

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

Prepared by:
Griffin Finance Department

CITY OF GRIFFIN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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INTRODUCTORY SECTION

CITY OF GRIFFIN SINCE 1840

Commission Members

Cynthia Reid Ward
Chairperson

Joanne Todd
Vice Chairperson

Shaheer Beyah

Cora Flowers

Doug Hollberg

Ryan McLemore

Dick Morrow

City Manager
Kenny L. Smith

November 13, 2012

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, 2012. 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, 2012, 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 2012, the City spent $1,000,049 of federal funds on the following programs:

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

Federal Grant/Pass-through Grantor/Program Title	*Expenditures*
U.S Department of Housing and Urban Development	
• *Community HOME Investment Program (CHIP)*	$ 26,150
• *Community Development Block Grant (CDBG 2009)*	500,00
• *Community Development Block Grant (CDBG 2010)*	136,714
• *Neighborhood Stabilization Program (NSP)*	119,195
U.S. Department of Justice Grants	
• *Edward Byrne Memorial Justice Assitance Program*	19,435
U.S. Department of Energy	
• *Energy Efficiency and Conservation Block Grant (EECBG)*	117,206
U.S. Department of Homeland Security	
• *Assistance to Firefighters Grants – fire truck and equipment*	34,575
U.S. Environmental Protection Agency	
(Passed through Georgia Environmental Protection Agency)	
• *Nonpoint Source Implementation Program*	46,774
Total Expenditures of Federal Awards	**$ 1,000,049**

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 is a municipal corporation created and existing under the laws of the State of Georgia and has as its formal name the "City of Griffin." The City is located in the central portion of the State of Georgia approximately 40 miles south of the City of Atlanta. Griffin is centrally located in and is the county seat of Spalding County. The City was originally chartered in 1843. The City presently has a land area of approximately 14 square miles, is situated at approximately 943 feet above sea level, and has a population of 23,451.

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's form of government is commission-manager. Under the City's Charter, all legislative powers are vested in a Board of Commissioners composed of seven members. The City is divided into six single-member election districts and one at-large election district. Six commissioners are elected by the registered votors residing within each respective single-member district, and one commissioner is elected by all registered votors of the City. Each candidate for commissioner must be a citizen of the State of Georgia and a resident of the City for at least twelve months, must have attained the age of 18 years, must be a qualified elector, must be a resident of the election district from which he or she offers as a candidate on the date of qualifying, must not have been convicted of a felony involving moral terpitude (unless such person's civil rights have been restored and at least ten years have elapsed from the date of the completion of the sentence without a subsequent conviction of another felony involving moral turpitude), and must not be the holder of public funds illegally. Members of the Board of Commissioners serve four-year terms of office. 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 on the next cycle.

The Board of Commissioners elects one of their members to serve as Chairman of the Board of Commissioners for a term of office of one year. No Commissioner is eligible to succeed him/herself as Chairman. The Chairman holds the position of Honorary Mayor. The Chairman presides at all meetings of the Board of Commissioners which he/she attends and is entitled to vote on all questions, motions, or matters brought to the Board of Commissioners for action.

Under the City's Charter, a full-time City Manager is employed by and serves at the pleasure of the Board of Commissioners. The City Manager is the administrative head of the City government responsible for the efficient administration of all departments of the City and the day-to-day operations of the City.

The City of Griffin is a "full service" municipality that offers the following services: water, waste water, electricity, and sanitation. The City also provides a full range of other services, including police and fire protection; the construction and maintenance of streets, and other infrastructure; and recreational and cultural activities, including an eighteen hole golf course; and a municipal airport. Each of the service areas function 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 1. 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 and 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 2013

The economic outlook for 2013 has never been more challenging for achieving growth in our city. During 2012, the City of Griffin has continued to recover from the recession of 2008-2009, which has been much slower than the previous recessions of the 1980s and 1990s.

The City has seen slight decreases in occupational tax licensing and zoning applications from past years; yet, in 2012, the city has seen an increase in new commercial construction, as well residential and commercial alteration permits. Both are indicators of a turning economy in Griffin. Kroger's new site is near completion, and has brought a tremendous amount of revenue to the City. The 94,000 square foot building will open new economic opportunities along State Route 16 West. Also, a 5,000 square feet medical office complex will be finished at the beginning of the year and will assist with the ever-expanding medical field.

These permits, along with infrastructure improvements, will accomplish economic development strategies established by the City. Presently, the City of Griffin is continuing with its three recognized economic engines that are prime to lead the city in the future:

1. The West Griffin Educational Corridor, which is the area surrounding the University of Georgia Griffin Campus and Southern Crescent Technical College;
2. The Medical Overlay District, encompasses the area surrounding the Spalding Regional Hospital area, with the intent to facilitate redevelopment and revitalization of professional office and medical uses with incentives; and
3. Historic Downtown Griffin has seen a rebirth and is becoming vibrant again since the adoption of the Livable Centers Initiative (LCI) Study and Downtown Master Plan. Our downtown area now offers a mixture of incentives for businesses looking to locate and operate within the district.

The future synergy of these economic engines are well aligned for attracting new industry to Griffin Spalding County, whereby providing for new job opportunities for our residents. With the growth in these four areas, the City can look forward to more balanced revenue 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. To facilitate these businesses locating within the City of Griffin, the Board of Commissioners has adopted numerous incentive programs such as the Opportunity Zone, Enterprise Zone, Tax Allocation District, and Utility Incentive Program. Each of these programs would provide a business looking to expand or relocate job tax credit, property tax abatement, infrastructure bonding and utility rate reductions. The economic future is bright in Griffin, Georgia.

Cash Management Policies and Practices

The City invests idle unrestricted cash into certificates of deposit and other investment vehicles as allowed by law. The City invests restricted cash from Water – Wastewater and Electric funds in obligations of the general government and Local Government Investment Pool. Cemetery Trust Fund cash is held in a combination of treasury securities and various market equities.

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. The City's overall financial position remains steady in light of 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 2012, the City contributed $883,385 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 2012, 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 from Georgia Association of Water Professionals:
    - Gold Awards (fourth consecutive year) for permit compliance for wastewater treatment plants at Cabin Creek, Shoal Creek, and Potato Creek, and
    - Platinum Awards for water treatment plants at Still Branch and Harry Simmons;

- Griffin Police Department received State Re-certification (issued every 3 years) for Law Enforcement Agency Certification, the Departmen's 4th award over the past 14 years;
- Received Fats Oils and Grease (F.O.G.) "Excellence Award" from Georgia F.O.G. Alliance;
- Georgia Trend magazine recognized Griffin Fire-Rescue as one of the Top 10 Places to work in Georgia.

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, 2011. This was the 8th 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.

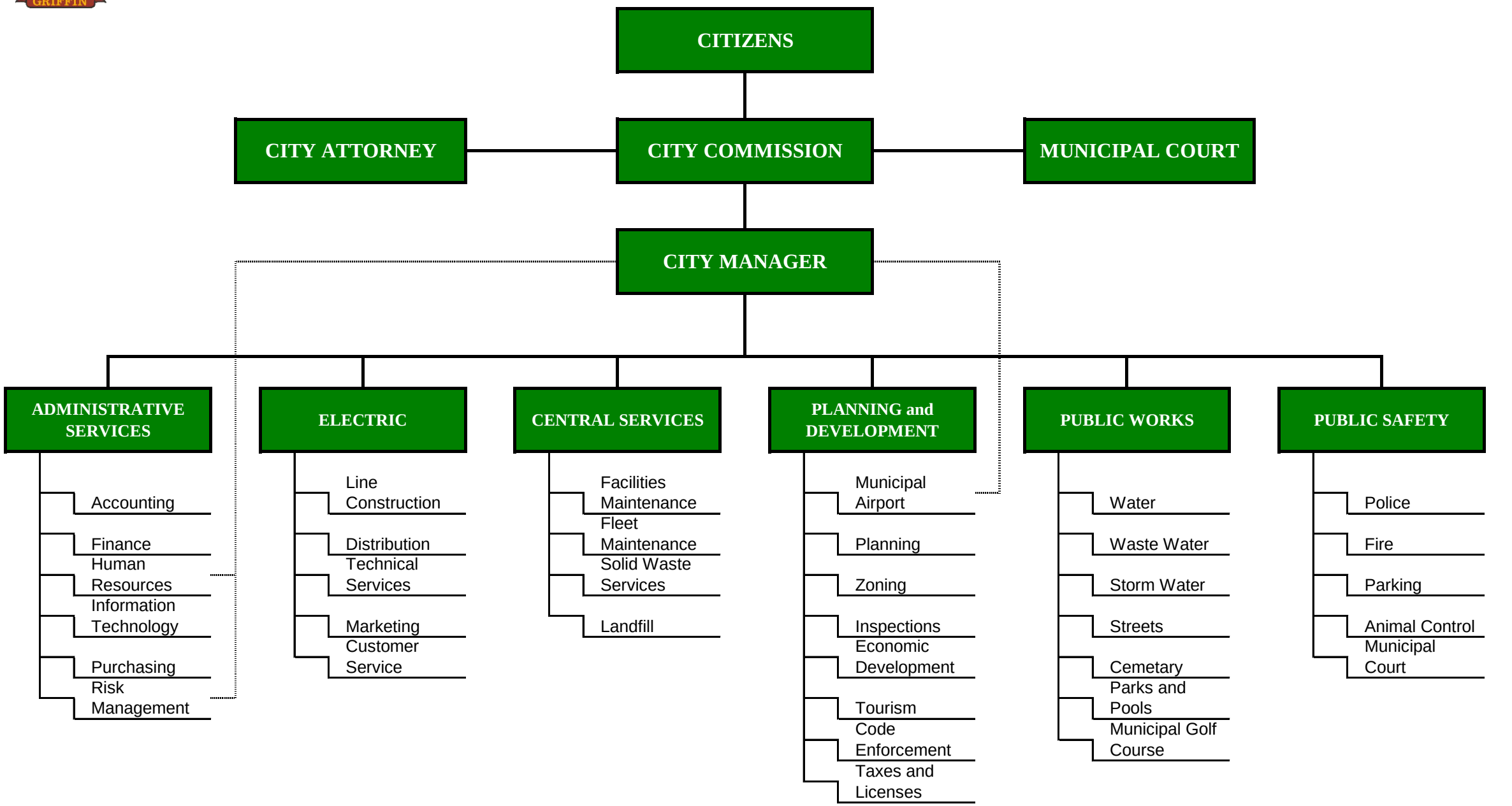
We would like to make a special mention of the accounting department and team for the long hours, hard work, and dedication to clearing all outstanding issues and being the instrument of change.

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



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CITY OF GRIFFIN, GEORGIA

PRINCIPAL OFFICIALS
JUNE 30, 2012

Commission Chairman

Cynthia Reid Ward

Commissioners

District I	Cynthia Reid Ward
District II	Cora Flowers
District III	Ryan McLemore
District IV	Joanne Todd
District V	Dick Morrow
District VI	Shaheer A. Beyah
At Large	Douglas S Hollberg

Appointed Officials

City Manager	Kenny Smith
City Attorney	Andrew Whalen, Esq.
Municipal Court Judge	William G Johnston
Municipal Court Solicitor	Reid Turner

Directors

Administrative Services	Markus Schwab, CPA/CITP/CGMA
Central Services Director	Phill Francis
Developmental Services Director	Taurus Freeman
Electric	Bill Bosch
Public Safety	Chief Frank Strickland
Water/Wastewater	Brant Keller, PhD

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, 2011

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.



Linda C. Davidson

President

Jeffrey L. Esser

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, 2012, 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, 2012, 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 13, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 11) and the Schedule of Funding Progress (on page 65) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual nonmajor fund financial statements and schedules 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Macon, Georgia
November 13, 2012

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, 2012. 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 $109,387,325 (*net assets*). Of this amount, $40.91 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 $7,710,010 due mostly to continued strong operations from the City's water and electric utility funds.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $14,135,375, an increase of $4,065,878 in comparison with the prior year.
- At the end of the current fiscal year, fund balance for the General Fund was $8,092,558 or 34.1% of total General Fund expenditures.
- The City's total long term liabilities decreased by $2,042,785 during the current fiscal year. This included a decrease of debt by $2,084,739 which was 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 seventeen 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 sixteen governmental funds (twelve special revenue funds, two 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 an internal service fund 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 – 64 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 65 – 88 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 $109,387,325 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (58.2%) 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 21,393,110	$ 18,937,150	$ 36,992,524	$ 33,162,740	$ 58,385,634	$ 52,099,890
Capital assets	20,623,878	20,079,322	113,026,581	115,742,482	133,650,459	135,821,804
Total assets	42,016,988	39,016,472	150,019,105	148,905,222	192,036,093	187,921,694
Other liabilities	1,108,289	2,177,710	7,958,730	8,442,135	9,067,019	10,619,845
Long-term liabilities outstanding	5,159,718	4,959,069	68,422,031	70,665,465	73,581,749	75,624,534
Total liabilities	6,268,007	7,136,779	76,380,761	79,107,600	82,648,768	86,244,379
Net assets:						
Invested in capital assets, net of related debt	16,197,106	15,867,708	47,439,408	47,893,557	63,636,514	63,761,265
Restricted	3,826,867	3,334,266	1,013,568	1,007,038	4,840,435	4,341,304
Unrestricted	15,725,008	12,677,719	25,185,368	20,897,027	40,910,376	33,574,746
Total net assets	$ 35,748,981	$ 31,879,693	$ 73,638,344	$ 69,797,622	$ 109,387,325	$ 101,677,315

An additional portion of the City's net assets (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($40,910,376) 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, 2012, increased the City of Griffin's net assets by $3,869,288. Business-type activities during the same period increased net assets by $3,840,722 for a total increase in net assets of $7,710,010. Key elements of this increase are as follows:

City of Griffin's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	$ 6,460,235	$ 6,779,258	$ 73,088,067	$ 73,059,488	$ 79,548,302	$ 79,838,746
Operating grants and contributions	401,862	1,053,102	46,773	169,809	448,635	1,222,911
Capital grants and contributions	1,728,069	3,342,662	117,206	331,663	1,845,275	3,674,325
General revenues:						
Property taxes	4,575,821	4,752,266	-	-	4,575,821	4,752,266
Sales taxes	3,482,760	3,274,679	-	-	3,482,760	3,274,679
Insurance premium tax	1,108,956	1,262,410	-	-	1,108,956	1,262,410
Other taxes	1,254,170	1,221,200	-	-	1,254,170	1,221,200
Franchise taxes	556,258	555,513	-	-	556,258	555,513
Unrestricted investment earnings	163,807	245,221	783,095	231,019	946,902	476,240
Gain on sale of capital assets	72,546	10,530	35,898	9,177	108,444	19,707
Total revenues	19,804,484	22,496,841	74,071,039	73,801,156	93,875,523	96,297,997
Expenses:						
General government	4,149,134	4,111,180	-	-	4,149,134	4,111,180
Judicial	251,537	168,762	-	-	251,537	168,762
Public safety	14,803,719	14,673,254	-	-	14,803,719	14,673,254
Public works	4,389,885	5,551,010	-	-	4,389,885	5,551,010
Parks and recreation	288,563	265,527	-	-	288,563	265,527
Housing and development	893,084	897,705	-	-	893,084	897,705
Interest on long-term debt	192,630	206,442	-	-	192,630	206,442
Water and wastewater	-	-	16,324,849	15,633,302	16,324,849	15,633,302
Electric	-	-	35,759,349	34,885,002	35,759,349	34,885,002
Solid Waste	-	-	5,990,274	6,219,035	5,990,274	6,219,035
Stormwater	-	-	1,634,492	1,555,172	1,634,492	1,555,172
Airport operations	-	-	780,458	928,157	780,458	928,157
Welcome Center	-	-	106,178	107,105	106,178	107,105
Golf Course	-	-	601,361	561,208	601,361	561,208
Total expenses	24,968,552	25,873,880	61,196,961	59,888,981	86,165,513	85,762,861
Change in net assets before transfers	(5,164,068)	(3,377,039)	12,874,078	13,912,175	7,710,010	10,535,136
Transfers	9,033,356	9,575,011	(9,033,356)	(9,575,011)	-	-
Change in net assets	3,869,288	6,197,972	3,840,722	4,337,164	7,710,010	10,535,136
Net assets, beginning	31,879,693	25,681,721	69,797,622	65,460,458	101,677,315	91,142,179
Net assets, ending	$ 35,748,981	$ 31,879,693	$ 73,638,344	$ 69,797,622	$ 109,387,325	$ 101,677,315

As can be seen above, the governmental activities show a deficit of revenues over expenses before transfers of $5,164,068 and $3,377,039 for 2012 and 2011, 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 $3,840,722 in 2012 and increased net assets by $4,337,164 in 2011.

