192	5,331,396	4,976,327	5,053,915	4,485,957
Judicial	7,128	-	-	-	-	-	-
Public safety	1,081,453	672,323	1,200,815	1,599,296	1,234,416	1,483,436	2,204,342
Public works	138,404	122,543	216,254	194,501	220,743	181,713	174,843
Parks and recreation	39,088	55,880	55,140	231,099	213,252	183,146	211,449
Housing and economic development	343,218	340,657	344,629	389,600	231,281	127,306	115,216
Operating grants and contributions	347,941	449,113	413,975	363,998	338,472	406,984	1,693,407
Capital grants and contributions [f]	231,660	-	-	335,500	394,613	-	2,488,143
Total governmental activities program revenues	4,900,264	6,662,111	7,456,005	8,445,390	7,609,104	7,436,500	11,373,357

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Business-type activities:							
Charges for services [g]							
Water and wastewater	$ 11,598,846	$ 13,637,367	$ 14,549,148	$ 15,597,379	$ 15,251,076	$ 15,916,076	$ 16,404,641
Electric	30,882,003	32,074,655	36,704,106	37,354,903	39,249,939	42,584,904	42,538,662
Solid waste	4,105,470	4,708,706	4,733,764	5,205,147	5,158,117	5,294,230	5,330,980
Stormwater	1,511,957	1,519,387	1,656,357	1,576,150	1,657,443	1,845,721	2,036,829
Airport	439,151	471,849	536,607	637,397	650,450	486,881	478,507
Welcome center	22,346	9,486	3,375	-	-	-	5,300
Golf course	333,218	193,584	13,000	16,988	183,752	316,858	300,866
Operating grants and contributions	105,000	158,883	155,219	155,219	157,276	206,103	141,499
Capital grants and contributions [f]	603,498	4,319	11,800	-	127,333	735,186	571,622
Total business-type activities program revenues	49,601,489	52,778,236	58,363,376	60,543,183	62,435,386	67,385,959	67,808,906
Total primary government program revenues	54,501,753	59,440,347	65,819,381	68,988,573	70,044,490	74,822,459	79,182,263
General revenues and other changes in net assets							
Primary government:							
Governmental activities:							
Property taxes	4,950,494	4,966,178	4,875,516	4,976,391	4,843,964	4,721,865	4,823,429
Sales taxes	3,214,610	3,370,370	3,713,381	3,643,076	3,786,058	3,249,639	3,327,451
Insurance premium tax	1,007,341	1,091,683	1,174,508	1,228,829	1,281,805	1,312,511	1,300,347
Alcoholic beverage taxes	569,880	583,404	607,163	616,134	646,473	644,810	614,651
Business occupational taxes	457,428	457,860	451,474	462,636	442,655	384,289	415,842
Other taxes	158,789	175,018	186,959	181,064	181,316	166,668	179,848
Franchise fees	565,660	571,945	596,534	599,456	612,240	621,589	560,428
Unrestricted investment earnings	116,630	115,668	112,359	314,039	73,214	(158,665)	(81,675)
Gain on sale of assets	-	-	71,085	21,607	82,281	50,012	30,023
Transfers	1,942,295	7,791,881	4,522,658	5,952,873	4,825,307	6,197,941	6,231,802
Total governmental activities general revenues and other changes in net assets	12,983,127	19,124,007	16,311,637	17,996,105	16,775,313	17,190,659	17,402,146
Business-type activities:							
Unrestricted investment earnings	286,495	742,558	811,917	747,202	619,561	372,215	410,381
Gain on sale of assets	265,698	-	42,631	572,424	(4,567)	-	-
Transfers	(1,942,295)	(7,791,881)	(4,522,658)	(5,952,873)	(4,825,307)	(6,197,941)	(6,231,802)
Total business type activities general revenues and other changes in net assets	(1,390,102)	(7,049,323)	(3,668,110)	(4,633,247)	(4,210,313)	(5,825,726)	(5,821,421)

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Total primary government general revenues and other changes in net assets	$ 11,593,025	$ 12,074,684	$ 12,643,527	$ 13,362,858	$ 12,565,000	$ 11,364,933	$ 11,580,725
Change in net assets							
Governmental activities	(2,738,623)	3,777,506	(461,702)	303,657	(1,152,211)	(5,224)	5,032,550
Business-type activities	(1,845,371)	(2,869,236)	2,127,565	374,621	(1,367,819)	1,721,556	5,297,094
Total primary government change in net assets	$ (4,583,994)	$ 908,270	$ 1,665,863	$ 678,278	$ (2,520,030)	$ 1,716,332	$ 10,329,644