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

	2012	2011
Net operating income (loss):		
Water / Wastewater Fund	$ 6,528,907	$ 6,423,343
Electric Utility Fund	9,002,058	11,196,379
Solid Waste Fund	145,316	(334,730)
Nonmajor Enterprise Funds	(87,577)	(279,754)
Total net operating income	15,588,704	17,005,238
Nonoperating expenses and capital contributions	(2,333,670)	(2,658,004)
Income before transfers	13,255,034	14,347,234
Net transfers out	(9,033,356)	(9,491,891)
Changes in net assets	$ 4,221,678	$ 4,855,343

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 2012 and 2011, the combined ending fund balances of the City's governmental funds were a positive $14,135,375 and a positive $10,069,497, respectively. This increase was due to continued spending constraints and significant transfers in from the City's enterprise funds. A positive $7,795,166 at June 30, 2012 of the ending fund balance consists of unassigned fund balance, which is available as working capital for current spending in accordance with the purposes of the specific funds. A portion of the fund balance at June 30, 2012, $2,513,342 is termed non-spendable to indicate that it is not available for new spending because it is reserved for prepaid items, assets held for resale and permanent fund principle. The remainder of $3,826,867 is restricted for law enforcement needs, cemetery maintenance, and other 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 2012, the General Fund had a positive fund balance of $8,092,558. This is an increase of $3,481,077 from the beginning fund balance. This increase was due primarily to an increase in transfers from other funds.

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

The net assets of the City's enterprise funds increased by $4,221,678 in 2012 and by $4,855,343 in 2011, as a result of operations in the enterprise funds. Various rate increases within the enterprise funds were implemented during the year.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year ending June 30, 2012, governmental activities and business-type activities had capital assets of $133,650,459 (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 1.6% (a 2.7% increase for governmental activities and a 2.4% decrease for business-type activities). The total decrease in capital assets was due to total depreciation expense of $6.5 million exceeding current additions of $4.3 million.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 1,495,785	$ 1,495,785	$ 7,650,221	$ 7,650,221	$ 9,146,006	$ 9,146,006
Land improvements	-	-	3,543,131	3,762,241	3,543,131	3,762,241
Buildings and improvements	6,220,317	6,447,042	20,876,238	21,713,844	27,096,555	28,160,886
Improvements other than buildings	-	-	70,520,496	73,051,725	70,520,496	73,051,725
Machinery and equipment	2,229,176	2,696,028	5,053,850	6,014,332	7,283,026	8,710,360
Infrastructure	7,899,642	7,752,487	-	-	7,899,642	7,752,487
Construction in progress	2,778,958	1,687,979	5,382,645	3,550,119	8,161,603	5,238,098
Total	$ 20,623,878	$ 20,079,321	$ 113,026,581	$ 115,742,482	$ 133,650,459	$ 135,821,803

Additional information on the City's capital assets can be found in Note 5 on pages 44 - 46 of this report.

Debt Administration. At the end of June 30, 2012, the City had $5,159,718 of outstanding long-term liabilities related to governmental activities and $68,422,031 of long-term liabilities related to business-type activities for a total of $73,581,749 compared to the previous year's total of $75,624,534. This is a decrease of $2,042,785 due mostly to scheduled principle payments on long term debt. At the end of 2012, the City had total bonded debt outstanding of $63,884,000 as compared to $65,816,000 in 2011. 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. Subsequent to year end, the City issued $57,500,000 of Combined Public Utility Revenue Refunding Bonds, Series 2012 to refund the 2002 Series bonds at a net savings to the City of approximately $8.2 million. The City received a rating from Moody's on this issuance of Aa3 and a rating from Standard & Poor's of AA-.

Additional information on the City's debt can be found in Note 6 on pages 46 - 52 of this report.

Currently Known Conditions Affecting Future Operations

We are expecting the tax digest to decrease this year. There is a backlog of tax appeals in the appraisers' office. The effect on the City is a reduction of approximately $200,000 of general fund tax 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 2012-13 Budget:

The Commission of the City of Griffin considered many factors when approving the City's 2013 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 2009 CDBG Fund, the 2010 CDBG Fund, the 2008 CHIP Fund, the Neighborhood Stabilization Fund, the Tax Allocation Districts 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 $826 thousand decrease in appropriations between the original budget and the final amended budget for the City's General Fund. This decrease was due mostly to reduced appropriations in the public works and fire department.

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, 2012

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	$ 8,696,097	$ 5,392,868	$ 14,088,965	$ 21,175	$ 112,036	$ 1,039
Investments	5,510,851	11,845,429	17,356,280	-	-	-
Taxes receivable	795,621	-	795,621	-	-	-
Accounts receivable, net of allowances	106,739	8,684,472	8,791,211	-	-	-
Due from other governments	239,956	1,203,595	1,443,551	-	-	-
Due from component units	-	71,617	71,617	-	-	-
Due from primary government	-	-	-	-	-	2,032
Internal balances	3,511,602	(3,511,602)	-	-	-	-
Inventories	202,567	2,412,205	2,614,772	-	-	-
Prepaid expenses	193,673	134,318	327,991	107	107	-
Restricted assets:						
Cash and cash equivalents	-	267,881	267,881	-	-	-
Investments	-	9,188,592	9,188,592	-	-	-
Deferred charges	-	1,303,149	1,303,149	-	-	-
Assets held for resale	240,660	-	240,660	-	-	-
Other noncurrent asset - pension	1,895,344	-	1,895,344	-	-	-
Capital assets:						
Nondepreciable	4,274,743	13,032,866	17,307,609	-	250	-
Depreciable, net	16,349,135	99,993,715	116,342,850	11,047	-	-
Total assets	42,016,988	150,019,105	192,036,093	32,329	112,393	3,071
LIABILITIES						
Accounts payable	1,036,656	4,381,544	5,418,200	-	-	-
Accrued liabilities	64,033	826,480	890,513	106	2,814	-
Due to primary government	-	-	-	29,214	42,349	54
Due to component unit	2,032	-	2,032	-	-	-
Customer deposits payable	-	2,696,850	2,696,850	-	-	-
Other noncurrent liability - OPEB	-	304,498	304,498	-	-	-
Capital leases due within one year	415,355	17,301	432,656	-	-	-
Capital leases due in more than one year	4,011,417	27,092	4,038,509	-	-	-
Notes payable due within one year	-	148,270	148,270	-	-	-
Notes payable due in more than one year	-	1,510,510	1,510,510	-	-	-
Bonds payable due within one year	-	2,006,000	2,006,000	-	-	-
Bonds payable due in more than one year	-	61,878,000	61,878,000	-	-	-
Compensated absences due within one year	623,004	417,002	1,040,006	-	-	-
Compensated absences due in more than one year	109,942	73,589	183,531	-	-	-
Due to Pike County due in more than one year	-	131,216	131,216	-	-	-
Landfill postclosure care costs due within one year	-	90,020	90,020	-	-	-
Landfill postclosure care costs due in more than one year	-	1,818,533	1,818,533	-	-	-
Total liabilities	6,268,007	76,380,761	82,648,768	29,320	45,163	54
NET ASSETS (DEFICIT)						
Invested in capital assets, net of related debt	16,197,106	47,439,408	63,636,514	11,047	250	-
Restricted for debt service	-	1,013,568	1,013,568	-	-	-
Restricted for law enforcement	389,970	-	389,970	-	-	-
Restricted for cemetery maintenance	290,807	-	290,807	-	-	-
Restricted for other capital projects	3,146,090	-	3,146,090	-	-	-
Unrestricted	15,725,008	25,185,368	40,910,376	(8,038)	66,980	3,017
Total net assets (deficit)	$ 35,748,981	$ 73,638,344	$ 109,387,325	$ 3,009	$ 67,230	$ 3,017

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, 2012

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	$ 4,149,134	$ 4,745,905	$ -	$ -	$ 596,771	$ -	$ 596,771	$ -	$ -	$ -
Judicial	251,537	-	-	-	(251,537)	-	(251,537)	-	-	-
Public safety	14,803,719	1,151,869	219,917	14,497	(13,417,436)	-	(13,417,436)	-	-	-
Public works	4,389,885	205,135	181,945	1,713,572	(2,289,233)	-	(2,289,233)	-	-	-
Parks and recreation	288,563	207,638	-	-	(80,925)	-	(80,925)	-	-	-
Housing and economic development	893,084	149,688	-	-	(743,396)	-	(743,396)	-	-	-
Interest on long-term debt	192,630	-	-	-	(192,630)	-	(192,630)	-	-	-
Total governmental activities	24,968,552	6,460,235	401,862	1,728,069	(16,378,386)	-	(16,378,386)	-	-	-
Business-type activities:										
Water and Wastewater	16,324,849	19,535,423	-	-	-	3,210,574	3,210,574	-	-	-
Electric	35,759,349	44,721,076	-	117,206	-	9,078,933	9,078,933	-	-	-
Solid Waste	5,990,274	5,899,648	-	-	-	(90,626)	(90,626)	-	-	-
Stormwater	1,634,492	2,164,061	46,773	-	-	576,342	576,342	-	-	-
Airport	780,458	522,811	-	-	-	(257,647)	(257,647)	-	-	-
Welcome Center	106,178	10,825	-	-	-	(95,353)	(95,353)	-	-	-
Golf Course	601,361	234,223	-	-	-	(367,138)	(367,138)	-	-	-
Total business-type activities	61,196,961	73,088,067	46,773	117,206	-	12,055,085	12,055,085	-	-	-
Total primary government	$ 86,165,513	$ 79,548,302	$ 448,635	$ 1,845,275	(16,378,386)	12,055,085	(4,323,301)	-	-	-
Component units:										
Griffin Main Street	$ 87,021	$ -	$ 91,115	$ -	-	-	-	4,094	-	-
Griffin Downtown Development Authority	104,624	-	128,832	-	-	-	-	-	24,208	-
Griffin Business and Tourism Association	33,540	-	35,449	-	-	-	-	-	-	1,909
Total component units	$ 225,185	$ -	$ 255,396	$ -	-	-	-	4,094	24,208	1,909
General revenues:										
Property taxes					4,575,821	-	4,575,821	-	-	-
Sales taxes					3,482,760	-	3,482,760	-	-	-
Insurance premium tax					1,108,956	-	1,108,956	-	-	-
Alcoholic beverage taxes					635,971	-	635,971	-	-	-
Business occupational taxes					421,639	-	421,639	-	-	-
Franchise taxes					556,258	-	556,258	-	-	-
Other taxes					196,560	-	196,560	-	-	-
Unrestricted investment earnings					163,807	783,095	946,902	27	216	1
Gain on sale of capital assets					72,546	35,898	108,444	-	-	-
Transfers					9,033,356	(9,033,356)	-	-	-	-
Total general revenues and transfers					20,247,674	(8,214,363)	12,033,311	27	216	1
Change in net assets					3,869,288	3,840,722	7,710,010	4,121	24,424	1,910
Net assets (deficit), beginning of year					31,879,693	69,797,622	101,677,315	(1,112)	42,806	1,107
Net assets, end of year					$ 35,748,981	$ 73,638,344	$ 109,387,325	$ 3,009	$ 67,230	$ 3,017

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

CITY OF GRIFFIN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	General	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 3,232,763	$ 4,577,614	$ 7,810,377
Investments	3,404,065	2,106,786	5,510,851
Taxes receivable, net	788,511	7,110	795,621
Accounts receivable, net	106,180	59	106,239
Due from other governments	31,870	208,086	239,956
Due from other funds	1,363,548	109,852	1,473,400
Inventories	1,648	-	1,648
Prepaid expenditures	188,035	-	188,035
Assets held for resale	-	240,660	240,660
Total assets	$ 9,116,620	$ 7,250,167	$ 16,366,787
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 592,921	$ 367,090	$ 960,011
Accrued liabilities	31,637	-	31,637
Deferred revenues	238,122	-	238,122
Due to other governments	5,568	-	5,568
Due to other funds	155,814	838,228	994,042
Due to component unit	-	2,032	2,032
Total liabilities	1,024,062	1,207,350	2,231,412
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	188,035	-	188,035
Assets held for resale	-	240,660	240,660
Permanent fund principal	-	2,084,647	2,084,647
Restricted for:			
Law enforcement	-	389,970	389,970
Cemetery maintenance	-	290,807	290,807
Other capital projects	109,357	3,036,733	3,146,090
Unassigned:	7,795,166	-	7,795,166
Total fund balances	8,092,558	6,042,817	14,135,375
Total liabilities and fund balances	$ 9,116,620	$ 7,250,167	

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.	19,839,697
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	238,122
Net pension asset is not a financial asset in governmental fund activities and therefore is not reported in governmental funds.	1,895,344
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.	4,819,086
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.	(5,178,643)
Net assets of governmental activities	$ 35,748,981

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, 2012

	General	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Property taxes	$ 4,699,665	$ -	$ 4,699,665
Other taxes	5,768,072	77,814	5,845,886
Charges for services	4,750,913	44,165	4,795,078
Licenses and permits	319,097	-	319,097
Intergovernmental	219,917	2,023,642	2,243,559
Franchise taxes	556,258	-	556,258
Fines and forfeitures	963,567	120,548	1,084,115
Interest revenue	23,493	139,498	162,991
Rental income	193,874	-	193,874
Contributions and donations	-	3,165	3,165
Other revenues	16,871	48,035	64,906
Total revenues	17,511,727	2,456,867	19,968,594
EXPENDITURES			
Current:			
General government	3,974,565	-	3,974,565
Judicial	251,021	-	251,021
Public safety	13,993,928	76,669	14,070,597
Public works	3,736,623	1,225,481	4,962,104
Parks and recreation	317,098	-	317,098
Housing and economic development	862,002	17,058	879,060
Capital outlay	-	577,948	577,948
Debt service:			
Principal	427,584	-	427,584
Interest	191,383	-	191,383
Total expenditures	23,754,204	1,897,156	25,651,360
Excess (deficiency) of revenues over (under) expenditures	(6,242,477)	559,711	(5,682,766)
OTHER FINANCING SOURCES (USES)			
Transfers in	9,279,924	216,775	9,496,699
Transfers out	(271,658)	(191,685)	(463,343)
Capital leases	642,742	-	642,742
Proceeds from the sale of capital assets	72,546	-	72,546
Total other financing sources (uses)	9,723,554	25,090	9,748,644
Net change in fund balances	3,481,077	584,801	4,065,878
Fund balances, beginning of year	4,611,481	5,458,016	10,069,497
Fund balances, end of year	$ 8,092,558	$ 6,042,817	$ 14,135,375