(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 SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	$ 15,578	$ 692,937	$ 303,356	$ 219,852	$ 160,471	$ 180,051	$ 238,489
Unreserved	(3,155,025)	36,786	1,214,341	1,123,751	1,190,065	742,294	2,024,459
Total General fund	$ (3,139,447)	$ 729,723	$ 1,517,697	$ 1,343,603	$ 1,350,536	$ 922,345	$ 2,262,948
All Other Governmental Funds							
Reserved	$ 2,020,401	$ 2,087,065	$ 2,205,166	$ 2,449,134	$ 2,276,217	$ 2,148,241	$ 2,103,064
Unreserved, reported in:							
Special revenue funds	-	51,224	58,201	121,906	143,212	138,022	362,047
Capital projects funds	308,604	303,956	150,991	149,806	20,061	(83,019)	2,315,097
Total all other governmental funds	$ 2,329,005	$ 2,442,245	$ 2,414,358	$ 2,720,846	$ 2,439,490	$ 2,203,244	$ 4,780,208
Total all governmental funds	$ (810,442)	$ 3,171,968	$ 3,932,055	$ 4,064,449	$ 3,790,026	$ 3,125,589	$ 7,043,156

CITY OF GRIFFIN, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Revenues:							
Property taxes	$ 5,028,368	$ 4,947,851	$ 4,917,436	$ 4,954,777	$ 4,798,148	$ 4,682,938	$ 4,798,935
Other taxes	5,408,048	5,678,335	6,133,485	6,131,739	6,338,307	5,672,072	5,836,489
Charges for services	2,756,654	4,186,746	4,594,007	4,633,730	5,271,919	5,075,420	4,491,210
Licenses and permits	493,902	488,576	521,097	545,177	396,528	300,540	284,588
Intergovernmental	347,941	449,113	413,975	363,998	397,585	406,984	4,162,422
Franchise fees	565,660	571,945	596,534	599,456	612,240	621,589	560,428
Fines and forfeitures	977,980	662,494	1,178,213	1,581,007	1,177,709	1,309,886	2,128,550
Interest revenues	116,236	115,657	112,359	314,039	68,533	(159,027)	(82,058)
Rental income	41,308	53,505	69,743	238,126	215,418	191,521	195,969
Contributions and donations	100	6,970	16,276	5,953	21,046	4,314	35,626
Other revenues	50,719	814,707	662,694	741,899	128,899	147,835	55,864
Total revenues	15,786,916	17,975,899	19,215,819	20,109,901	19,426,332	18,254,072	22,468,023
Expenditures:							
Current:							
General government [c]	4,036,999	4,563,333	5,412,240	10,291,124	4,405,393	4,144,099	3,627,897
Judicial [a]	16,453	308,837	133,113	138,431	154,045	154,315	165,023
Public safety [b]	11,871,145	12,086,794	13,146,161	13,835,808	14,183,441	14,329,207	14,258,743
Public works	3,759,057	3,427,799	3,055,377	3,664,722	3,712,634	3,535,617	4,666,959
Parks and recreation	348,834	315,171	472,303	432,342	451,220	543,691	310,404
Housing and development	670,576	394,161	590,356	745,818	800,422	566,739	949,545
Capital outlay	339,740	11,584	37,745	10,734	258,331	300,440	88,322
Debt service:							
Principal	-	29,059	129,983	261,154	544,731	663,610	712,094
Interest and fiscal charges	-	40,106	21,826	38,150	353,919	235,199	220,395
Total expenditures	21,042,804	21,176,844	22,999,104	29,418,283	24,864,136	24,472,917	24,999,382
Deficiency of revenues over expenditures	(5,255,888)	(3,200,945)	(3,783,285)	(9,308,382)	(5,437,804)	(6,218,845)	(2,531,359)