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, 2012

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

Net change in fund balances - total governmental funds	$	4,065,878
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.		640,762
The net effect of various miscellaneous transactions (i.e., sales and donations) is to increase net assets.		14,497
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(251,969)
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.		(204,259)
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.		(215,158)
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.		(180,463)
	$	3,869,288

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, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 4,164,000	$ 4,164,000	$ 4,699,665	$ 535,665
Other taxes	5,656,000	5,656,000	5,768,072	112,072
Charges for services	4,721,440	4,721,440	4,750,913	29,473
Licenses and permits	268,700	268,700	319,097	50,397
Intergovernmental	184,800	227,418	219,917	(7,501)
Franchise fees	606,000	606,000	556,258	(49,742)
Fines and forfeitures	1,155,000	1,155,000	963,567	(191,433)
Interest revenue	10,500	10,500	23,493	12,993
Rental income	163,760	163,760	193,874	30,114
Other revenues	10,000	12,724	16,871	4,147
Total revenues	16,940,200	16,985,542	17,511,727	526,185
EXPENDITURES:				
Current:				
General government:				
Legislative	469,400	424,252	369,852	54,400
Executive	325,975	326,058	273,270	52,788
Elections	19,500	19,500	22,405	(2,905)
Administrative services	3,094,900	3,173,196	2,577,911	595,285
Central services	711,930	632,470	630,987	1,483
Legal	100,000	100,000	100,140	(140)
Total general government	4,721,705	4,675,476	3,974,565	700,911
Judicial	174,290	174,560	251,021	(76,461)
Public safety:				
Police	8,843,820	8,836,520	8,861,186	(24,666)
Fire	5,560,703	5,092,882	4,891,344	201,538
Code enforcement	146,500	146,280	131,866	14,414
Other protection	125,590	124,730	109,532	15,198
Total public safety	14,676,613	14,200,412	13,993,928	206,484
Public works:				
Highways and streets	3,748,120	3,500,393	3,266,982	233,411
Cemetery	455,860	463,580	469,641	(6,061)
Total public works	4,203,980	3,963,973	3,736,623	227,350
Parks and recreation:				
Recreation	81,320	81,320	67,031	14,289
Parks	259,420	259,260	250,067	9,193
Total parks and recreation	340,740	340,580	317,098	23,482

(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, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Housing and economic development:				
Protective inspection	$ 801,040	$ 736,100	$ 633,246	$ 102,854
Griffin Business and Tourism Association	21,810	22,810	15,809	7,001
Downtown development	103,870	103,870	128,832	(24,962)
Main Street	86,880	86,880	84,115	2,765
Total housing and economic development	1,013,600	949,660	862,002	87,658
Debt service	657,600	657,600	618,967	38,633
Total expenditures	25,788,528	24,962,261	23,754,204	1,208,057
Deficiency of revenues under expenditures	(8,848,328)	(7,976,719)	(6,242,477)	1,734,242
OTHER FINANCING SOURCES (USES)				
Transfers in	8,198,328	7,326,719	9,279,924	1,953,205
Transfers out	-	-	(271,658)	(271,658)
Capital leases	650,000	650,000	642,742	(7,258)
Proceeds from the sale of capital assets	-	-	72,546	72,546
Total other financing sources (uses)	8,848,328	7,976,719	9,723,554	1,746,835
Net change in fund balances	-	-	3,481,077	3,481,077
Fund balances, beginning of year	4,611,481	4,611,481	4,611,481	-
Fund balances, end of year	$ 4,611,481	$ 4,611,481	$ 8,092,558	$ 3,481,077

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

CITY OF GRIFFIN, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 674,888	$ 3,892,079	$ 173,768	$ 652,133
Investments	-	11,845,429	-	-
Restricted assets, cash	91,779	7,172	4,851	164,079
Restricted assets, investments	1,620,639	86,021	25,000	-
Accounts receivable, net of allowances	228,735	8,298,713	-	157,024
Due from other governments	-	1,171,996	-	31,599
Due from component units	-	71,617	-	-
Due from other funds	87,303	507,559	50,571	102,744
Inventories	498,702	1,822,634	-	90,869
Prepaid expenses	52,855	22,966	36,670	21,827
Total current assets	3,254,901	27,726,186	290,860	1,220,275
NONCURRENT ASSETS				
Restricted assets, investments	3,979,089	3,236,531	241,312	-
Deferred charges	1,303,149	-	-	-
Capital assets:				
Nondepreciable	6,196,971	4,396,879	-	2,439,016
Depreciable, net of accumulated depreciation	73,224,491	15,187,855	1,781,703	9,799,666
Total noncurrent assets	84,703,700	22,821,265	2,023,015	12,238,682
Total assets	87,958,601	50,547,451	2,313,875	13,458,957
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	554,813	3,524,884	130,327	171,520
Accrued liabilities	-	809,453	10,970	6,057
Due to other governments	53,856	-	-	-
Current portion - compensated absences	189,733	133,026	71,410	22,833
Current portion - notes payable	-	-	-	148,270
Current portion - capital leases payable	-	-	-	17,301
Current portion - landfill closure / postclosure care costs	-	-	90,020	-
Customer deposits payable	18,846	2,678,004	-	-
Due to other funds	75,610	120,142	80,511	468,323
Payable from restricted assets:				
Revenue bonds payable, current portion	2,006,000	-	-	-
Total current liabilities	2,898,858	7,265,509	383,238	834,304
NONCURRENT LIABILITIES				
Compensated absences, net of current portion	33,482	23,475	12,602	4,030
Revenue bonds payable, net of current portion	61,878,000	-	-	-
Capital leases payable, net of current portion	-	-	-	27,092
Notes payable, net of current portion	-	-	-	1,510,510
Net OPEB liability	-	304,498	-	-
Due to Pike County, net of current portion	131,216	-	-	-
Landfill closure / postclosure care costs	-	-	1,818,533	-
Total noncurrent liabilities	62,042,698	327,973	1,831,135	1,541,632
Total liabilities	64,941,556	7,593,482	2,214,373	2,375,936
NET ASSETS (DEFICITS)				
Invested in capital assets, net of related debt	15,537,462	19,584,734	1,781,703	10,535,509
Restricted for debt service	1,013,568	-	-	-
Unrestricted	6,466,015	23,369,235	(1,682,201)	547,512
Total net assets	$ 23,017,045	$ 42,953,969	$ 99,502	$ 11,083,021

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
$ 5,392,868	$ 885,720
11,845,429	-
267,881	-
1,731,660	-
8,684,472	500
1,203,595	-
71,617	-
748,177	225,376
2,412,205	200,919
134,318	5,638
32,492,222	1,318,153
7,456,932	-
1,303,149	-
13,032,866	-
99,993,715	784,181
121,786,662	784,181
154,278,884	2,102,334
4,381,544	76,645
826,480	-
53,856	-
417,002	11,451
148,270	-
17,301	-
90,020	-
2,696,850	-
744,586	708,325
2,006,000	-
11,381,909	796,421
73,589	2,020
61,878,000	-
27,092	-
1,510,510	-
304,498	-
131,216	-
1,818,533	-
65,743,438	2,020
77,125,347	798,441
47,439,408	784,181
1,013,568	-
28,700,561	519,712
77,153,537	$ 1,303,893
(3,515,193)	
$ 73,638,344	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 19,276,249	$ 41,853,602	$ 5,585,334	$ 2,928,231
Tap and capacity recovery fees	137,395	-	-	-
Other services	121,779	2,867,474	314,314	3,689
Total operating revenues	19,535,423	44,721,076	5,899,648	2,931,920
OPERATING EXPENSES				
Personal services	3,647,069	3,890,053	2,069,988	1,068,965
Purchased or contracted services	3,652,839	2,292,549	2,713,221	987,442
Purchased power	-	28,351,512	-	-
Supplies	2,165,275	81,319	47,240	252,250
Miscellaneous	456,846	201,369	499,124	191,546
Depreciation	3,084,487	902,216	424,759	519,294
Total operating expenses	13,006,516	35,719,018	5,754,332	3,019,497
Operating income (loss)	6,528,907	9,002,058	145,316	(87,577)
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	-	-	-	46,773
Interest income	411,848	340,192	30,095	960
Interest expense	(3,246,704)	-	(3,334)	(66,604)
Gain on sale of capital assets	-	12,492	23,406	-
Total nonoperating income (expenses)	(2,834,856)	352,684	50,167	(18,871)
Income (loss) before contributions and transfers	3,694,051	9,354,742	195,483	(106,448)
CAPITAL CONTRIBUTIONS	-	117,206	-	-
TRANSFERS				
Transfers out	(3,957,292)	(6,412,864)	(91,897)	(609,921)
Transfers in	-	1,749,901	-	288,717
Total transfers	(3,957,292)	(4,662,963)	(91,897)	(321,204)
Change in net assets	(263,241)	4,808,985	103,586	(427,652)
NET ASSETS (DEFICITS), beginning of year	23,280,286	38,144,984	(4,084)	11,510,673
NET ASSETS, end of year	$ 23,017,045	$ 42,953,969	$ 99,502	$ 11,083,021

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
$ 69,643,416	$ 1,077,871
137,395	-
3,307,256	9,013
73,088,067	1,086,884
10,676,075	566,136
9,646,051	253,527
28,351,512	-
2,546,084	708,658
1,348,885	27,354
4,930,756	117,203
57,499,363	1,672,878
15,588,704	(585,994)
46,773	-
783,095	816
(3,316,642)	(37)
35,898	-
(2,450,876)	779
13,137,828	(585,215)
117,206	-
(11,071,974)	-
2,038,618	-
(9,033,356)	-
4,221,678	(585,215)
	1,889,108
	$ 1,303,893
(380,956)	
$ 3,840,722	

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Water/ Wastewater Utility Fund	Electric Utility Fund	Solid Waste Fund	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 19,581,179	$ 44,002,466	$ 5,888,791	$ 3,137,742
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(6,332,828)	(30,743,899)	(3,378,444)	(1,307,751)
Payments to employees	(3,699,297)	(3,897,831)	(2,072,097)	(1,082,290)
Net cash provided by operating activities	9,549,054	9,360,736	438,250	747,701
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental grant	-	-	-	46,773
Transfers out	(3,957,292)	(6,412,864)	(91,897)	(609,921)
Transfers in	-	1,749,901	-	288,717
Net cash used in noncapital financing activities	(3,957,292)	(4,662,963)	(91,897)	(274,431)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(239,420)	(1,726,131)	(74,756)	(195,395)
Intergovernmental grant	-	117,206	-	-
Proceeds from the sale of capital assets	-	33,339	23,406	-
Principal paid on bonds	(1,932,000)	-	-	-
Principal paid on notes payable and capital leases	-	-	(170,411)	(159,341)
Principal paid on agreement due to Pike County	(38,145)	-	-	-
Interest paid	(3,153,114)	-	(3,631)	(67,066)
Net cash used in capital and related financing activities	(5,362,679)	(1,575,586)	(225,392)	(421,802)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(2,439,200)	(6,197,571)	(128,214)	-
Proceeds from the sale of investments	1,605,344	3,840,662	77,677	-
Interest and dividends received	383,031	334,590	30,095	960
Net cash provided by (used in) investing activities	(450,825)	(2,022,319)	(20,442)	960
Increase (decrease) in cash and cash equivalents	(221,742)	1,099,868	100,519	52,428
Cash and cash equivalents:				
Beginning of year	988,409	2,799,383	78,100	763,784
End of year	$ 766,667	$ 3,899,251	$ 178,619	$ 816,212
Classified as:				
Cash and cash equivalents	$ 674,888	$ 3,892,079	$ 173,768	$ 652,133
Restricted assets, cash	91,779	7,172	4,851	164,079
	$ 766,667	$ 3,899,251	$ 178,619	$ 816,212

(Continued)

Totals	Governmental Activities Internal Service Fund - Motor Pool
$ 72,610,178	$ -
-	1,803,465
(41,762,922)	(971,724)
(10,751,515)	(579,204)
20,095,741	252,537
46,773	-
(11,071,974)	-
2,038,618	-
(8,986,583)	-
(2,235,702)	(6,500)
117,206	-
56,745	-
(1,932,000)	-
(329,752)	-
(38,145)	-
(3,223,811)	(37)
(7,585,459)	(6,537)
(8,764,985)	-
5,523,683	-
748,676	816
(2,492,626)	816
1,031,073	246,816
4,629,676	638,904
$ 5,660,749	$ 885,720
$ 5,392,868	$ 885,720
267,881	-
$ 5,660,749	$ 885,720

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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)	$ 6,528,907	$ 9,002,058	$ 145,316	$ (87,577)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,084,487	902,216	424,759	519,294
Changes in assets and liabilities:				
(Increase) in accounts receivable	(154,151)	(911,489)	-	(23,275)
(Increase) decrease in due from other governments	-	740,362	-	(10,762)
(Increase) decrease in inventories	324,901	46,288	-	(12,932)
(Increase) decrease in due from other funds	111,154	(254,759)	(8,157)	121,131
Increase in due from component units	-	(71,617)	-	-
Decrease in prepaids and other assets	27,161	260,796	18,184	17,425
Increase (decrease) in accounts payable	(355,771)	(512,475)	25,046	(31,052)
Increase (decrease) in accrued liabilities	(106,387)	380,463	(37,376)	(25,702)
Increase in due to other governments	53,856	-	-	-
Increase in customer deposits	-	59,422	-	-
Decrease in landfill closure / postclosure care costs	-	-	(126,822)	-
Increase (decrease) in due to other funds	34,897	(280,529)	(2,700)	281,151
Net cash provided by operating activities	$ 9,549,054	$ 9,360,736	$ 438,250	$ 747,701
Noncash investing, capital, and financing activities:				
Unrealized gain on investments	$ 28,817	$ 5,602	$ -	$ -
Net noncash investing, capital, and financing activities	$ 28,817	$ 5,602	$ -	$ -

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

Totals	Governmental Activities Internal Service Fund - Motor Pool
$ 15,588,704	$ (585,994)
4,930,756	117,203
(1,088,915)	-
729,600	-
358,257	(6,540)
(30,631)	8,256
(71,617)	-
323,566	2,851
(874,252)	21,504
210,998	(13,068)
53,856	-
59,422	-
(126,822)	-
32,819	708,325
$ 20,095,741	$ 252,537
$ 34,419	$ -
$ 34,419	$ -

CITY OF GRIFFIN, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2012

	Municipal Court
ASSETS	
Cash and cash equivalents	$ 48,636
Total assets	48,636
LIABILITIES	
Due to others	48,636
Total liabilities	$ 48,636

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.

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. Legally adopted budgets and 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 2009 CDBG, the 2010 CDBG, the 2008 CHIP, the Neighborhood Stabilization, the Tax Allocation Districts 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 State Treasurer.

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 using the weighted average method. 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

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. 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, 2012, 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, 2012, the City contributed $209,615 and employees contributed $494,185.