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses)							
Transfers in	$ 5,498,379	$ 19,174,484	$ 17,260,996	$ 17,794,362	$ 18,151,245	$ 18,079,107	$ 15,921,590
Transfers out	(4,569,331)	(12,568,233)	(13,501,313)	(12,783,193)	(13,744,540)	(12,524,699)	(10,139,788)
Capital leases	-	577,104	628,514	4,408,000	756,676	-	645,165
Proceeds from the sale of capital assets	-	-	155,175	21,607	-	-	21,500
Total other financing sources (uses)	929,048	7,183,355	4,543,372	9,440,776	5,163,381	5,554,408	6,448,467
Net change in fund balances	$ (4,326,840)	$ 3,982,410	$ 760,087	$ 132,394	$ (274,423)	$ (664,437)	$ 3,917,108
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.34%	0.69%	1.26%	3.78%	3.84%	4.04%

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

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

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

CITY OF GRIFFIN, GEORGIA

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

Fiscal Year	Property Tax	Sales and Use Tax	Business Tax	Other (1)	Total
2001	$ 4,239	$ 3,113	$ 655	$ 2,326	$ 10,333
2002	4,524	3,190	776	2,159	10,649
2003	4,486	2,896	657	2,268	10,307
2004	5,028	3,215	532	2,227	11,002
2005	4,948	3,370	458	2,422	11,198
2006	4,917	3,713	451	2,565	11,646
2007	4,955	3,643	463	2,625	11,686
2008	4,798	3,786	443	2,722	11,749
2009	4,683	3,250	384	2,660	10,977
2010	4,799	3,327	416	2,654	11,196

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
2001	2000	$ 177,286,288	$ 197,463,311	$ 109,733,687	$ 47,717,556	$ 77,248,255	$ 454,952,587	9.46	$ 1,137,381,468	40%
2002	2001	181,162,531	164,282,332	134,639,995	49,988,941	62,316,600	467,757,199	9.46	1,169,392,998	40%
2003	2002	225,185,563	184,250,927	121,063,929	51,100,078	60,473,712	521,126,785	9.46	1,302,816,963	40%
2004	2003	231,355,236	192,989,523	112,364,838	49,553,046	37,244,849	549,017,794	8.85	1,372,544,485	40%
2005	2004	231,872,215	207,106,048	108,584,842	48,325,817	32,542,463	563,346,459	8.85	1,408,366,148	40%
2006	2005	239,844,598	208,381,823	117,296,925	45,801,333	53,678,663	557,646,016	8.65	1,394,115,040	40%
2007	2006	246,541,282	210,914,389	110,413,777	44,082,271	41,696,761	570,254,958	8.63	1,425,637,395	40%
2008	2007	254,831,321	223,094,624	104,413,194	46,821,405	45,219,895	583,940,649	8.63	1,459,851,623	40%
2009	2008	258,674,420	229,962,338	97,850,407	44,945,446	50,826,550	580,606,061	8.63	1,451,515,153	40%
2010	2009	257,941,237	222,838,476	68,877,652	46,053,656	34,913,558	560,797,463	8.63	1,401,993,658	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 2009 are used for fiscal year ending in 2010.
(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,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Municipal rates:										
City of Griffin:										
Maintenance and operations	15.61	14.97	13.66	14.53	14.61	14.97	15.11	15.18	14.95	14.95
Debt service	-	-	-	-	-	-	-	-	-	-
Sales tax reduction	(6.15)	(6.12)	(4.81)	(5.68)	(5.96)	(6.34)	(6.51)	(6.54)	(6.35)	(6.32)
Total City of Griffin	9.46	8.85	8.85	8.85	8.65	8.63	8.60	8.64	8.60	8.64
City of Orchard Hill maintenance and operations	5.00	5.00	5.00	5.00	4.99	4.95	4.95	4.95	4.95	4.95
City of Sunny Side maintenance and operations	5.00	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36
Spalding County rates:										
Unincorporated maintenance and operations	9.70	9.88	11.91	13.53	13.46	13.41	13.39	13.89	13.88	14.88
Fire protection (1)	5.13	5.16	4.58	4.70	4.76	4.81	4.81	4.83	4.82	5.04
Insurance premium rollback (1)	(2.05)	(2.08)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)	(1.79)	(1.79)	(1.81)
Board of Education	19.57	18.94	18.55	18.95	18.90	18.85	18.82	18.81	18.80	18.80
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated Spalding County	32.60	32.15	33.80	35.82	35.68	35.56	35.51	35.99	35.96	37.16
Total Municipalities:										
City of Griffin	38.98	37.92	39.56	41.58	41.26	41.14	41.08	41.07	41.53	41.57
City of Orchard Hill	34.52	34.07	35.71	37.73	37.60	37.46	37.43	37.38	37.88	37.88
City of Sunny Side	34.52	33.43	35.07	37.09	36.97	36.87	36.84	36.79	37.29	37.29