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

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance **–** Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission through the adoption of a resolution. Only the City Commission may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Commission has authorized the City's Chief Financial Officer, Finance Director, or Director of Administrative Services to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Restricted Assets

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

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 $5,178,643 difference are as follows:

Capital leases	$	4,426,772
Compensated absences		719,475
Accrued interest		32,396
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	5,178,643

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 $640,762 difference are as follows:

Capital outlay	$	2,085,813
Depreciation expense		(1,445,051)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	640,762

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 $215,158 difference are as follows:

Proceeds from capital leases	$	(642,742)
Principal retirement on long-term debt		427,584
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(215,158)

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 $180,463 difference are as follows:

Compensated absences	$	10,745
Net pension asset		(189,998)
Accrued interest		(1,210)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(180,463)

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2012, are summarized as follows:

Amounts as presented on the entity wide statement of net assets:		
Cash and cash equivalents	$	14,088,965
Investments		17,356,280
Restricted cash and cash equivalents		267,881
Restricted investments		9,188,592
Amounts as presented on the fiduciary statement of net assets:		
Cash and cash equivalents - Agency Fund		48,636
Component Units - cash and cash equivalents		134,250
Total	$	41,084,604
Cash deposited with financial institutions	$	17,968,819
Cash deposited with Georgia Fund 1		3,217,174
Investments in the Municipal Competitive Trust		11,845,429
Investments in governmental bonds		6,340,668
Investments in corporate bonds		64,728
Investments in equities and various other securities		1,647,786
Total	$	41,084,604

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, 2012, 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 $28,817 reflected as interest income in the Water & Sewer Fund, an unrealized gain of $5,602 reflected as interest income in the Electric Utility Fund and an unrealized gain of $75,097 reflected as interest income in the Cemetery Trust Fund.

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2012, 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		$ 3,217,174	$ 3,217,174	$ -	$ -	$ -	$ -	$ -
Certificates of Deposit		3,429,087	2,148,690	624,642	655,755	-	-	-
Municipal Competitive Trust		11,845,429	11,845,429	-	-	-	-	-
Equities and various other non-maturing securities		1,647,786	NA	-	-	-	-	-
Governmental bonds	BBB-	62,421	-	-	62,421	-	-	-
Governmental bonds	A-	190,298	-	-	16,680	-	-	173,618
Governmental bonds	A	298,513	50,994	39,758	-	-	21,364	186,397
Governmental bonds	A+	884,531	-	-	-	-	52,221	832,310
Governmental bonds	AA-	1,069,294	-	-	33,316	292,292	230,535	513,151
Governmental bonds	AA	1,620,539	-	-	78,773	38,743	692,903	810,120
Governmental bonds	AA+	910,113	-	-	-	481,255	189,301	239,557
Governmental bonds	AAA	1,304,959	-	110,055	274,959	677,169	-	242,776
Corporate bonds	AAA	11,965	-	-	-	-	-	11,965
Corporate bonds	A	52,763	-	-	-	-	-	52,763
Total		$ 26,544,872	$ 17,262,287	$ 774,455	$ 1,121,904	$ 1,489,459	$ 1,186,324	$ 3,062,657

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, 2012, 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 year end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	Water/ Wastewater
Receivables:			
Taxes	$ 1,015,647	$ 7,110	$ -
Accounts	106,180	59	352,711
Intergovernmental	31,870	208,086	-
Gross receivables	1,153,697	215,255	352,711
Less: allowance for uncollectibles	(227,136)	-	(123,976)
Net total receivables	$ 926,561	$ 215,255	$ 228,735

	Electric	Nonmajor Enterprise	Total
Receivables:			
Taxes	$ -	$ -	$ 1,022,757
Accounts	15,821,524	157,024	16,437,498
Intergovernmental	1,171,996	31,599	1,443,551
Gross receivables	16,993,520	188,623	18,903,806
Less: allowance for uncollectibles	(7,522,811)	-	(7,873,923)
Net total receivables	$ 9,470,709	$ 188,623	$ 11,029,883

Included in the Electric Revenue Fund's intergovernmental receivable above is a $1,017,111 note receivable from a local government from the sale of excess electric power generation. This note is being paid to the City via monthly installments of $59,830 through November 2013.

Property Taxes

Property taxes were levied on behalf of the City by Spalding County on October 17, 2011, (Levy Date) based upon property values assessed as of January 1. The billings were mailed on October 26, 2011, and payable on or before December 20, 2011, for the calendar year 2011 tax. Taxes not paid within 30 days of December 28, 2011 were subject to property tax liens on March 20, 2012. Property tax revenues are recognized when levied to the extent they result in current receivables. The City does maintain an allowance for uncollectible property taxes. At June 30, 2012, the allowance for uncollectible property taxes was $227,136.

The tax rate levied during calendar year 2011 for the City's operations was 8.636 mills (mill equals $1 per thousand dollars of assessed value).

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,495,785	$ -	$ -	$ -	$ 1,495,785
Construction in progress	1,687,979	1,713,314	-	(622,335)	2,778,958
Total capital assets, not being depreciated	3,183,764	1,713,314	-	(622,335)	4,274,743
Capital assets, being depreciated:					
Buildings and improvements	8,857,815	-	-	81,655	8,939,470
Machinery and equipment	21,058,358	393,496	(276,445)	47,039	21,222,448
Infrastructure	30,327,068	-	-	493,641	30,820,709
Total capital assets, being depreciated	60,243,241	393,496	(276,445)	622,335	60,982,627
Less accumulated depreciation for:					
Buildings and improvements	(2,410,772)	(308,381)	-	-	(2,719,153)
Machinery and equipment	(18,362,330)	(907,387)	276,445	-	(18,993,272)
Infrastructure	(22,574,581)	(346,486)	-	-	(22,921,067)
Total accumulated depreciation	(43,347,683)	(1,562,254)	276,445	-	(44,633,492)
Total capital assets, being depreciated, net	16,895,558	(1,168,758)	-	622,335	16,349,135
Governmental activities capital assets, net	$ 20,079,322	$ 544,556	$ -	$ -	$ 20,623,878

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, $784,181 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	3,550,119	1,832,526	-	-	5,382,645
Total capital assets, not being depreciated	11,200,340	1,832,526	-	-	13,032,866
Capital assets, being depreciated:					
Land improvements	5,338,417	-	-	-	5,338,417
Buildings	36,315,960	-	-	-	36,315,960
Improvements other than buildings	101,561,811	-	(11,145)	-	101,550,666
Machinery and equipment	24,650,680	414,321	(23,600)	-	25,041,401
Total capital assets, being depreciated	167,866,868	414,321	(34,745)	-	168,246,444
Less accumulated depreciation for:					
Land improvements	(1,576,176)	(219,110)	-	-	(1,795,286)
Buildings	(14,602,116)	(837,606)	-	-	(15,439,722)
Improvements other than buildings	(28,510,086)	(2,520,084)	-	-	(31,030,170)
Machinery and equipment	(18,636,348)	(1,353,956)	2,753	-	(19,987,551)
Total accumulated depreciation	(63,324,726)	(4,930,756)	2,753	-	(68,252,729)
Total capital assets, being depreciated, net	104,542,142	(4,516,435)	(31,992)	-	99,993,715
Business-type activities capital assets, net	$ 115,742,482	$ (2,683,909)	$ (31,992)	$ -	$ 113,026,581

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	$ 322,874
Public safety	615,161
Public works	486,470
Parks and recreation	17,435
Housing and economic development	3,111
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	117,203
Total depreciation expense - governmental activities	$ 1,562,254
Business-type activities:	
Water and wastewater	$ 3,084,487
Electric	902,216
Solid waste	424,759
Stormwater	295,501
Airport	134,680
Welcome center	43,550
Golf course	45,563
Total depreciation expense - business-type activities	$ 4,930,756

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, 2012, are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Combined Utility, Series 2002	$ 64,385,000	2.00% - 5.125%	2032	$ 59,325,000
Combined Utility, Series 2005	9,748,000	3.59%	2017	4,559,000
				63,884,000
			Less current portion	(2,006,000)
				$ 61,878,000

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
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	5,107,308	2,264,000	2,843,308
2017	5,107,181	2,362,000	2,745,181
2018 - 2022	25,540,280	13,595,000	11,945,280
2023 - 2027	25,539,634	17,290,000	8,249,634
2028 - 2032	25,546,000	22,120,000	3,426,000
	$ 102,161,268	$ 63,884,000	$ 38,277,268

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, 2012:

Description	Original Amount	Interest Rate	Due Date	Amount
Stormwater GEFA Loan	$ 2,691,113	3.75%	2022	$ 1,658,780
			Less current portion	(148,270)
				$ 1,510,510

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

Fiscal Year Payable	Total	Principal	Interest
2013	$ 207,851	$ 148,270	$ 59,581
2014	207,851	153,826	54,025
2015	207,851	159,695	48,156
2016	207,851	165,721	42,130
2017	207,851	172,171	35,680
2018 - 2022	934,967	859,097	75,870
	$ 1,974,222	$ 1,658,780	$ 315,442

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, 2012:

Description	Original Amount	Interest Rate	Due Date	Amount
Due to Pike County	$ 374,469	7.00%	2016	$ 131,216

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

Fiscal Year Payable	Total	Principal	Interest
2013	$ 50,000	$ 40,815	$ 9,185
2014	50,000	43,672	6,328
2015	50,000	46,729	3,271
	$ 150,000	$ 131,216	$ 18,784

Capital Leases:

The City has entered into several lease agreements as lessee for financing the acquisition of various equipment through the Georgia Municipal Association direct installment program. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present values of the future minimum lease payment as of the date of their inceptions. These leases are being serviced by General Fund and Golf Course Fund payments with annual interest rates varying from 1.99% to 7.81%.

The following is an analysis of equipment leased under capital leases as of June 30, 2012:

	Governmental Activities	Business-type Activities	Total
Buildings	$ 3,949,160	$ -	$ 3,949,160
Equipment	2,554,061	85,028	2,639,089
Less accumulated depreciation	(2,555,169)	(48,183)	(2,603,352)
Carrying value	$ 3,948,052	$ 36,845	$ 3,984,897

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, 2012:

Fiscal year ending	Governmental Activities	Golf Course Fund	Total
2013	$ 604,744	$ 18,557	$ 623,301
2014	506,960	18,557	525,517
2015	434,663	9,279	443,942
2016	432,418	-	432,418
2017	2,850,950	-	2,850,950
2018 - 2022	359,275	-	359,275
Total minimum lease payments	5,189,010	46,393	5,235,403
Less amount representing interest	(762,238)	(2,000)	(764,238)
Present value of future minimum lease payments	$ 4,426,772	$ 44,393	$ 4,471,165
Less current maturities	(415,355)	(17,301)	(432,656)
	$ 4,011,417	$ 27,092	$ 4,038,509

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 $721,035 over the remaining 11 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 $685,055 over the remaining 28 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 2024, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The amount noted as Phase 3 below reported as landfill closure and postclosure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of approximately 21% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $1,937,320 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	$	721,035
Shoal Creek Road Landfill Phase 2 closure and postclosure care costs		685,055
Shoal Creek Road Landfill Phase 3 closure and postclosure care costs		502,463
Total closure and postclosure care costs recorded within the Solid Waste Fund		1,908,553
Less current portion		(90,020)
	$	1,818,533

NOTE 6. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 4,211,614	$ 642,742	$ (427,584)	$ 4,426,772	$ 415,355
Compensated absences	747,455	1,139,496	(1,154,005)	732,946	623,004
Governmental activity Long-term liabilities	$ 4,959,069	$ 1,782,238	$ (1,581,589)	$ 5,159,718	$ 1,038,359
Business-type activities:					
Revenue bonds	$ 65,816,000	$ -	$ (1,932,000)	$ 63,884,000	$ 2,006,000
Notes payable	1,801,404	-	(142,624)	1,658,780	148,270
Compensated absences	557,921	735,817	(803,147)	490,591	417,002
Capital leases	231,521		(187,128)	44,393	17,301
OPEB liability	53,883	1,134,000	(883,385)	304,498	-
Intergovernmental agreement	169,361	-	(38,145)	131,216	-
Landfill closure / postclosure	2,035,375	-	(126,822)	1,908,553	90,020
Business-type activity Long-term liabilities	$ 70,665,465	$ 1,869,817	$ (4,113,251)	$ 68,422,031	$ 2,678,593

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, $13,471 of internal service fund's compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences, net pension obligations, and net other postemployment benefit obligations are substantially liquidated by the General Fund.

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, 2012, the date of the most recent actuarial valuation, there were 699 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	185
Vested terminated employees not yet receiving benefits	68
Active employees	446
Total	699

As of the most recent valuation date, January 1, 2012, 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)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/12	$ 47,179,729	$ 57,459,449	$ 10,279,720	82.1 %	$ 16,387,668	62.73 %

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, 2012.

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 15.26% of annual covered payroll.

C. Annual Pension Cost

For the year ended June 30, 2012, the City's annual pension cost was $2,537,359 for the City of Griffin Retirement Plan. The recommended contribution of $2,347,361 was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases for inflation of 3.0% 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 unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 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 varies for the bases, with a net effective amortization period of 13 years. The amortization period for the unfunded actuarial accrued liability is closed 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 7.75%, 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, 2012 is as follows:

Annual required contribution	$ 2,347,361
Interest on net pension obligation (asset)	(41,707)
Adjustments to annual required contribution	231,705
Annual pension cost	2,537,359
Contributions made	2,347,361
Decrease in net pension asset	189,998
Net pension obligation (asset), beginning of year	(2,085,342)
Net pension obligation (asset), end of year	$ (1,895,344)

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	1,974,104	1,831,579	93%	(2,911,582)
June 30, 2007	1,895,589	1,745,851	92%	(2,761,844)
June 30, 2008	1,807,477	1,650,264	91%	(2,604,631)
June 30, 2009	1,966,334	1,801,374	92%	(2,439,671)
June 30, 2010	2,693,722	2,520,727	94%	(2,266,676)
June 30, 2011	2,422,106	2,240,772	93%	(2,085,342)
June 30, 2012	2,537,359	2,347,361	93%	(1,895,344)

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, 2012:

Elections	$ 2,905
Legal	140
Judicial	76,461
Police	24,666
Cemetery	6,061
Downtown development	24,962
Hotel / Motel Tax Fund	5,058
Confiscated Assets Fund	10,166
2009 CDBG Fund	177,090

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, 2012:

2009 CDBG Fund	$ 32,042
2010 CDBG Fund	26,119

The fund deficits in the 2009 CDBG Fund and the 2010 CDBG Fund will be reduced through intergovernmental revenues.

NOTE 9. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2012 are as follows:

	Due From			
Due To	General	Nonmajor Governmental	Electric	Water / Wastewater
General Fund	$ -	$ 765,996	$ -	$ -
Nonmajor governmental	40,073	69,779	-	-
Water / Wastewater	30,595	-	-	-
Electric	-	185	-	26,750
Solid Waste	-	-	-	32,496
Internal service funds	85,146	-	19,764	16,341
Nonmajor enterprise	-	2,268	100,378	23
Total	$ 155,814	$ 838,228	$ 120,142	$ 75,610

Due To	Solid Waste	Nonmajor Enterprise	Internal Service	Total
General Fund	$ -	$ 145,925	$ 451,627	$ 1,363,548
Nonmajor governmental	-	-	-	109,852
Water/Wastewater	-	56,708	-	87,303
Electric	-	223,926	256,698	507,559
Solid Waste	-	18,075	-	50,571
Internal Service Funds	80,511	23,614	-	225,376
Nonmajor enterprise	-	75	-	102,744
Total	$ 80,511	$ 468,323	$ 708,325	$ 2,446,953

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, 2012 consisted of the following:

	Transfer To			
Transfer From	General	Nonmajor Governmental	Water/ Wastewater	Electric
General Fund	$ -	$ -	$ -	$ -
Nonmajor Governmental	151,810	-	-	22,816
Water / Wastewater	2,715,250	216,775	-	1,025,267
Electric	6,412,864	-	-	-
Solid Waste	-	-	-	91,897
Nonmajor Enterprise	-	-	-	609,921
Total	$ 9,279,924	$ 216,775	$ -	$ 1,749,901

Transfer From	Solid Waste	Internal Service	Nonmajor Enterprise	Total
General Fund	$ -	$ -	$ 271,658	$ 271,658
Nonmajor Governmental	-	-	17,059	191,685
Water / Wastewater	-	-	-	3,957,292
Electric	-	-	-	6,412,864
Solid Waste	-	-	-	91,897
Nonmajor Enterprise	-	-	-	609,921
Total	$ -	$ -	$ 288,717	$ 11,535,317

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, 2012, $59,685 of hotel/motel tax was collected. Of the total collected, over 50% was used for the promotion of tourism within the City ($17,058 to the Griffin Business and Tourism Association and $17,058 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, 2012, the City paid $23,643 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, 2012, 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 $28,351,512 in 2012.

At June 30, 2012, the outstanding debt of MEAG was approximately $5.95 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $308.74 million at June 30, 2012.

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 relevant 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 2012, the City contributed $883,385 to the plan, including $258,459 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	$ 1,130,000
Interest on net OPEB obligation (asset)	33,000
Adjustments to annual required contribution	(29,000)
Annual OPEB cost	1,134,000
Contributions made	883,385
Increase in net OPEB obligation	250,615
Net OPEB obligation, beginning of year	53,883
Net OPEB obligation, end of year	$ 304,498

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 2012, 2011, 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)
June 30, 2011	1,123,000	856,673	76%	53,883
June 30, 2012	1,134,000	883,385	78%	304,498

Funded Status and Funding Progress

As of the most recent valuation date, July 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)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2010	$ 1,785,088	$ 10,746,646	$ 8,961,558	16.6 %	$ 16,747,151	53.5 %

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. Calculations are based on the substantive plan in effect as of July 1, 2010.

NOTE 16. POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.75 percent investment rate of return and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.4 percent in 2050. 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, 2010, was 28 years.

NOTE 17. OPERATING LEASES

The City has entered into several operating leases of various land parcels and buildings where the City is the lessor. The original leases have terms ranging from one to five years. Each is accounted for as an operating lease. The minimum future rentals for non-cancelable leases for the next five years as of June 30, 2012 are as follows:

2013	$	91,242
2014		69,151
2015		59,340
2016		29,670
	$	249,403

NOTE 18. SUBSEQUENT EVENTS

Subsequent to year end, the City issued $57,500,000 Combined Public Utility Revenue Refunding Bonds, Series 2012. These bonds were issued to refund the $59,325,000 of outstanding Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2002. These bonds have various interest rates ranging from 2% to 5% and are due in January 2023.

NOTE 18. SUBSEQUENT EVENTS (CONTINUED)

Additionally, subsequent to year end, the City reached a settlement agreement to modify its water sales agreement with a large governmental water customer. This settlement agreement reduced the minimum amount of daily water usage take required by the customer. Additionally, the modification agreement required the customer to pay to the City the sum of $9 million. This amount will be first applied to fund construction of improvements to the City's regional water supply system, including expansion of capacity of the Still Branch Water Treatment Plan from 8.0 mgd to 12.0 mgd, adding a booster pump on the existing water transmission line from the plant, and relocation and construction of a new Flint River Pumping Station to serve Head's Creek Reservoir / Harry Simmons Water Treatment Plant. These funds will be recognized as contributed capital revenues in the City's June 30, 2013 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GRIFFIN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

CITY OF GRIFFIN PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded / Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/06	$ 36,580,945	$ 42,951,704	$ 6,370,759	85.2 %	$ 14,865,070	42.86 %
01/01/07	38,982,838	44,895,259	5,912,421	86.8	14,887,536	39.71
01/01/08	41,942,958	47,180,238	5,237,280	88.9	14,827,023	35.32
01/01/09	36,885,665	50,056,917	13,171,252	73.7	17,313,780	76.07
01/01/10	44,271,925	53,160,185	8,888,260	83.3	16,747,151	53.07
01/01/11	45,980,432	55,222,320	9,241,888	83.3	16,495,560	56.03
01/01/12	47,179,729	57,459,449	10,279,720	82.1	16,387,668	62.73

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

CITY OF GRIFFIN OPEB PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded / Surplus AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/08	$ -	$ 8,585,000	$ 8,585,000	- %	$ 14,827,023	57.90 %
07/01/09	1,022,465	8,851,000	7,828,535	11.6	17,313,780	45.22
07/01/10	1,785,088	10,746,646	8,961,558	16.6	16,747,151	53.51

The assumptions used in the preparation of the above schedule are disclosed in Note 16 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 **2009 CDBG Fund** accounts for CDBG grant revenues and expenditures relating to public works projects.

The **2010 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 **2011 Tornado Grants Fund** accounts for grant revenues and expenditures relating to public safety issues needed during and after the 2012 tornado.

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

The **Tax Allocation Districts Fund** accounts for special assessed property tax revenues and expenditures relating to public works projects.

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 **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, 2012

	Special Revenue Funds				
ASSETS	**Hotel/ Motel Tax Fund**	**Multiple Grant Fund**	**Confiscated Assets Fund**	**Police Technology Fund**	**Court Technology Fund**
Cash and cash equivalents	$ -	$ 252,822	$ 227,724	$ 23,201	$ 26,229
Investments	-	-	-	-	-
Taxes receivable	7,110	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	6,591	-	12,982
Assets held for resale	-	-	-	-	-
Total assets	$ 7,110	$ 252,822	$ 234,315	$ 23,201	$ 39,211
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds	5,078	166,047	-	3,981	-
Due to component unit	2,032	-	-	-	-
Total liabilities	7,110	166,047	-	3,981	-
FUND BALANCES (DEFICIT)					
Nonspendable:					
Assets held for resale	-	-	-	-	-
Permanent fund principal	-	-	-	-	-
Restricted for:					
Law enforcement	-	86,775	234,315	19,220	39,211
Cemetery maintenance	-	-	-	-	-
Other capital projects	-	-	-	-	-
Total fund balances (deficit)	-	86,775	234,315	19,220	39,211
Total liabilities and fund balances	$ 7,110	$ 252,822	$ 234,315	$ 23,201	$ 39,211

(Continued)

Police Donations	2009 CDBG	2010 CDBG	2008 CHIP	2011 Tornado Grants	Neighborhood Stabilization	Tax Allocation Districts
$ 35,126	$ -	$ -	$ 2,687	$ -	$ 27,416	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	125,174	28,000	-	-	-
-	-	-	-	-	-	20,500
-	-	-	-	-	-	-
$ 35,126	$ -	$ 125,174	$ 30,687	$ -	$ 27,416	$ 20,500
$ -	$ 32,042	$ 151,293	$ -	$ -	$ -	$ -
24,677	-	-	-	-	-	-
-	-	-	-	-	-	-
24,677	32,042	151,293	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,449	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(32,042)	(26,119)	30,687	-	27,416	20,500
10,449	(32,042)	(26,119)	30,687	-	27,416	20,500
$ 35,126	$ -	$ 125,174	$ 30,687	$ -	$ 27,416	$ 20,500

(Continued)

CITY OF GRIFFIN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital Project Funds		Permanent Funds		
ASSETS	**Federal Stimulus**	**SPLOST Fund**	**Cemetery Trust Fund**	**Mausoleum Trust Fund**	**Totals**
Cash and cash equivalents	$ -	$ 3,624,120	$ 204,416	$ 153,873	$ 4,577,614
Investments	-	-	1,751,491	355,295	2,106,786
Taxes receivable	-	-	-	-	7,110
Accounts receivable, net	-	-	-	59	59
Due from other governments	54,912	-	-	-	208,086
Due from other funds	-	-	69,779	-	109,852
Assets held for resale	-	-	240,660	-	240,660
Total assets	$ 54,912	$ 3,624,120	$ 2,266,346	$ 509,227	$ 7,250,167
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ 177,854	$ 5,901	$ -	$ 367,090
Due to other funds	54,912	429,975	7,952	145,606	838,228
Due to component unit	-	-	-	-	2,032
Total liabilities	54,912	607,829	13,853	145,606	1,207,350
FUND BALANCES (DEFICIT)					
Nonspendable:					
Assets held for resale	-	-	240,660	-	240,660
Permanent fund principal	-	-	1,896,712	187,935	2,084,647
Restricted for:					
Law enforcement	-	-	-	-	389,970
Cemetery maintenance (expendable)	-	-	115,121	175,686	290,807
Other capital projects	-	3,016,291	-	-	3,036,733
Total fund balances (deficit)	-	3,016,291	2,252,493	363,621	6,042,817
Total liabilities and fund balances	$ 54,912	$ 3,624,120	$ 2,266,346	$ 509,227	$ 7,250,167

(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, 2012

	Special Revenue Funds				
	Hotel/ Motel Tax Fund	Multiple Grant Fund	Confiscated Assets Fund	Police Technology Fund	Court Technology Fund
Revenues:					
Other taxes	$ 59,685	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	61,028	39,611	19,909
Interest revenue	-	267	240	17	26
Contributions and donations	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	59,685	267	61,268	39,628	19,935
Expenditures:					
Current:					
Public safety	-	-	64,361	-	-
Public works	-	-	-	-	-
Housing and economic development	17,058	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	17,058	-	64,361	-	-
Excess (deficiency) of revenues over (under) expenditures	42,627	267	(3,093)	39,628	19,935
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(42,627)	-	-	(21,254)	(10,818)
Total other financing sources (uses)	(42,627)	-	-	(21,254)	(10,818)
Net change in fund balances	-	267	(3,093)	18,374	9,117
Fund balances (deficits), beginning of year	-	86,508	237,408	846	30,094
Fund balances (deficits), end of year	$ -	$ 86,775	$ 234,315	$ 19,220	$ 39,211

(Continued)

Police Donations	2009 CDBG	2010 CDBG	2008 CHIP	2011 Tornado Grants	Neighborhood Stabilization	Tax Allocation Districts
$ -	$ -	$ -	$ -	$ -	$ -	$ 18,129
-	-	-	-	-	-	-
-	500,000	261,888	56,000	128,125	181,945	-
-	-	-	-	-	-	-
39	-	-	-	-	-	-
3,165	-	-	-	-	-	-
-	-	-	-	-	-	-
3,204	500,000	261,888	56,000	128,125	181,945	18,129
12,308	-	-	-	-	-	-
-	677,090	349,048	26,150	-	154,534	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,308	677,090	349,048	26,150	-	154,534	-
(9,104)	(177,090)	(87,160)	29,850	128,125	27,411	18,129
-	153,813	62,962	-	-	-	-
-	-	-	-	(116,986)	-	-
-	153,813	62,962	-	(116,986)	-	-
(9,104)	(23,277)	(24,198)	29,850	11,139	27,411	18,129
19,553	(8,765)	(1,921)	837	(11,139)	5	2,371
$ 10,449	$ (32,042)	$ (26,119)	$ 30,687	$ -	$ 27,416	$ 20,500

(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, 2012

	Capital Project Funds		Permanent Funds		
	Federal Stimulus	SPLOST Fund	Cemetery Trust Fund	Mausoleum Trust Fund	Totals
Revenues:					
Other taxes	$ -	$ -	$ -	$ -	$ 77,814
Charges for services	-	-	44,165	-	44,165
Intergovernmental	-	895,684	-	-	2,023,642
Fines and forfeitures	-	-	-	-	120,548
Interest revenue	-	85	102,235	36,589	139,498
Contributions and donations	-	-	-	-	3,165
Other revenues	-	-	48,035	-	48,035
Total revenues	-	895,769	194,435	36,589	2,456,867
Expenditures:					
Current:					
Public safety	-	-	-	-	76,669
Public works	-	-	14,344	4,315	1,225,481
Housing and economic development	-	-	-	-	17,058
Capital outlay	-	577,948	-	-	577,948
Total expenditures	-	577,948	14,344	4,315	1,897,156
Excess (deficiency) of revenues over (under) expenditures	-	317,821	180,091	32,274	559,711
Other financing sources (uses)					
Transfers in	-	-	-	-	216,775
Transfers out	-	-	-	-	(191,685)
Total other financing sources (uses)	-	-	-	-	25,090
Net change in fund balances	-	317,821	180,091	32,274	584,801
Fund balances (deficits), beginning of year	-	2,698,470	2,072,402	331,347	5,458,016
Fund balances (deficits), end of year	$ -	$ 3,016,291	$ 2,252,493	$ 363,621	$ 6,042,817

(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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Other taxes	$ 42,000	$ 59,685	$ 17,685
EXPENDITURES			
Housing and development	12,000	17,058	(5,058)
Total expenditures	12,000	17,058	(5,058)
Excess of revenues over expenditures	30,000	42,627	12,627
Other financing (uses)			
Transfers out	(30,000)	(42,627)	(12,627)
Total other financing (uses)	(30,000)	(42,627)	(12,627)
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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ -	$ -	$ -
Interest revenue	-	267	267
Total revenues	-	267	267
EXPENDITURES			
Public safety	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	267	267
FUND BALANCES, beginning of year	86,508	86,508	-
FUND BALANCES, end of year	$ 86,508	$ 86,775	$ 267

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	$ 76,000	$ 61,028	$ (14,972)
Interest revenue	1,000	240	(760)
Total revenues	77,000	61,268	(15,732)
EXPENDITURES			
Public safety	54,195	64,361	(10,166)
Total expenditures	54,195	64,361	(10,166)
Net change in fund balance	22,805	(3,093)	(25,898)
FUND BALANCES, beginning of year	237,408	237,408	-
FUND BALANCES, end of year	$ 260,213	$ 234,315	$ (25,898)

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	$ 51,000	$ 39,611	$ (11,389)
Interest revenue	-	17	17
Total revenues	51,000	39,628	(11,372)
Excess of revenues over expenditures	51,000	39,628	(11,372)
Other financing uses			
Transfers out	(51,000)	(21,254)	29,746
Total other financing uses	(51,000)	(21,254)	29,746
Net change in fund balance	-	18,374	18,374
FUND BALANCES, beginning of year	846	846	-
FUND BALANCES, end of year	$ 846	$ 19,220	$ 18,374

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	$ 26,000	$ 19,909	$ (6,091)
Interest revenue	-	26	26
Total revenues	26,000	19,935	(6,065)
Excess of revenues over expenditures	26,000	19,935	(6,065)
Other financing uses			
Transfers out	(26,000)	(10,818)	15,182
Total other financing uses	(26,000)	(10,818)	15,182
Net change in fund balance	-	9,117	9,117
FUND BALANCES, beginning of year	30,094	30,094	-
FUND BALANCES, end of year	$ 30,094	$ 39,211	$ 9,117