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	
2001	2000	$ 4,303,851	$ 4,118,179	95.69%	$ 184,540	$ 4,302,719	99.97%	$ 1,132
2002	2001	4,424,983	4,270,548	96.51%	153,303	4,423,851	99.97%	1,132
2003	2002	4,611,972	4,393,246	95.26%	204,710	4,597,956	99.70%	14,016
2004	2003	4,858,911	4,696,598	96.66%	153,529	4,850,127	99.82%	8,784
2005	2004	4,985,616	4,863,916	97.56%	114,991	4,978,907	99.87%	6,709
2006	2005	4,823,638	4,702,117	97.48%	112,313	4,814,430	99.81%	9,208
2007	2006	4,921,300	4,807,096	97.68%	94,858	4,901,954	99.61%	19,346
2008	2007	5,021,890	4,843,578	96.45%	141,855	4,985,433	99.27%	36,457
2009	2008	5,015,275	4,809,253	95.89%	137,318	4,946,571	98.63%	68,704
2010	2009	4,888,103	4,682,081	95.79%	-	4,682,081	95.79%	255,469

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

[a] Digest tax year levied actually fund the following fiscal year (i.e., taxes levied for 2009 are used for fiscal year ending in 2010).

CITY OF GRIFFIN, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND SIX YEARS AGO

	2010			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	$ 69,150	1	4.93%	$ 109,007	1	7.74%
Tenet-Spalding Regional Hospital	37,298	2	2.66%	27,492	2	1.95%
Wal-Mart Stores	27,920	3	1.99%	24,413	5	1.73%
Exo-Tech Packaging LLC	27,703	4	1.98%	17,928	7	1.27%
Bandag Inc.	22,218	5	1.58%	21,211	6	1.51%
Weyerhaeuser Co.	20,185	6	1.44%	17,953	8	1.27%
Halpem Enterprises, Inc.	14,845	7	1.06%	17,684	9	1.26%
Lowes Home Centers, Inc.	11,783	8	0.84%	11,985	11	0.85%
Home Depot	11,180	9	0.80%	-		-
Walden Point	9,293	10	0.66%	-		-
Cooper Standard	-		-	25,808	3	1.83%
Bellsouth Telecomm	-		-	25,782	4	1.83%
Griffin Crossing, LLC	-		-	12,124	10	0.86%
Total	$ 251,575		17.94%	$ 311,387		14.37%

Source: Spalding County Tax Assessor

Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA

TOP TEN SEWER CUSTOMERS
PRIOR YEAR AND SIX YEARS AGO

Customer	2009 Usage (in gallons)	2009 Charges	2009 Rank	2009 Percentage of Total Revenues	2004 Usage (in gallons)	2004 Charges	2004 Rank	2004 Percentage of Total Revenues
Kennedy Road Middle School	482,432	$ 82,705	1	1.55 %				
AMI Griffin-Spalding Co. Hospital	160,958	104,968	2	1.97	203,310	$ 96,999	3	2.06 %
Northside Griffin, LLC	154,163	97,967	3	1.84	-	-		-
Westdale Freddie Properties, LLC	107,508	70,679	4	1.33	-	-		-
Southern Terry	104,469	66,460	5	1.25	533,998	246,825	1	5.24
Spalding Co. Correctional Institute	89,779	57,326	6	1.08	64,318	32,504	9	0.69
Yazaki	82,883	53,913	7	1.01	-	-		-
Spalding High School	75,990	47,319	8	0.89	-	-		-
Brightmoor Health	71,924	44,972	9	0.84	-	-		-
Riverside Uniform Rental	68,201	43,774	10	0.82	-	-		-
National Housing Management Service	-	-		-	261,765	120,326	2	2.56
Nacom	-	-		-	175,191	83,299	4	1.77
Copper Standard	-	-		-	174,968	82,775	5	1.76
Griffin Housing Authority	-	-		-	144,400	68,645	6	1.46
First National Bank	-	-		-	74,492	36,139	7	0.77
Fashion Industries	-	-		-	138,053	35,101	8	0.75
University of Georgia, Griffin Campus	-	-		-	65,952	31,656	10	0.67
	1,398,307	$ 670,083		12.58 %	1,836,447	$ 834,269		17.73 %

Source: City of Griffin Utility Billing Department
Note: Due to information technology issues, information for 2010 was not available.