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Interest revenue	$ -	$ 39	$ 39
Contributions and donations	2,000	3,165	1,165
Total revenues	2,000	3,204	1,204
EXPENDITURES			
Current:			
Public safety	18,360	12,308	6,052
Total expenditures	18,360	12,308	6,052
Net change in fund balance	(16,360)	(9,104)	7,256
FUND BALANCES, beginning of year	19,553	19,553	-
FUND BALANCES, end of year	$ 3,193	$ 10,449	$ 7,256

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, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 500,000	$ 500,000	$ -
Total revenues	500,000	500,000	-
EXPENDITURES			
Public works	500,000	677,090	(177,090)
Total expenditures	500,000	677,090	(177,090)
Deficiency of revenues over expenditures	-	(177,090)	(177,090)
Other financing sources			
Transfers in	-	153,813	153,813
Total other financing sources	-	153,813	153,813
Net change in fund balance	-	(23,277)	(23,277)
FUND BALANCES (DEFICIT), beginning of year	(8,765)	(8,765)	-
FUND BALANCES (DEFICIT), end of year	$ (8,765)	$ (32,042)	$ (23,277)

CITY OF GRIFFIN, GEORGIA
2010 CDBG FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 500,000	$ 261,888	$ (238,112)
Interest revenue	-	-	-
Total revenues	500,000	261,888	(238,112)
EXPENDITURES			
Public works	759,115	349,048	410,067
Total expenditures	759,115	349,048	410,067
Deficiency of revenues over expenditures	(259,115)	(87,160)	171,955
Other financing sources			
Transfers in	259,115	62,962	(196,153)
Total other financing sources	259,115	62,962	(196,153)
Net change in fund balance	-	(24,198)	(24,198)
FUND BALANCES (DEFICIT), beginning of year	(1,921)	(1,921)	-
FUND BALANCES (DEFICIT), end of year	$ (1,921)	$ (26,119)	$ (24,198)

CITY OF GRIFFIN, GEORGIA
2008 CHIP FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 170,600	$ 56,000	$ (114,600)
Total revenues	170,600	56,000	(114,600)
EXPENDITURES			
Public works	170,600	26,150	144,450
Total expenditures	170,600	26,150	144,450
Net change in fund balance	-	29,850	29,850
FUND BALANCES, beginning of year	837	837	-
FUND BALANCES, end of year	$ 837	$ 30,687	$ 29,850

CITY OF GRIFFIN, GEORGIA
2011 TORNADO GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ -	$ 128,125	$ 128,125
Total revenues	-	128,125	128,125
EXPENDITURES			
Public safety	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	-	128,125	128,125
Other financing uses			
Transfers out	-	(116,986)	(116,986)
Total other financing uses	-	(116,986)	(116,986)
Net change in fund balance	-	11,139	11,139
FUND BALANCES, beginning of year	(11,139)	(11,139)	-
FUND BALANCES (DEFICIT), end of year	$ (11,139)	$ -	$ 11,139

CITY OF GRIFFIN, GEORGIA
NEIGHBORHOOD STABILIZATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Intergovernmental	$ 486,738	$ 181,945	$ (304,793)
Total revenues	486,738	181,945	(304,793)
EXPENDITURES			
Public works	486,738	154,534	332,204
Total expenditures	486,738	154,534	332,204
Net change in fund balance	-	27,411	27,411
FUND BALANCES, beginning of year	5	5	-
FUND BALANCES, end of year	$ 5	$ 27,416	$ 27,411

CITY OF GRIFFIN, GEORGIA
TAX ALLOCATION DISTRICTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original and Final Budgeted Amounts	Actual	Variance
REVENUES			
Other taxes	$ 6,800	$ 18,129	$ 11,329
Total revenues	6,800	18,129	11,329
EXPENDITURES			
Public works	-	-	-
Total expenditures	-	-	-
Net change in fund balance	6,800	18,129	11,329
FUND BALANCES, beginning of year	2,371	2,371	-
FUND BALANCES, end of year	$ 9,171	$ 20,500	$ 11,329

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	$ 37,167	$ -	$ 37,167
Signals phase I	487,893	487,893	99,351	-	99,351
Signals phase II	182,013	182,013	48,217	-	48,217
Intersections	144,860	144,860	309,150	257,670	566,820
Airport road intersection	55,000	55,000	-	-	-
6th Street Bridge	643,340	643,340	533,715	320,278	853,993
Meriwether Street Bridge	275,000	275,000	-	-	-
Poplar Street Bridge	275,000	275,000	-	-	-
Street Resurfacing	1,800,000	1,800,000	772,149	-	772,149
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	$ 1,802,749	$ 577,948	$ 2,380,697
Total per Combining Statement of Revenues, Expenditures and Changes in Fund Balance				$ 577,948	

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, 2012

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
ASSETS					
CURRENT ASSETS					
Cash	$ 35,967	$ 296,856	$ -	$ 319,310	$ 652,133
Restricted assets, cash	-	-	-	164,079	164,079
Accounts receivable, net of allowances	-	147,249	-	9,775	157,024
Due from other governments	31,599	-	-	-	31,599
Due from other funds	257	79	2,032	100,376	102,744
Inventories	-	71,458	-	19,411	90,869
Prepaid expenses	7,365	10,991	1,554	1,917	21,827
Total current assets	75,188	526,633	3,586	614,868	1,220,275
NONCURRENT ASSETS					
Capital assets:					
Nondepreciable	266,000	245,025	365,500	1,562,491	2,439,016
Depreciable, net of accumulated depreciation	5,210,629	2,767,246	1,592,718	229,073	9,799,666
Total noncurrent assets	5,476,629	3,012,271	1,958,218	1,791,564	12,238,682
Total assets	5,551,817	3,538,904	1,961,804	2,406,432	13,458,957
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	68,364	14,882	359	87,915	171,520
Accrued liabilities	4,929	892	-	236	6,057
Current portion - compensated absences	12,021	8,199	-	2,613	22,833
Current portion - notes payable	148,270	-	-	-	148,270
Current portion - capital leases payable	-	-	-	17,301	17,301
Due to other funds	65,744	225,732	3,581	173,266	468,323
Total current liabilities	299,328	249,705	3,940	281,331	834,304
NONCURRENT LIABILITIES					
Compensated absences, net of current portion	2,122	1,447	-	461	4,030
Notes payable, net of current portion	1,510,510	-	-	-	1,510,510
Capital leases payable, net of current portion	-	-	-	27,092	27,092
Total noncurrent liabilities	1,512,632	1,447	-	27,553	1,541,632
Total liabilities	1,811,960	251,152	3,940	308,884	2,375,936
NET ASSETS					
Invested in capital assets, net of related debt	3,817,849	3,012,271	1,958,218	1,747,171	10,535,509
Unrestricted	(77,992)	275,481	(354)	350,377	547,512
Total net assets	$ 3,739,857	$ 3,287,752	$ 1,957,864	$ 2,097,548	$ 11,083,021

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, 2012

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
OPERATING REVENUES					
Charges for services	$ 2,160,372	$ 522,811	$ 10,825	$ 234,223	$ 2,928,231
Other services	3,689	-	-	-	3,689
Total operating revenues	2,164,061	522,811	10,825	234,223	2,931,920
OPERATING EXPENSES					
Personal services	658,757	183,904	-	226,304	1,068,965
Purchased or contracted service	380,578	405,460	60,135	141,269	987,442
Supplies	179,243	14,018	2,493	56,496	252,250
Miscellaneous	22,864	38,769	-	129,913	191,546
Depreciation	295,501	134,680	43,550	45,563	519,294
Total operating expenses	1,536,943	776,831	106,178	599,545	3,019,497
Operating income (loss)	627,118	(254,020)	(95,353)	(365,322)	(87,577)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	46,773	-	-	-	46,773
Interest revenue	60	330	-	570	960
Interest expense	(64,788)	-	-	(1,816)	(66,604)
Total nonoperating revenues (expenses)	(17,955)	330	-	(1,246)	(18,871)
Income (loss) before transfers	609,163	(253,690)	(95,353)	(366,568)	(106,448)
TRANSFERS					
Transfers out	(609,921)	-	-	-	(609,921)
Transfers in	-	140,258	47,909	100,550	288,717
Total transfers	(609,921)	140,258	47,909	100,550	(321,204)
Change in net assets	(758)	(113,432)	(47,444)	(266,018)	(427,652)
NET ASSETS, beginning of year	3,740,615	3,401,184	2,005,308	2,363,566	11,510,673
NET ASSETS, end of year	$ 3,739,857	$ 3,287,752	$ 1,957,864	$ 2,097,548	$ 11,083,021

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Stormwater Utility Fund	Airport Fund	Welcome Center Fund	Golf Course Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 2,174,340	$ 595,716	$ 14,243	$ 353,443	$ 3,137,742
Payments to suppliers	(656,472)	(490,220)	(62,004)	(99,055)	(1,307,751)
Payments to employees	(662,167)	(183,640)	(148)	(236,335)	(1,082,290)
Net cash provided by (used in) operating activities	855,701	(78,144)	(47,909)	18,053	747,701
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	46,773	-	-	-	46,773
Transfers out	(609,921)	-	-	-	(609,921)
Transfers in	-	140,258	47,909	100,550	288,717
Net cash provided by (used in) noncapital financing activities	(563,148)	140,258	47,909	100,550	(274,431)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(93,431)	(31,853)	-	(70,111)	(195,395)
Principal paid on notes payable and capital leases	(142,624)	-	-	(16,717)	(159,341)
Interest paid	(65,226)	-	-	(1,840)	(67,066)
Net cash used in capital and related financing activities	(301,281)	(31,853)	-	(88,668)	(421,802)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	60	330	-	570	960
Net cash provided by investing activities	60	330	-	570	960
Increase (decrease) in cash and cash equivalents	(8,668)	30,591	-	30,505	52,428
Cash and cash equivalents:					
Beginning of year	44,635	266,265	-	452,884	763,784
End of year	$ 35,967	$ 296,856	$ -	$ 483,389	$ 816,212
Classified as:					
Cash	$ 35,967	$ 296,856	$ -	$ 319,310	$ 652,133
Restricted assets, cash	-	-	-	164,079	164,079
	$ 35,967	$ 296,856	$ -	$ 483,389	$ 816,212

(Continued)

CITY OF GRIFFIN, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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)	$ 627,118	$ (254,020)	$ (95,353)	$ (365,322)	$ (87,577)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	295,501	134,680	43,550	45,563	519,294
Increase in accounts receivable	-	(21,370)	-	(1,905)	(23,275)
Increase in due from other governments	(10,762)	-	-	-	(10,762)
(Increase) decrease in inventory	-	4,747	-	(17,679)	(12,932)
(Increase) decrease in due from other funds	453	(24)	(423)	121,125	121,131
Decrease in prepaids and other assets	8,780	5,003	898	2,744	17,425
Increase (decrease) in accounts payable	(72,015)	(39,750)	1	80,712	(31,052)
Decrease in accrued liabilities	(13,962)	(1,709)	-	(10,031)	(25,702)
Increase in due to other funds	20,588	94,299	3,418	162,846	281,151
Net cash provided by (used in) operating activities	$ 855,701	$ (78,144)	$ (47,909)	$ 18,053	$ 747,701

CITY OF GRIFFIN, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Municipal Court			
	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
ASSETS				
Cash and cash equivalents	$ 35,769	$ 1,104,963	$ (1,092,096)	$ 48,636
Total assets	$ 35,769	$ 1,104,963	$ (1,092,096)	$ 48,636
LIABILITIES				
Due to others	$ 35,769	$ 1,104,963	$ (1,092,096)	$ 48,636
Total liabilities	$ 35,769	$ 1,104,963	$ (1,092,096)	$ 48,636

CITY OF GRIFFIN, GEORGIA

BALANCE SHEET
COMPONENT UNITS

JUNE 30, 2012

	Griffin Main Street	Griffin Downtown Development	Business and Tourism Association
ASSETS			
Cash and cash equivalents	$ 21,175	$ 112,036	$ 1,039
Due from primary government	-	-	2,032
Prepaid items	107	107	-
Total assets	21,282	112,143	3,071
LIABILITIES			
Accrued liabilities	106	2,814	-
Due to primary government	29,214	42,349	54
Total liabilities	29,320	45,163	54
FUND BALANCES (DEFICIT)			
Nonspendable:			
Prepaid items	107	107	-
Unassigned	(8,145)	66,873	3,017
Total fund balance (deficit)	$ (8,038)	$ 66,980	$ 3,017

CITY OF GRIFFIN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2012

	Griffin Main Street	Griffin Downtown Development	Business and Tourism Association
Revenues			
Intergovernmental	$ 91,115	$ 128,832	$ 35,449
Interest	27	216	1
Total revenues	91,142	129,048	35,450
Expenses			
Personal services	58,755	81,444	16,825
Purchased or contracted services	19,526	22,123	600
Supplies	3,470	217	2,577
Capital outlay	12,996	-	-
Miscellaneous	3,321	840	13,538
Total expenses	98,068	104,624	33,540
Net change in fund balance	(6,926)	24,424	1,910
FUND BALANCE (Deficit), beginning of year	(1,112)	42,556	1,107
FUND BALANCE (Deficit), end of year	$ (8,038)	$ 66,980	$ 3,017

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 ..... **92 - 100**
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 ..... **101 - 107**
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity ..... **108 - 111**
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 ..... **112 and 113**
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 ..... **114 - 116**
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 2004; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.