CITY OF GRIFFIN, GEORGIA

TOP TEN WATER CUSTOMERS
PRIOR YEAR AND SIX YEARS AGO

	2009				2004			
Customer	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Coweta County Water and Sewer	7,779,407	$ 1,967,469	1	19.28 %	758,103	$ 161,512	3	2.38 %
Springs Ind. Inc.	1,063,820	354,252	2	3.47	4,039,295	878,959	1	12.94
City of Zebulon	895,579	298,763	3	2.93	533,998	177,424	2	2.61
Kennedy Road Middle School	241,224	37,477	4	0.37	-	-		-
AMI Griffin-Spalding Co. Hospital	160,958	77,421	5	0.76	160,602	58,785	8	0.87
Northside Griffin, LLC	154,163	115,180	6	1.13	-	-		-
Del Webb's SCP HOA	141,566	104,375	7	1.02	-	-		-
City of Williamson	129,501	43,586	8	0.43	174,968	60,300	7	0.89
Westdale Freddie Properties, LLC	107,508	54,798	9	0.54	-	-		-
Southern Terry	104,469	48,610	10	0.48	261,765	99,299	4	1.46
National Housing Management Service	-	-		-	203,310	70,619	5	1.04
NACOM	-	-		-	175,340	60,679	6	0.89
Griffin Housing Authority	-	-		-	144,408	49,995	9	0.74
Spalding Co. Correctional Institute	-	-		-	116,342	44,224	10	0.65
	10,778,195	$ 3,101,931		30.39 %	6,568,131	$ 1,661,796		24.47 %

Source: City of Griffin Utility Billing Department
Note: Due to information technology issues, information for 2010 was not available.

CITY OF GRIFFIN, GEORGIA

TOP TEN ELECTRIC CUSTOMERS
PRIOR YEAR AND SIX YEARS AGO

	2010				2004			
Customer	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues
Exopac	17,802,018	$ 1,116,454	2	2.78 %	18,200,204	$ 831,607	3	2.79 %
Bandag, Inc.	16,986,475	1,303,106	1	3.24	22,050,964	1,123,527	1	3.77
Caterpillar Inc.	13,345,174	812,339	3	2.02	7,529,110	529,168	4	1.78
AMI Griffin-Spalding Co. Hospital	8,764,857	677,513	4	1.69	7,615,522	485,843	5	1.63
University of Georgia, Griffin Campus	7,459,183	645,270	5	1.61	10,139,469	457,817	7	1.54
Norcom	7,333,996	436,769	10	1.09	-	-		-
City of Griffin WasteWater Treatment Plant	6,870,704	586,521	6	1.46	-	-		-
WAL-MART Store #01-932,	6,836,552	555,333	7	1.38	7,756,410	391,764	9	1.31
Weyerhaeuser Co.	6,180,671	434,778	8	1.08	6,442,200	444,260	8	1.49
Southern Terry	4,920,208	384,227	9	0.96	6,523,172	340,641	10	1.14
Cooper Standard	-	-		-	17,704,729	1,016,728	2	3.41
Filter Plant/River and Reservoir PMP	-	-		-	7,249,019	479,204	6	1.61
	96,499,838	$ 6,952,310		17.31 %	111,210,799	$ 6,100,559		20.47 %

Source: City of Griffin Utility Billing Department
Note: Due to information technology issues, information for 2010 was not available.

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				
2001	$ -	$ -	$ 3,014,998	$ 21,765,000	$ 2,679,787	$ -	$ 27,459,785	6.04%	$ 1,406.46	$ 1,184.94
2002	-	-	1,917,814	20,680,000	2,512,291	-	25,110,105	5.37%	1,334.86	1,081.45
2003	-	-	801,789	77,705,000	2,572,601	45,123	81,124,513	15.57%	4,108.19	3,475.77
2004	-	-	286,431	76,470,000	2,933,462	-	79,689,893	14.51%	3,229.06	3,405.99
2005	-	-	548,045	75,165,000	2,786,172	624,868	79,124,085	14.05%	3,397.93	3,397.93
2006	-	-	1,046,576	74,499,000	2,629,328	1,027,587	79,202,491	14.20%	3,209.31	3,377.36
2007	-	-	5,193,422	72,887,000	2,465,581	785,542	81,331,545	14.26%	3,173.79	3,468.15
2008	-	-	5,405,367	71,209,000	2,294,762	596,074	79,505,203	13.62%	3,002.35	3,390.27
2009	-	-	4,741,757	69,472,000	2,116,108	419,957	76,749,822	13.22%	2,859.32	3,272.77
2010	-	-	4,674,828	67,677,000	1,938,887	331,319	74,622,034	13.31%	2,660.80	3,123.96

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]									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 45,495	$ 46,776	$ 52,113	$ 54,902	$ 56,335	$ 55,765	$ 57,026	$ 58,394	$ 58,061	$ 56,080
Total net debt applicable to limit	476	7,245	801	286	548	1,047	5,193	5,405	4,742	4,675
Legal debt margin	$ 45,019	$ 39,531	$ 51,312	$ 54,616	$ 55,787	$ 54,718	$ 51,833	$ 52,989	$ 53,319	$ 51,405
Total net debt applicable to the limit as a percentage of debt limit	1.05%	15.49%	1.54%	0.52%	0.97%	1.88%	9.11%	9.26%	8.17%	8.34%

Legal Debt Margin Calculation for Fiscal Year 2010

Total assessed value	$ 595,711
Less Exempt:	34,914
Total taxable assessed value:	560,797
Debt limit (10% of total taxable assessed value)	56,080
Debt applicable to limit:	
Capital leases	4,675
Legal debt margin	$ 51,405

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 2009 are used for fiscal year ending in 2010).

CITY OF GRIFFIN, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2010
(in thousands)

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Griffin (1)	Amount Applicable to City of Griffin
General Obligation			
Spalding County:			
2008 General Obligation SPLOST Bonds	$ 15,500	39.79%	$ 6,167
Subtotal, overlapping debt	15,500		6,167
Direct:			
City of Griffin capital leases	4,675	100.00%	4,675
Total	$ 20,175		$ 10,842

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	
2001	$ 41,278	$ 30,290	$ 10,988	$ 1,460	$ 1,152	$ 2,612	$ 4.21
2002	37,687	33,777	3,910	1,085	1,174	2,259	1.73
2003	41,686	34,190	7,496	1,140	995	2,135	3.51
2004	42,481	35,267	7,214	1,235	3,652	4,887	1.48
2005	45,712	33,892	11,820	1,305	3,705	5,010	2.36
2006	51,253	37,321	13,932	1,435	5,446	6,881	2.02
2007	52,952	38,590	14,362	1,612	3,463	5,075	2.83
2008	54,501	42,491	12,010	1,678	3,400	5,078	2.37
2009	58,501	42,597	15,904	1,737	3,342	5,079	3.13
2010	58,943	39,807	19,137	1,795	3,311	5,106	3.75

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]
2001	23,174	$ 19,524	1.19	4.90%
2002	23,219	18,811	1.23	6.80%
2003	23,340	19,747	1.18	7.80%
2004	23,397	24,679	0.95	6.50%
2005	23,286	23,286	1.00	8.20%
2006	23,451	24,679	0.95	6.80%
2007	23,451	25,626	0.92	5.60%
2008	23,451	26,481	0.89	5.40%
2009	23,451	26,842	0.87	8.50%
2010	23,887	28,045	0.85	10.00%

* 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

	2010			2001		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Caterpillar, Inc	780	1	5.95%	780	1	—
Southern Terry	400	2	3.05%	350	4	—
AEP Industries	250	3	1.91%	250	5	2.17%
Supreme Corporation	235	4	1.79%	235	6	2.04%
Nacom	220	5	1.68%	440	3	3.81%
Fashion Industries, Inc	200	6	1.53%	200	7	1.73%
EXOPack	200	7	1.53%	150	9	—
William Carter Co	168	8	1.28%	170	8	1.47%
Weyerhauser	145	9	1.11%	—		—
Vernay Manufacturing, Inc	142	10	1.08%	149	10	—
Springs Industries	—		—	700	2	6.07%
Total	2,740		20.91%	3,424		17.29%

* 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 SEVEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30th						
	2004	2005	2006	2007	2008	2009	2010
Function							
General government							
Administration	49	47	47	52	52	50	49
Judicial	1	1	1	1	1	1	1
Public Safety	168	181	183	172	183	166	172
Public Works	71	53	40	44	52	49	53
Development	7	5	6	6	7	6	6
Water/Wastewater Operations	71	74	81	69	69	53	70
Electric operations	40	54	29	44	55	45	45
Solid Waste operations	58	58	56	54	54	45	47
Airport operations	6	6	6	3	4	4	3
Welcome Center	1	1	1	1	2	2	2
Stormwater	13	17	14	12	12	13	13
Motor Pool	18	14	13	13	14	13	12
Griffin Business and Tourism	-	-	1	1	1	1	1
Total	503	511	478	472	506	448	474

Source: City Finance Department
Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Function/Program							
Police							
Physical arrests	2,272	4,320	2,404	4,417	2,631	2,612	3,207
Parking violations	1,517	1,627	621	1,234	1,387	958	472
Traffic violations	11,009	11,488	10,813	8,465	9,856	9,231	11,126
Fire							
Emergency responses	1,079	1,111	938	1,268	1,210	1,121	1,212
Fires extinguished	73	97	122	231	192	173	175
Inspections	384	792	1,000	1,243	1,185	1,336	1,314
Refuse Collection							
Refuse collected (tons per day)	44	38	38	38	38	49	29
Other Public Works							
Street resurfacing (miles)	N/A	6	2.8	2.5	2.8	0.0	1.8
Potholes repaired	N/A	682	1,053	1,051	1,052	387	548
Parks and recreation							
Athletic field permits issued	N/A	356	360	358	361	350	0
Water							
New connections	N/A	99	136	120	122	63	31
Water main breaks	N/A	34	39	49	50	35	56
Average daily consumption (millions of gallons)	5.8	9.5	1.03	8.94	8.94	9.11	8.92
Peak daily consumption (millions of gallons)	N/A	1.08	1.23	1.20	1.21	1.24	1.08
Wastewater							
Average daily sewage treatment (millions of gallons)	N/A	514	460	500	500	323	398

Sources: Various City departments.
Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Function/Program							
Police							
Stations	2	2	2	2	2	2	2
Zone officers	112	112	112	111	99	56	60
Patrol units	102	102	102	102	102	102	70
Fire stations	3	3	3	3	3	3	3
Public works							
Streets (miles)	163	165	165	165	165	165	162
Streetlights	879	879	879	879	879	879	879
Traffic signals	879	879	879	913	913	913	913
Parks and recreation							
Acreage	207	207	207	207	207	207	207
Playgrounds	3	3	3	3	3	3	4
Water							
Water mains (miles)	700	700	700	700	700	700	700
Fire hydrants	7,392	7,392	7,392	7,392	7,392	7,392	7,392
Storage capacity (thousands of gallons)	500	500	500	500	500	500	500
Wastewater							
Sanitary sewers (miles)	160	160	160	213	213	243	223
Storm sewers (miles)	75	75	75	91	91	85	100
Treatment capacity (thousands of gallons)	2.45	6.00	6.00	6.00	6.00	5.75	5.75

Sources: Various City departments.
Note: No capital asset indicators are available for the general government functions.
Note: Information prior to 2004 was not available.

COMPLIANCE SECTION

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Griffin, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated November 29, 2010. 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 opinions 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 2010 - 2, to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010 - 1 and 2010 - 3 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Griffin, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2010 - 3.

The City of Griffin, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, others within the entity, the State of Georgia, 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
November 29, 2010

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Griffin, Georgia's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the management of the City, the City Commission, others within the entity, 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
November 29, 2010

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures
U.S. Department of Housing and Urban Development			
(Passed through Georgia Department of Community Affairs)			
Community HOME Investment Program	14.239	08M-X-126-2-6008	$ 31,263
Community Development Block Grant	14.218	08P-X-126-2-5044	460,332
Neighborhood Stabilization Program	14.228	08-NS-5062	311,201
Total U.S. Department of Housing and Urban Development			802,796
U.S. Department of Justice			
(Passed through Criminal Justice Coordinating Council)			
Edward Byrne Memorial Justice Assistance Grant - ARRA	16.804	2009-DJ-BX-1697	93,321
Edward Byrne Memorial Justice Assistance Grant	16.804	2009-DJ-BX-1114	22,748
Edward Byrne Memorial Justice Assistance Grant	16.804	2006-DJ-BX-0915	30,410
Bullet Proof Vest Partnership Program	16.607	BVP-2009	12,308
Total U.S. Department of Justice			158,787
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2008-11726	36,000
Assistance to Firefighters Grant	97.044	EMW-2008-01890	247,500
Total U.S. Department of Homeland Security			283,500
U.S. Department of Transportation			
(Passed through Georgia Department of Transportation)			
Highway Planning and Construction Grant - ARRA	20.205	CSSTP-0008-00(235)	171,663
Highway Planning and Construction Grant - ARRA	20.205	CSSTP-0008-00(236)	39,856
Livable Centers Initiative Grant	20.205	N/A	90,000
Airport Improvement Program Grant	20.106	T002898	361,415
Total U.S. Department of Transportation			662,934
U.S. Environmental Protection Agency			
(Passed through Georgia Environmental Protection Agency)			
Nonpoint Source Implementation Program	66.460	319h	10,923
Total U.S. Environmental Protection Agency			10,923
Total Expenditures of Federal Awards			$ 1,918,940

CITY OF GRIFFIN, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of $300,000 or three percent of total federal expenditures. The threshold of $300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The City did not qualify as a low-risk auditee for the fiscal year ended June 30, 2010.

Amount Provided to Subrecipients

The City had no major programs that provided amounts to subrecipients.

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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?	X yes ____ no
Noncompliance material to financial statements noted?	X yes ____ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ yes X no
Significant deficiencies identified not considered to be material weaknesses?	____ yes X none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes X no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grant
14.228	Neighborhood Stabilization Program
20.106	Airport Improvement Program
20.205	Highway Planning and Construction / Livable Centers Initiative Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	____ yes X no

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010 - 1. Management of Sales Tax Payable and Customer Deposits

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, 2010 as it relates to sales taxes payable and customer deposit liability items within the Electric Revenue 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, 2010.

Effect: Audit adjustments to correct sales taxes payable and the customer deposit liability within the Electric Revenue Fund were required to be reported as of June 30, 2010.

Recommendation: We recommend the City begin recognizing and recording sales taxes payable and customer deposit liabilities as required, and record the necessary adjustments to reflect the 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 sales taxes and customer deposits payable reconciliation processes. Subsequent to year end, we continued to work with our general ledger software vendor to create additional reports necessary to fully reconcile the deposit liability to the general ledger for year end and month end reporting purposes. These reports were not available to the City during the year ended June 30, 2010 but are now available and are being utilized on a monthly basis to reconcile these liabilities.

2010 - 2. Management of Grant Revenues and Receivables

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

Condition: The City did not properly record various year end grants receivable in the City's funds during the year ended June 30, 2010.

Context: We addressed this matter with the City and they were able to determine the appropriate grant receivables that should be recorded as of June 30, 2010.

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010 - 2. Management of Grant Revenues and Receivables (Continued)

Effect: Several audit adjustments to correct grant receivable and revenue balances were required to be reported within the General Fund, the 2008 CHIP Grant Fund, the NSP Grant Fund, the Federal Stimulus Fund, and the Airport Fund as of June 30, 2010.

Recommendation: We recommend the City begin recognizing and recording its grants receivable as required, and record the necessary adjustments to reflect the grants receivable and revenue 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 period end receivable reconciliation process and grant monitoring based on the above criteria.

2010 - 3. Special Revenue Fund Budgets

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, each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the fiscal year ending June 30, 2010, no annual budget was adopted for the CHIP 2008 Fund and the Neighborhood Stabilization Fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Context: See above condition.

Effect: By not adopting a budget for all of the required funds, the City is not in compliance with state law.

Cause: Due to the CHIP 2008 Fund and the Neighborhood Stabilization Fund being newly created in the middle of the year, budgeting for these funds was not addressed.

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

Views of Responsible Officials and Planned Corrective Action: We concur. A budget will be adopted for all required funds in future years.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF GRIFFIN, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

STATUS OF PRIOR YEAR AUDIT FINDINGS

2009 - 1. Management Accounts Payable and Accrued Liabilities

For the year ending June 30, 2009, we noted that the City improperly recorded payable and accrued expenditure/expense items within the General Fund, the Water and Wastewater Fund, the Electric Revenue Fund, the Solid Waste Fund, and the Airport Fund.

Status: The above finding was corrected for the year ended June 30, 2010 in the specific context noted in the prior year finding.

2009 - 2. Management of Prepaid Assets

For the year ending June 30, 2009, we noted that the City did not properly record prepaid expenses and expenditure transactions.

Status: The above finding was corrected for the year ended June 30, 2010.