CITY OF GRIFFIN, GEORGIA

NET ASSETS BY ACTIVITY
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 15,867,708	$ 16,197,106
Restricted	-	-	-	-	-	-	-	3,334,266	3,826,867
Unrestricted	(805,825)	5,039,737	6,717,474	7,397,437	7,662,397	7,673,140	12,015,787	12,677,719	15,725,008
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	$ 31,879,693	$ 35,748,981
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	$ 47,893,557	$ 47,439,408
Restricted	2,319,938	2,212,070	1,414,792	1,025,014	1,025,014	995,921	1,000,105	1,007,038	1,013,568
Unrestricted	19,845,656	10,461,883	14,912,965	11,738,893	9,623,571	13,111,169	18,756,262	20,897,027	25,185,368
Total business-type activities net assets	$ 60,176,677	$ 57,307,441	$ 59,435,006	$ 59,809,627	$ 20,653,936	$ 60,163,364	$ 65,460,458	$ 69,797,622	$ 73,638,344
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	$ 63,761,265	$ 63,636,514
Restricted	2,319,938	2,212,070	1,414,792	1,025,014	1,025,014	995,921	1,000,105	4,341,304	4,840,435
Unrestricted	19,039,831	15,501,620	21,630,439	19,136,330	17,285,968	20,784,309	30,772,049	33,574,746	40,910,376
Total primary government net assets	$ 72,103,760	$ 79,271,633	$ 80,937,496	$ 81,615,774	$ 20,653,936	$ 80,812,076	$ 91,142,179	$ 101,677,315	$ 109,387,325

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 4,111,180	$ 4,149,134
Judicial	16,453	232,360	147,337	138,435	155,443	154,801	166,044	168,762	251,537
Public safety [a]	11,702,958	11,817,622	13,268,194	13,804,583	14,438,842	14,735,107	14,034,310	14,673,254	14,803,719
Public works	3,835,115	4,447,313	4,116,631	4,573,818	4,760,853	4,255,794	4,250,091	5,551,010	4,389,885
Parks and recreation	346,028	350,586	412,667	426,302	464,517	535,047	265,882	265,527	288,563
Housing and development	672,308	360,112	596,803	755,454	811,268	574,377	960,351	897,705	893,084
Interest and fiscal changes	19,207	45,564	21,826	175,391	254,579	232,108	218,882	206,442	192,630
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	25,873,880	24,968,552
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	15,633,302	16,324,849
Electric [c]	27,476,473	27,846,434	30,161,161	31,007,937	34,439,453	34,862,574	31,929,195	34,885,002	35,759,349
Solid Waste	5,261,465	5,452,149	5,980,372	6,634,031	6,786,941	6,321,731	5,972,508	6,219,035	5,990,274
Stormwater	1,782,002	1,821,120	1,567,435	1,538,814	1,602,906	1,754,685	1,882,797	1,555,172	1,634,492
Airport	1,196,739	882,948	1,025,792	1,163,804	974,200	911,534	806,985	928,157	780,458
Welcome Center	94,566	108,408	122,687	97,060	103,441	101,039	108,418	107,105	106,178
Golf Course [d]	793,608	436,261	41,378	37,695	319,360	595,589	551,005	561,208	601,361
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	59,888,981	61,196,961
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	85,762,861	86,165,513
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	4,918,449	4,745,905
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	1,347,878	1,151,869
Public works	138,404	122,543	216,254	194,501	220,743	181,713	174,843	200,332	205,135
Parks and recreation	39,088	55,880	55,140	231,099	213,252	183,146	211,449	210,767	207,638
Housing and economic development	343,218	340,657	344,629	389,600	231,281	127,306	115,216	101,832	149,688
Operating grants and contributions	347,941	449,113	413,975	363,998	338,472	406,984	1,693,407	1,053,102	401,862
Capital grants and contributions [f]	231,660	-	-	335,500	394,613	-	2,488,143	3,342,662	1,728,069
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	11,175,022	8,590,166

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 18,655,002	$ 19,535,423
Electric	30,882,003	32,074,655	36,704,106	37,354,903	39,249,939	42,584,904	42,538,662	46,041,080	44,721,076
Solid waste	4,105,470	4,708,706	4,733,764	5,205,147	5,158,117	5,294,230	5,330,980	5,602,104	5,899,648
Stormwater	1,511,957	1,519,387	1,656,357	1,576,150	1,657,443	1,845,721	2,036,829	2,038,860	2,164,061
Airport	439,151	471,849	536,607	637,397	650,450	486,881	478,507	427,705	522,811
Welcome center	22,346	9,486	3,375	-	-	-	5,300	10,325	10,825
Golf course	333,218	193,584	13,000	16,988	183,752	316,858	300,866	284,412	234,223
Operating grants and contributions	105,000	158,883	155,219	155,219	157,276	206,103	141,499	169,809	46,773
Capital grants and contributions [f]	603,498	4,319	11,800	-	127,333	735,186	571,622	331,663	117,206
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	73,560,960	73,252,046
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	84,735,982	81,842,212
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	4,752,266	4,575,821
Sales taxes	3,214,610	3,370,370	3,713,381	3,643,076	3,786,058	3,249,639	3,327,451	3,274,679	3,482,760
Insurance premium tax	1,007,341	1,091,683	1,174,508	1,228,829	1,281,805	1,312,511	1,300,347	1,262,410	1,108,956
Alcoholic beverage taxes	569,880	583,404	607,163	616,134	646,473	644,810	614,651	620,485	635,971
Business occupational taxes	457,428	457,860	451,474	462,636	442,655	384,289	415,842	404,400	421,639
Other taxes	158,789	175,018	186,959	181,064	181,316	166,668	179,848	196,315	196,560
Franchise fees	565,660	571,945	596,534	599,456	612,240	621,589	560,428	555,513	556,258
Unrestricted investment earnings	116,630	115,668	112,359	314,039	73,214	(158,665)	(81,675)	245,221	163,807
Gain on sale of assets	-	-	71,085	21,607	82,281	50,012	30,023	10,530	72,546
Transfers	1,942,295	7,791,881	4,522,658	5,952,873	4,825,307	6,197,941	6,231,802	9,575,011	9,033,356
Total governmental activities general revenues and 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	20,896,830	20,247,674
Business-type activities:									
Unrestricted investment earnings	286,495	742,558	811,917	747,202	619,561	372,215	410,381	231,019	783,095
Gain on sale of assets	265,698	-	42,631	572,424	(4,567)	-	-	9,177	35,898
Transfers	(1,942,295)	(7,791,881)	(4,522,658)	(5,952,873)	(4,825,307)	(6,197,941)	(6,231,802)	(9,575,011)	(9,033,356)
Total business type activities general revenues and 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)	(9,334,815)	(8,214,363)

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 11,562,015	$ 12,033,311
Change in net assets									
Governmental activities	(2,738,623)	3,777,506	(461,702)	303,657	(1,152,211)	(5,224)	5,032,550	6,197,972	3,869,288
Business-type activities	(1,845,371)	(2,869,236)	2,127,565	374,621	(1,367,819)	1,721,556	5,297,094	4,337,164	3,840,722
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	$ 10,535,136	$ 7,710,010

[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

Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TWO FISCAL YEARS

	Fiscal Year	
	2011	2012
General Fund		
Nonspendable	$ 211,407	$ 188,035
Restricted	109,357	109,357
Committed	-	-
Assigned	-	-
Unassigned	4,290,717	7,795,166
Total General fund	4,611,481	8,092,558
All Other Governmental Funds		
Nonspendable, reported in:		
Special revenue funds	$ -	$ -
Capital projects funds	-	-
Permanent funds	2,233,107	2,325,307
Restricted, reported in:		
Special revenue funds	355,797	410,412
Capital projects funds	2,698,470	3,016,291
Permanent funds	170,642	290,807
Total all other governmental funds	$ 5,458,016	$ 6,042,817
Total all governmental funds	$ 10,069,497	$ 14,135,375

Note: GASB 54 was implemented during fiscal year 2011.

CITY OF GRIFFIN, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:									
Property taxes	$ 5,028,368	$ 4,947,851	$ 4,917,436	$ 4,954,777	$ 4,798,148	$ 4,682,938	$ 4,798,935	$ 4,662,904	$ 4,699,665
Other taxes	5,408,048	5,678,335	6,133,485	6,131,739	6,338,307	5,672,072	5,836,489	5,845,784	5,845,886
Charges for services	2,756,654	4,186,746	4,594,007	4,633,730	5,271,919	5,075,420	4,491,210	4,954,638	4,795,078
Licenses and permits	493,902	488,576	521,097	545,177	396,528	300,540	284,588	285,302	319,097
Intergovernmental	347,941	449,113	413,975	363,998	397,585	406,984	4,162,422	4,286,767	2,243,559
Franchise fees	565,660	571,945	596,534	599,456	612,240	621,589	560,428	555,513	556,258
Fines and forfeitures	977,980	662,494	1,178,213	1,581,007	1,177,709	1,309,886	2,128,550	1,296,843	1,084,115
Interest revenues	116,236	115,657	112,359	314,039	68,533	(159,027)	(82,058)	244,569	162,991
Rental income	41,308	53,505	69,743	238,126	215,418	191,521	195,969	196,689	193,874
Contributions and donations	100	6,970	16,276	5,953	21,046	4,314	35,626	3,766	3,165
Other revenues	50,719	814,707	662,694	741,899	128,899	147,835	55,864	42,020	64,906
Total revenues	15,786,916	17,975,899	19,215,819	20,109,901	19,426,332	18,254,072	22,468,023	22,374,795	19,968,594
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	4,071,171	3,974,565
Judicial [a]	16,453	308,837	133,113	138,431	154,045	154,315	165,023	168,195	251,021
Public safety [b]	11,871,145	12,086,794	13,146,161	13,835,808	14,183,441	14,329,207	14,258,743	14,144,740	14,070,597
Public works	3,759,057	3,427,799	3,055,377	3,664,722	3,712,634	3,535,617	4,666,959	5,762,799	4,962,104
Parks and recreation	348,834	315,171	472,303	432,342	451,220	543,691	310,404	293,622	317,098
Housing and development	670,576	394,161	590,356	745,818	800,422	566,739	949,545	892,066	879,060
Capital outlay	339,740	11,584	37,745	10,734	258,331	300,440	88,322	1,675,504	577,948
Debt service:									
Principal	-	29,059	129,983	261,154	544,731	663,610	712,094	463,214	427,584
Interest and fiscal charges	-	40,106	21,826	38,150	353,919	235,199	220,395	208,474	191,383
Total expenditures	21,042,804	21,176,844	22,999,104	29,418,283	24,864,136	24,472,917	24,999,382	27,679,785	25,651,360
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)	(5,304,990)	(5,682,766)

(Continued)

CITY OF GRIFFIN, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 10,443,647	$ 9,496,699
Transfers out	(4,569,331)	(12,568,233)	(13,501,313)	(12,783,193)	(13,744,540)	(12,524,699)	(10,139,788)	(2,112,346)	(463,343)
Capital leases	-	577,104	628,514	4,408,000	756,676	-	645,165	-	642,742
Proceeds from the sale of capital assets	-	-	155,175	21,607	-	-	21,500	30	72,546
Total other financing sources	929,048	7,183,355	4,543,372	9,440,776	5,163,381	5,554,408	6,448,467	8,331,331	9,748,644
Net change in fund balances	$ (4,326,840)	$ 3,982,410	$ 760,087	$ 132,394	$ (274,423)	$ (664,437)	$ 3,917,108	$ 3,026,341	$ 4,065,878
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.34%	0.69%	1.26%	3.78%	3.84%	4.04%	2.74%	2.63%

Note: Information prior to 2004 was not available.

(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
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
2011	4,663	3,275	404	2,722	11,064
2012	4,700	3,483	422	2,498	11,102

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
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	262,354,439	227,025,817	71,024,533	46,486,097	40,876,237	566,014,649	8.63	1,415,036,623	40%
2011	2010	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%
2012	2011	250,589,805	217,247,424	70,044,477	38,851,735	36,982,207	539,751,234	8.63	1,349,378,085	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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Municipal rates:										
City of Griffin:										
Maintenance and operations	13.66	14.53	14.61	14.97	15.11	15.18	14.95	14.95	14.95	14.95
Debt service	-	-	-	-	-	-	-	-	-	-
Sales tax reduction	(4.81)	(5.68)	(5.96)	(6.34)	(6.51)	(6.54)	(6.35)	(6.32)	(6.32)	(6.32)
Total City of Griffin	8.85	8.85	8.65	8.63	8.60	8.64	8.60	8.64	8.64	8.64
City of Orchard Hill maintenance and operations	5.00	5.00	4.99	4.95	4.95	4.95	4.95	4.95	4.95	4.95
City of Sunny Side maintenance and operations	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.29	4.29
Spalding County rates:										
Unincorporated maintenance and operations	11.91	13.53	13.46	13.41	13.39	13.89	13.88	14.88	14.81	15.01
Fire protection (1)	4.58	4.70	4.76	4.81	4.81	4.83	4.82	5.04	5.98	5.98
Insurance premium rollback (1)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)	(1.79)	(1.79)	(1.81)	(1.81)	(1.81)
Board of Education	18.55	18.95	18.90	18.85	18.82	18.81	18.80	18.80	18.80	19.06
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated Spalding County	33.80	35.82	35.68	35.56	35.51	35.99	35.96	37.16	38.03	38.49
Total Municipalities:										
City of Griffin	39.56	41.58	41.26	41.14	41.08	41.07	41.53	41.57	41.57	41.83
City of Orchard Hill	35.71	37.73	37.60	37.46	37.43	37.38	37.88	37.88	37.88	38.14
City of Sunny Side	35.07	37.09	36.97	36.87	36.84	36.79	37.29	37.29	37.22	37.48

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	
2003	2002	$ 4,611,972	$ 4,393,246	95.26%	$ 207,777	$ 4,601,023	99.76%	$ 10,949
2004	2003	4,858,911	4,696,598	96.66%	155,801	4,852,399	99.87%	6,512
2005	2004	4,985,616	4,863,916	97.56%	116,796	4,980,712	99.90%	4,904
2006	2005	4,823,638	4,702,117	97.48%	113,573	4,815,690	99.84%	7,948
2007	2006	4,921,300	4,807,096	97.68%	97,254	4,904,350	99.66%	16,950
2008	2007	5,021,890	4,843,578	96.45%	164,942	5,008,520	99.73%	13,370
2009	2008	5,015,275	4,809,253	95.89%	181,902	4,991,155	99.52%	24,120
2010	2009	4,888,103	4,682,081	95.79%	147,058	4,829,139	98.79%	58,964
2011	2010	4,571,371	4,264,314	93.28%	200,407	4,464,721	97.67%	106,650
2012	2011	4,661,292	4,455,818	95.59%	-	4,455,818	95.59%	205,474

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 EIGHT YEARS AGO

Taxpayer	2012 Taxable Assessed Value (In thousands)	2012 Rank	2012 Percentage of Total City Taxable Assessed Value	2004 Taxable Assessed Value (In thousands)	2004 Rank	2004 Percentage of Total City Taxable Assessed Value
Tenet-Spalding Regional Hospital	$ 35,503	1	2.63%	$ 27,492	2	1.95%
First National Bank of Griffin	23,039	2	1.71%	-		-
Exo-Tech Packaging LLC	19,662	3	1.46%	17,928	7	1.27%
Wal-Mart Stores	19,118	4	1.42%	24,413	5	1.73%
International Paper	17,044	5	1.26%			
NACOM	11,130	6	0.82%	109,007	1	7.74%
Bridgeston / Bandag Inc.	10,749	7	0.80%	21,211	6	1.51%
Lowes Home Centers, Inc.	10,703	8	0.79%	11,985	11	0.85%
Home Depot	10,232	9	0.76%	-		-
Walden Point	9,293	10	0.69%	-		-
Cooper Standard	-		-	25,808	3	1.83%
Bellsouth Telecomm	-		-	25,782	4	1.83%
Weyerhaeuser Co.	-		-	17,953	8	1.27%
Halpem Enterprises, Inc.	-		-	17,684	9	1.26%
Griffin Crossing, LLC	-		-	12,124	10	0.86%
Total	$ 166,473		12.34%	$ 311,387		20.16%

Source: Spalding County Tax Assessor

Note: Information prior to 2004 was not available.

CITY OF GRIFFIN, GEORGIA

TOP TEN SEWER CUSTOMERS
CURRENT YEAR AND EIGHT YEARS AGO

	2012				2004			
Customer	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues	Usage (in gallons)	Charges	Rank	Percentage of Total Revenues
Southern Terry	26,912,100	$ 391,845	1	5.85 %	53,399,800	$ 246,825	1	5.24 %
Spalding Co. Law Enforcement	19,719,400	147,343	2	2.20				
AMI Griffin-Spalding Co. Hospital	16,958,900	129,815	3	1.94	20,331,000	96,999	3	2.06
Westdale Freddie Properties, LLC	11,885,600	91,466	4	1.36	-	-		-
Griffin Housing Authority	10,178,300	75,724	5	1.13	14,440,000	68,645	6	1.46
Caterpillar Inc.	9,385,200	72,077	6	1.08				
Spalding Co. Correctional Institute	8,920,500	65,563	7	0.98	6,431,800	32,504	9	0.69
Northside Hills Apartments	8,834,300	68,340	8	1.02	-	-		-
Walden Pointe Apartments	7,228,400	106,058	9	1.58	-	-		-
Sumika Polymer Co.	6,052,300	45,000	10	0.67	-	-		-
National Housing Management Service	-	-		-	26,176,500	120,326	2	2.56
Nacom	-	-		-	17,519,100	83,299	4	1.77
Copper Standard	-	-		-	17,496,800	82,775	5	1.76
First National Bank	-	-		-	7,449,200	36,139	7	0.77
Fashion Industries	-	-		-	13,805,300	35,101	8	0.75
University of Georgia, Griffin Campus	-	-		-	6,595,200	31,656	10	0.67
	126,075,000	$ 1,193,231		17.81 %	183,644,700	$ 834,269		17.73 %

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

TOP TEN WATER CUSTOMERS
CURRENT YEAR AND EIGHT YEARS AGO

	2012				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	996,785,000	$ 2,667,657	1	21.59 %	75,810,300	$ 161,512	3	2.38 %
Spalding County Water Authority	822,147,100	1,740,061	2	14.08	-	-		-
City of Zebulon	87,440,700	350,063	3	2.83	53,399,800	177,424	2	2.61
Southern Terry	26,912,100	121,904	4	0.99	26,176,500	99,299	4	1.46
AMI Griffin-Spalding Co. Hospital	16,958,900	83,404	5	0.68	16,060,200	58,785	8	0.87
City of Williamson	13,702,000	54,745	6	0.44	17,496,800	60,300	7	0.89
Westdale Freddie Properties, LLC	11,885,600	71,021	7	0.57	-	-		-
Griffin Housing Authority	10,178,300	55,321	8	0.45	14,440,800	49,995	9	0.74
Walden Pointe Apartments	7,228,400	46,838	9	0.38	-	-		-
Regency Apartments	5,240,300	28,966	10	0.23	-	-		-
Springs Ind. Inc.	-	-		-	403,929,500	878,959	1	12.94
National Housing Management Service	-	-		-	20,331,000	70,619	5	1.04
NACOM	-	-		-	17,534,000	60,679	6	0.89
Spalding Co. Correctional Institute	-	-		-	11,634,200	44,224	10	0.65
	1,998,478,400	$ 5,219,980		42.25 %	656,813,100	$ 1,661,796		24.47 %

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

TOP TEN ELECTRIC CUSTOMERS
CURRENT YEAR AND EIGHT YEARS AGO

	2012				2004			
Customer	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues	Usage (in kHz)	Charges	Rank	Percentage of Total Revenues
Bandag, Inc.	19,319,000	$ 1,475,895	1	3.53 %	22,050,964	$ 1,123,527	1	3.77 %
Exopac	17,328,000	1,197,898	2	2.86	18,200,204	831,607	3	2.79
City of Griffin WasteWater Treatment Plant	16,686,000	1,492,883	3	3.57	-	-		-
Caterpillar Inc.	13,259,000	971,031	4	2.32	7,529,110	529,168	4	1.78
Griffin Spalding County Schools	10,552,000	1,034,231	5	2.47	-	-		-
AMI Griffin-Spalding Co. Hospital	8,353,000	759,071	6	1.81	7,615,522	485,843	5	1.63
International Paper	7,926,000	401,053	7	0.96				
Norcom	6,693,000	489,090	8	1.17	-	-		-
University of Georgia, Griffin Campus	5,959,000	553,774	9	1.32	10,139,469	457,817	7	1.54
WAL-MART Store #01-932,	5,299,000	491,744	10	1.17	7,756,410	391,764	9	1.31
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
Southern Terry	-	-		-	6,523,172	340,641	10	1.14
Weyerhaeuser Co.	-	-		-	6,442,200	444,260	8	1.49
	111,374,000	$ 8,866,670		21.18 %	111,210,799	$ 6,100,559		20.47 %

Source: City of Griffin Utility Billing Department

CITY OF GRIFFIN, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Estimated Actual Value of Taxable Property[1]	Percentage of Personal Income	Per Capita[1]
	General Obligation Bonds	Capital Leases	Water Revenue Bonds	Notes Payable	Capital Leases	Inter-governmental Agreement				
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	325,762	79,528,253	14.26%	3,222.51	3,391.25
2007	-	5,193,422	72,887,000	2,465,581	785,542	298,565	81,630,110	14.31%	3,185.44	3,480.88
2008	-	5,405,367	71,209,000	2,294,762	596,074	269,464	79,774,667	13.62%	3,002.35	3,390.27
2009	-	4,741,757	69,472,000	2,116,108	419,957	238,327	76,988,149	13.26%	2,868.20	3,282.94
2010	-	4,674,828	67,677,000	1,938,887	331,319	205,010	74,827,044	13.22%	2,668.11	3,132.54
2011	-	4,211,614	65,816,000	1,801,404	231,521	169,361	72,229,900	12.88%	2,400.62	3,027.11
2012	-	4,426,772	63,884,000	1,658,780	44,393	131,216	70,145,161	13.00%	2,165.38	2,966.85

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]									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 52,113	$ 54,902	$ 56,335	$ 55,765	$ 57,026	$ 58,394	$ 58,061	$ 56,601	$ 56,080	$ 53,975
Total net debt applicable to limit	801	286	548	1,047	5,193	5,405	4,742	4,675	4,212	4,427
Legal debt margin	$ 51,312	$ 54,616	$ 55,787	$ 54,718	$ 51,833	$ 52,989	$ 53,319	$ 51,926	$ 51,868	$ 49,548
Total net debt applicable to the limit as a percentage of debt limit	1.54%	0.52%	0.97%	1.88%	9.11%	9.26%	8.17%	8.26%	7.51%	8.20%

Legal Debt Margin Calculation for Fiscal Year 2012	
Total assessed value	$ 576,733
Less Exempt:	36,982
Total taxable assessed value:	539,751
Debt limit (10% of total taxable assessed value)	53,975
Debt applicable to limit:	
Capital leases	4,427
Legal debt margin	$ 49,548

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, 2012
(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	$ 9,600	39.79%	$ 3,820
Subtotal, overlapping debt	9,600		3,820
Direct:			
City of Griffin capital leases	4,427	100.00%	4,427
Total	$ 14,027		$ 8,247

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	
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	19,136	1,795	3,311	5,106	3.75
2011	64,696	43,117	21,579	1,861	3,212	5,073	4.25
2012	64,256	44,739	19,517	1,932	3,140	5,072	3.85

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 (In thousands)	Per Capital Personal Income (In thousands)	Unemployment Rate [1]
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%
2011	23,861	30,088	0.79	13.09%
2012	23,643	32,394	0.73	11.30%

* 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

	2012			2002		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Caterpillar, Inc	900	1	1.92%	780	1	1.54%
Southern Terry	375	2	0.80%	350	4	0.69%
Norcom	280	3	0.60%	250	5	0.49%
AEP Industries	250	4	0.53%	235	6	0.46%
Supreme Corporation	200	5	0.43%	440	3	0.87%
Fashion Industries, Inc	200	6	0.43%	200	7	0.39%
William Carter Co	168	7	0.36%	150	8	0.30%
EXOPack	160	8	0.34%	150	9	0.30%
Vernay Manufacturing, Inc	160	9	0.34%	—		—
International Paper	150	10	0.32%	149	10	0.29%
Springs Industries	—		—	700	2	1.38%
Total	2,843		6.07%	3,404		6.71%

* 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 NINE FISCAL YEARS

	Full-time Equivalent Employees as of June 30th								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function									
General government									
Administration	49	47	47	52	52	50	49	45	31
Judicial	1	1	1	1	1	1	1	1	1
Public Safety	168	181	183	172	183	166	172	170	164
Public Works	71	53	40	44	52	49	53	46	49
Development	7	5	6	6	7	6	6	6	7
Water/Wastewater Operations	71	74	81	69	69	53	70	68	64
Electric operations	40	54	29	44	55	45	45	64	64
Solid Waste operations	58	58	56	54	54	45	47	45	42
Airport operations	6	6	6	3	4	4	3	4	4
Welcome Center	1	1	1	1	2	2	2	2	2
Stormwater	13	17	14	12	12	13	13	14	13
Motor Pool	18	14	13	13	14	13	12	11	11
Griffin Business and Tourism	-	-	1	1	1	1	1	1	1
Total	503	511	478	472	506	448	474	477	453

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

CITY OF GRIFFIN, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program									
Police									
Physical arrests	2,272	4,320	2,404	4,417	2,631	2,612	3,207	3,959	3,802
Parking violations	1,517	1,627	621	1,234	1,387	958	472	191	5
Traffic violations	11,009	11,488	10,813	8,465	9,856	9,231	11,126	11,862	11,062
Fire									
Emergency responses	1,079	1,111	938	1,268	1,210	1,121	1,212	1,405	1,515
Fires extinguished	73	97	122	231	192	173	175	202	167
Inspections	384	792	1,000	1,243	1,185	1,336	1,314	1,254	1,332
Refuse Collection									
Refuse collected (tons per day)	44	38	38	38	38	49	29	29	30
Other Public Works									
Street resurfacing (miles)	N/A	6	2.8	2.5	2.8	0.0	1.8	10.5	0.0
Potholes repaired	N/A	682	1,053	1,051	1,052	387	548	753	215
Parks and recreation									
Athletic field permits issued	N/A	356	360	358	361	350	0	0	0
Water									
New connections	N/A	99	136	120	122	63	31	20	9,694
Water main breaks	N/A	34	39	49	50	35	56	34	37
Average daily consumption (millions of gallons)	5.8	9.5	1.03	8.94	8.94	9.11	8.92	8.98	8.95
Peak daily consumption (millions of gallons)	N/A	1.08	1.23	1.20	1.21	1.24	1.08	1.44	15.67
Wastewater									
Average daily sewage treatment (millions of gallons)	N/A	514	460	500	500	323	398	326	295

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

CITY OF GRIFFIN, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program									
Police									
Stations	2	2	2	2	2	2	2	2	2
Zone officers	112	112	112	111	99	56	60	54	56
Patrol units	102	102	102	102	102	102	70	104	105
Fire stations	3	3	3	3	3	3	3	3	3
Public works									
Streets (miles)	163	165	165	165	165	165	162	160	140
Streetlights	879	879	879	879	879	879	879	879	879
Traffic signals	879	879	879	913	913	913	913	913	58
Parks and recreation									
Acreage	207	207	207	207	207	207	207	207	212
Playgrounds	3	3	3	3	3	3	4	4	5
Water									
Water mains (miles)	700	700	700	700	700	700	700	623	200
Fire hydrants	7,392	7,392	7,392	7,392	7,392	7,392	7,392	7,392	1,240
Storage capacity (thousands of gallons)	500	500	500	500	500	500	500	500	7
Wastewater									
Sanitary sewers (miles)	160	160	160	213	213	243	223	225	232
Storm sewers (miles)	75	75	75	91	91	85	100	100	64
Treatment capacity (thousands of gallons)	2.45	6.00	6.00	6.00	6.00	5.75	5.75	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, 2012, which collectively comprise the City of Griffin, Georgia's basic financial statements and have issued our report thereon dated November 13, 2012. 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

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

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 *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. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be material weaknesses.

Compliance and Other Matters

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

The City'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'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 13, 2012

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, 2012. 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, 2012.

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 13, 2012

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	$ 26,150
State Administered CDBG Cluster			
Community Development Block Grant (2009)	14.228	09P-X-126-2-5159	500,000
Community Development Block Grant (2010)	14.228	10P-X-126-2-5241	136,714
Neighborhood Stabilization Program	14.228	08-NS-5062	119,195
Total State Administered CDBG Cluster			755,909
Total U.S. Department of Housing and Urban Development			782,059
U.S. Department of Justice			
(Passed through Criminal Justice Coordinating Council)			
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-0746	19,435
Total U.S. Department of Justice			19,435
U.S. Department of Energy			
(Passed through the Georgia Environmental Finance Authority)			
Energy Efficiency and Conservation Block Grant - ARRA	81.128	DE-EE000806	117,206
Total U.S. Department of Energy			117,206
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-11754	34,575
Total U.S. Department of Homeland Security			34,575
U.S. Environmental Protection Agency			
(Passed through Georgia Environmental Protection Agency)			
Nonpoint Source Implementation Program	66.460	751-80065	1,016
Nonpoint Source Implementation Program	66.460	751-110088	45,758
Total U.S. Environmental Protection Agency			46,774
Total Expenditures of Federal Awards			$ 1,000,049

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, 2012.

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, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ 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
14.228	Community Development Block Grant / Neighborhood Stabilization 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, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012 - 1. Accounts Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period. Additionally, account receivable detailed listings should be reconciled periodically to the general ledger to ensure items are properly recorded and balanced. There should also be adequate segregation of duites.

With regard to segregation of duties, critical duties can be categorized into four types of functions: 1) authorization; 2) custody; 3) record keeping; and 4) reconciliation. In a perfect system, no one person should handle more than one type of function.

Condition: For the fiscal year ending June 30, 2012, we noted the City was not properly periodically balancing its detailed accounts receivable listing against the City's general ledger and also did not have proper segregation of duties with regards to customer utility accounts. Specifically, we noted customer service clerks in the Electric Department receive customer utility payments, investigate discrepancies related to customer account balances, and post adjustments to customer accounts receivable balances.

Context: We addressed this matter with the City and they were able to determine the appropriate adjustment required to the City's general ledger to properly balance the utility accounts receivable. We noted the lack of segregation of duties while performing analytical procedures and while updating our systems understandings of the City's utility billing and collection process.

Effect: Audit adjustments to increase the customer utility accounts receivable within the Electric Revenue Fund by $1,049,306 and increase various revenues within the Electric Revenue Fund, the Water and Sewer Fund, the Stormwater Fund, and the Solid Waste Fund was required to be reported as of June 30, 2012. Additionally, the lack of proper segregation of duties could lead to undetected misappropriation of funds or delays in finding potential fraud.

Recommendation: We recommend the City work immediately to eliminate the above deficiencies by having a department head or other member of management review and approve customer account adjustments prior to the accounts receivable balances being adjusted. Management should monitor adjustments being made on an ongoing basis to ensure these adjustments are proper. Additionally, management should balance its accounts receivable detail with the general ledger on a periodic basis not less than monthly.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and recommendation. We will make adjustments to our customer service department and perform at a minimum monthly reconciliations of the detailed utility accounts receivable listing and the general ledger.

CITY OF GRIFFIN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012 - 2. Management of Inventory Accounts

Criteria: Generally accepted accounting principles require that significant amounts of inventory on hand at year end be reported as an asset. Additionally, internal controls and effective procedures should be in place to ensure that inventory records are being updated in a timely manner and accurate detail listings are being maintained and reconciled periodically to the general ledger.

Condition: The City did not properly record inventory transactions based on the above criteria as of June 30, 2012. Additionally, the City did not have sufficient controls and procedures in place to ensure the accuracy of the detail inventory listing in the Water Fund as of June 30, 2012.

Context: See above condition.

Effect: An audit adjustment to decrease inventory and increase expenses in the amount of $1,455,654 was required to be recorded within the Water Fund as of June 30, 2012.

Recommendation: We recommend the City implement procedures to ensure that inventory is being adequately controlled and reported. We additionally recommend that the detailed inventory be periodically, not less than monthly, reconciled to the general ledger.

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

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, 2012

STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings.