# CITY OF NEWNAN, GEORGIA

# AUDIT REPORT

# FOR THE YEAR ENDED DECEMBER 31, 2006

CITY OF NEWNAN, GEORGIA

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# INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of Newnan, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Newnan, Georgia as of and for the fiscal year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Newnan, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newnan Water, Sewerage and Light Commission which represents 99 percent of the assets, net assets, and revenues of the aggregate component units of the City of Newnan, Georgia. Those financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for the Newnan Water, Sewerage and Light Commission, is based on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Newnan, Georgia as of December 31, 2006, and the respective changes in financial position. and the respective budgetary comparison for the General Fund, thereof 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 June 19, 2007 on our consideration of the City of Newnan, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedule of funding progress is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City of Newnan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, statistical tables, and the schedules of projects constructed with special purpose local option sales tax are presented for purposes of additional analysis and are 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 Newnan, Georgia. The combining and individual nonmajor fund financial statements, the schedules of projects constructed with special purpose local option sales tax and the schedule of expenditure of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Macon, Georgia
June 19, 2007

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Newnan, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2006. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. Readers should also review the basic financial statements and notes to enhance their understanding of the City's financial performance.

### 2006 Financial Highlights

- The assets of the City of Newnan exceeded its liabilities by $84,453,152 (net assets) for the calendar year reported.

- The government's total net assets increased by $14,946,950. Almost $8 million of this amount is attributed to contributed infrastructure from developers in the City of Newnan.

- Total net assets are comprised of the following:

  (1) Capital assets, net of related debt, in the amount of $59,950,866, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net assets of $10,017,489 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $14,484,797 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total ending fund balance of $24,441,479 this year. This compares to the prior year ending fund balance of $21,314,789, showing a significant increase of $3,126,690, or 15%, during the current year. The unreserved fund balance of $14,129,451 for calendar year 2006 shows a $3,746,848 decrease from the prior year. This equates to a 21% decrease in unreserved fund balance. In 2005, the unreserved fund balance included Capital projects funds which were moved to reserved fund balance in 2006.

- At the end of the current calendar year, unreserved fund balance for the General Fund was $12,848,952, or 90.3% of total General Fund expenditures of $14,231,943. In comparison, the General Fund Unreserved fund balance for 2005 was 79.9% of General Fund expenditures.

- The City operates on a pay-as-you go basis. The only long-term debt is related to employee compensated absences (earned sick and vacation leave).

- Overall, the City continues to maintain a strong financial position. The ratio of current assets to current liabilities is 57.2 to 1, up from 35.8 to 1 in 2005.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

#### *Government-wide Financial Statements*

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities, which* reports how the City's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, community development and public works. The City has no business-type activities to report.

The government-wide financial statements are presented on pages 12 & 13 of this report.

***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 14-19 of this report.

Individual fund information for non-major governmental funds is found in combining statements on pages 40-41of this report.

***Notes to the Basic Financial Statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

***Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the City's budget presentations. Budgetary comparison statements for the general fund are included in the basic financial statements. Budgetary comparison schedules for other governmental funds can be found in a later section of this report. These schedules demonstrate compliance with the City's adopted and final revised budget. As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 59.

**Financial Analysis of the City as a Whole**

The City's net assets at calendar year-end are $84,453,152. The following table provides a summary of the City's net assets.

**Summary of Net Assets**

| | FY 2005 | | FY 2006 | | Increase / (Decrease) from 2005 | % Increase / (Decrease) from 2005 |
|---|---|---|---|---|---|---|
| | Governmental Activities | Percentage of Total | Governmental Activities | Percentage of Total | | |
| Assets: | | | | | | |
| Current assets | $ 22,084,818 | 31% | $ 25,306,676 | 30% | $ 3,221,858 | 14.6% |
| Capital assets | 48,202,095 | 69% | 59,950,866 | 70% | 11,748,771 | 24.4% |
| **Total assets** | **70,286,913** | **100%** | **85,257,542** | **100%** | **14,970,629** | **21.3%** |
| Liabilities: | | | | | | |
| Current liabilities | 616,809 | 79% | 442,378 | 55% | (174,431) | -28.3% |
| Long-term liabilities | 163,902 | 21% | 362,012 | 45% | 198,110 | 120.9% |
| **Total Liabilities** | **780,711** | **100%** | **804,390** | **100%** | **23,679** | **3.0%** |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 48,202,095 | 69% | 59,950,866 | 71% | 11,748,771 | 24.4% |
| Restricted | 10,247,870 | 15% | 10,017,489 | 12% | (230,381) | -2.2% |
| Unrestricted | 11,056,237 | 16% | 14,484,797 | 17% | 3,428,560 | 31.0% |
| **Total Net Assets** | **$ 69,506,202** | **100%** | **$ 84,453,152** | **100%** | **$ 14,946,950** | **21.5%** |
| Ratio of Current Assets to Current Liabilities | 35.8 | | 57.2 | | | |

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 57.2 to 1, which is very strong. The ratio for 2005 was 35.8 to 1.

The City reported positive balances in the net assets; the same held true for the prior fiscal year. Total assets increased over 21% from 2005, while the City's liabilities increased by only 3.0%. This is a good indication of the City's overall financial position. Overall, Net Assets increased by almost 22%. Please note that long-term liabilities for 2005 included only the portion not payable within one year; for 2006, the total reported includes all earned compensated absences. Thus, there is an offsetting decrease in current liabilities.

Note that approximately 70% of the governmental activities' net assets are tied up in capital. This has remained relatively constant over the past two years. The City uses these capital assets primarily to provide services to its citizens and to maintain the quality of those services.

**Governmental Activities**

Governmental Activities increased the City of Newnan's net assets by $14,946,950. Key elements of this increase are as follows:

**Summary of Changes in Net Assets**

| | Fiscal Year 2005 | | | Fiscal Year 2006 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Total | Percentage of Total | Governmental Activities | Total | Percentage of Total |
| Revenues: | | | | | | |
| Program: | | | | | | |
| Charges for services | $ 3,442,589 | $ 3,442,589 | 11% | $ 5,093,961 | $ 5,093,961 | 17% |
| Operating grants | 1,204,398 | 1,204,398 | 4% | 74,084 | 74,084 | 0% |
| Capital grants | 10,840,515 | 10,840,515 | 35% | 8,626,666 | 8,626,666 | 28% |
| Total Program Revenues: | 15,487,502 | 15,487,502 | 50% | 13,794,711 | 13,794,711 | 45% |
| General: | | | | | | |
| Taxes | 14,238,465 | 14,238,465 | 47% | 15,589,744 | 15,589,744 | 51% |
| Other | 870,411 | 870,411 | 3% | 1,230,831 | 1,230,831 | 4% |
| Total General Revenues: | 15,108,876 | 15,108,876 | 50% | 16,820,575 | 16,820,575 | 55% |
| Total Revenues: | 30,596,378 | 30,596,378 | 100% | 30,615,286 | 30,615,286 | 100% |
| Program Expenses: | | | | | | |
| General government | 1,692,563 | 1,692,563 | 11% | 2,164,887 | 2,164,887 | 14% |
| Tourist development | 20,511 | 20,511 | 0% | 14,955 | 14,955 | 0% |
| Public safety | 7,522,020 | 7,522,020 | 50% | 8,076,362 | 8,076,362 | 50% |
| Public works | 3,364,415 | 3,364,415 | 22% | 3,535,165 | 3,535,165 | 22% |
| Community Development | 1,761,614 | 1,761,614 | 12% | 2,233,473 | 2,233,473 | 14% |
| Other Services | 801,434 | 801,434 | 5% | - | - | 0% |
| Total Expenses: | 15,162,557 | 15,162,557 | 100% | 16,024,842 | 16,024,842 | 100% |
| Excess (deficiency) | 15,433,821 | 15,433,821 | | 14,590,444 | 14,590,444 | |
| Prior Period Adjustment | 294,508 | 294,508 | | 356,506 | 356,506 | |
| Change in net assets | 15,728,329 | 15,728,329 | | 14,946,950 | 14,946,950 | |
| Beginning net assets | 53,777,873 | 53,777,873 | | 69,506,202 | 69,506,202 | |
| Ending net assets | $ 69,506,202 | $ 69,506,202 | | $ 84,453,152 | $ 84,453,152 | |

Program revenues represent 45% of total receipts in 2006, which is a 5% decrease from 2005. One of the most significant changes from 2005 to 2006 related to Charges for Services. Revenues increased by 6%, or $1,651,372, most of which was directly attributed to Impact Fees ($1,505,448) collected during 2006. Impact Fee collections were implemented by the City of Newnan at the end of October 2004 in an effort to pass along more of the infrastructure costs to developers and owners, rather than to the citizens of Newnan through taxes. Funds have been accumulating to cover estimated project expenditures, as the City operates on a pay-as-you-go basis (no debt). Several of these projects are budgeted for 2007.

Additionally, capital grants revenue decreased by approximately 7%, or $2,213,849, from 2005 to 2006. This was mainly attributed to the decrease of $2,633,855 in Land and Road Contributions from 2005 to 2006.

General Revenues make up 55% of total receipts, most of which is taxes. Notice that taxes collected as a percentage of overall revenues increased by 4% during 2006, which is attributed to the continuing growth in the City and delinquent property tax collections. Sales tax revenues increased by 12.9%, or $858,859, over 2005. Property tax revenues increased by 11.5% over 2005. Delinquent tax collections accounted for most of this increase, with our delinquency rate decreasing from approximately 10% to less than 1%. Additionally, investment earnings increased by approximately $468,000.

General Government expenditures increased from 11% of the total in 2005 to 14% in 2006, which represented a $472,324 increase in expenditures. This increase reflects the addition (in 2006) of one (1) full-time Municipal Court Clerk, two (2) part-time Assistant Magistrates, and an increase in the transfer to the Capital Equipment Fund of approximately $325,000. Other Services (representing Business Development and the Library) was combined with Community Development in 2006. Most other revenue and expense categories were comparable to 2005.

## GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales taxes provided 24.6% of the City's total governmental revenues in 2006; by comparison, in 2005 sales taxes provided 21.8%. Property taxes are the second largest general revenue source with approximately $3.8 million of revenues, or 12.5% of the total. Occupational taxes are the third largest general revenue source, producing $1,472,479 in 2006. Due to the City's healthy financial position and increasing interest rates, we have been able to earn $1,008,500 in interest earnings in 2006 to support governmental activities. In 2005, by comparison, the City earned only $540,821; 2006 earnings reflect an 86.48% increase, or $467,679.

Program revenues (excluding capital revenues) covered 32.3% of governmental operating expenses, up from 30.6% in 2005. This means that the government's taxpayers and the City's other general governmental revenues funded about 67.7% of the governmental activities in 2006, as compared to 69.4% in 2005. As a result, one can see how the general economy and the City businesses have a major impact on the City's revenue streams.

## GOVERNMENTAL FUNCTIONAL EXPENSES

Overall, the total cost of services for Governmental Activities increased by about 5.7% during 2006, up from $15,162,557 in 2005. However, the City shows a total cost of $2,230,131 for these services, as compared to 2005 where the same services provided a benefit to the City of approximately $324,945. The dependence upon property tax and sales tax receipts is apparent as over 71% of governmental activities are supported through these general receipts. This percentage reflects an increase of 5% as compared to 2005.

The Public Safety function expenditures are 50.4% of total governmental activities expenses. For 2005, Public Safety made up 49.6% of the total. Public Works makes up over 22%, Community Development is almost 14%, and General Government is over 13% of the total. Community Development showed the greatest increase over 2005, with a 3% increase, followed by General Government with a 2.3% increase. The other functions remained relatively constant. Note that Other Services was combined with Community Development in 2006.

This table below presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

**Governmental Activities**

| | Total Cost of Services | % of Total | Net (Cost)/ Benefit of Services |
|---|---|---|---|
| General Government | $ 2,164,887 | 13.51% | $ (510,803) |
| Tourist Development | 14,955 | 0.09% | 7,827 |
| Public Safety | 8,076,362 | 50.40% | (7,407,192) |
| Public Works | 3,535,165 | 22.06% | 5,062,479 |
| Community Development | 2,233,473 | 13.94% | 617,558 |
| Total | $ 16,024,842 | 100.00% | $ (2,230,131) |

The General Government function's revenues covered about 64% of the total cost of services provided by that function. The Public Safety function's program revenues covered 8.30% of total costs, up from 2.02% in 2005. The program revenues for the Public Works function substantially exceeded costs because of almost $8 million of contributed infrastructure from developers, including approximately 64 acres of land and 47,892 linear feet of streets. Contributed infrastructure, however, decreased by 24.9% during 2006, from $10,593,884 to $7,960,030, which indicates that the rate of growth the City has experienced over the past few years is slowing somewhat.

**Financial Analysis of the City's Funds**

*Governmental Funds*

As discussed, we report governmental funds in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $24,441,479, an increase of 14.7% over 2005. Of this year-end total, $14,129,452 is unreserved indicating availability for continuing City service requirements. Therefore, unreserved fund balances decreased by 21%. Legally restricted fund balances (i.e., the reserved fund balances) included $472,884 committed to outstanding encumbrances, $11,668 of inventories, $159,288 in prepaid insurance, $40,000 in mortgages receivable, $412,700 for program purposes, and $9,215,488 committed to capital outlays, which is a 188% increase over 2005. The majority of the increase in legally restricted funds is due to Impact Fees (Fund 375) of $3,345,255 and SPLOST 2002 (Fund 321) funds of $5,870,233 committed to capital outlays. In prior years, these funds were reported as unreserved capital project funds.

*Major Governmental Funds*

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's ending fund balance increased from $11,238,944 to $13,122,686, which is a 16.8% increase over 2005. As indicated, 97.9% ($12,848,952) of this balance is unreserved and available for continuing City services at a desirable level, which is consistent with 2005. This balance is considered very adequate, representing the equivalent of 92.2% of annual expenditures. In comparison, the ending fund balance for 2005 represented 81.8% of annual expenditures. The primary use of fund balance is to cover cash flow deficiencies during the year.

The Impact Fee Fund's ending fund balance was up from calendar 2005 by approximately $1,602,794, or approximately 92%. Investment earnings alone contributed $135,372 of revenue for 2006. This fund was established near the end of 2004 to account for impact fees collected by the City of Newnan. The funds have been allowed to accumulate to cover estimated project expenditures as they occur, since the City operates debt-free. Approved capital projects for this fund include new roads and streets, new city parks, new fire and police precincts, four new fire trucks, and a new vehicle storage building for the Fire Department. Several of these projects are budgeted to begin in 2007. As with other capital funds, all remaining balances are carried over to the next year for budgeting purposes.

SPLOST02 Fund's ending fund balance increased by 12.2%, or $680,983, over 2005. Interest on investments was $280,984 for 2006 for this fund. Overall, revenues increased by approximately $572,000 over 2005. 2006 expenditures related mostly to street maintenance and new parks on First Avenue and Greenville Street in Newnan. Remaining funds are carried over to next year for budgeting purposes. Please note that this sales tax expired in December 2006 and a new special purpose local option sales tax (SPLOST07) was approved by the citizens of Newnan. The City of Newnan will begin collecting these receipts in January 2007.

**Tax Revenues**

Property tax revenue collections increased 20.3% over that of calendar 2005, mainly due to an increase in the tax digest. The 2005 digest was $762,391,751, increasing to $869,923,938 for 2006, which is a 14.1% increase. The 2006 millage rate actually decreased slightly, from 4.40 mills per thousand to 4.34 mills per thousand.

Local option sales tax revenue increased by 10.5% when compared to calendar 2005, from $4,037,621 to $4,459,896. The distribution of the local option sales tax revenue was renegotiated with Coweta County in 2002, resulting in a percentage decrease in the City's distribution from 27.9% to 21.89%. However, the County agreed to keep the City at the same dollar level as 2002 as long as the 27.9% would have produced the same, or greater, proceeds.

Occupational Taxes increased by 11.5% when compared to 2005. This increase is primarily related to the continued commercial and residential growth in the City. The 2000 census population for the City of Newnan was 16,242; the estimated 2006 population for the City is 25,612. This represents an approximate 57.7% increase over the last six years!

**License and Permits Revenues**

Building permits made up 88.5% of the total revenues for this category in 2006. Building permit revenues increased by 1.1% over 2005; going from $1,330,674 to $1,345,583. Building permit valuations, residential and commercial combined, increased by approximately 28.5% during 2006, from approximately $200 million in 2005 to about $257 million in 2006.

**Fines & Forfeitures Revenues**

Police Fines increased by 31.2% over 2005; going from $448,967 to $588,846. This increase is likewise attributed to the continuing growth in the City.

**Interest on Investments**

Interest on Investments (General Fund only) increased by $220,048 in 2006, from $259,919 to $479,967, which is a good indicator of the general economy. Overall, interest on investments increased by $467,679 in 2006, which was an 86.5% increase over 2005.

Most other tax revenue streams were consistent with that of calendar 2005.

**Budgetary Highlights**

***The General Fund*** – The 2006 revenue budget of $14,965,650 was amended to include all revenue receipts as approved by Council. The 2006 final revenue budget was $16,742,866, which represents an increase of $1,777,216. Following are the main components of the supplemental appropriation increases:

- $478,903 for property tax collections
- $259,967 for interest in investments
- $244,453 for water and light contribution (component unit)
- $94,907 for police fines
- $69,795 for beer and wine taxes
- $68,309 for cable TV franchise fees
- $64,377 for residential construction permits
- $50,885 for re-inspect fees

Consistent with the revenue side of the budget, the expenditure side of the original budget for the General Fund was amended to include all appropriations as approved by Council. Original Budgeted expenditures were $14,965,650 and amended budgeted expenditures were $15,167,265. Although the City faced some difficulty with volatile fuel prices during 2006, expenditures were controlled and budgeted levels maintained. Expenditure control is at the department level.

**Capital Assets and Debt Administration**

***Capital Assets***

The City's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2006, was $59,950,866. The total increase in this net investment was 24.4% for governmental activities. See Note on page 29 for additional information about changes in capital assets during the calendar year. The following table provides a summary of capital asset activity.

**Capital Assets**

| | Governmental Activities | | Total | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Non-depreciable assets: | | | | |
| Land | $ 6,951,135 | $ 6,318,120 | $ 6,951,135 | $ 6,318,120 |
| Construction in progress | 2,847,438 | 3,622,695 | 2,847,438 | 3,622,695 |
| Total non-depreciable | 9,798,573 | 9,940,815 | 9,798,573 | 9,940,815 |
| Depreciable assets: | | | | |
| Buildings and Parks | 11,136,850 | 11,182,796 | 11,136,850 | 11,182,796 |
| Other improvements | 6,631,571 | 14,165,510 | 6,631,571 | 14,165,510 |
| Machinery and equipment | 8,105,603 | 6,867,160 | 8,105,603 | 6,867,160 |
| Infrastructure | 35,532,726 | 15,466,182 | 35,532,726 | 15,466,182 |
| Total depreciable assets | 61,406,750 | 47,681,648 | 61,406,750 | 47,681,648 |
| Less accumulated depreciation | 11,254,457 | 9,420,368 | 11,254,457 | 9,420,368 |
| Book value - depreciable assets | 50,152,293 | 38,261,280 | 50,152,293 | 38,261,280 |
| Percentage depreciated | 18% | 20% | 18% | 20% |
| Book value - all assets | $ 59,950,866 | $ 48,202,095 | $ 59,950,866 | $ 48,202,095 |

At December 31, 2006, the depreciable capital assets for governmental activities were 18% depreciated. This compares to 20% at December 31, 2005. This comparison indicates that the City is replacing its assets at approximately the same rate as they are depreciating, which is a positive indicator. Please note the fact that infrastructure received as contributions from developers accounted for the primary increase in the value of depreciable assets. Additionally, some of the assets previously classified as Other Improvements were reclassed to Infrastructure during 2006. Included in the construction in progress amount are two new City parks, various sidewalk projects, and several road projects.

Major capital asset events during the current fiscal year included the following:

- Widening of Mary Freeman Road
- Greenville Streetscapes
- Bypass Road
- Lynch Park Improvements

- Various sidewalk construction projects
- 95' Aerial Platform Fire Truck
- Aerial Bucket Truck for Street Light Maintenance
- Various vehicles and equipment for public safety and public works

***Long-term Debt***

At the end of the calendar year, the City's only long-term debt relates to pay for earned vacation and sick leave. The City pays 10% of earned sick leave and 100% of earned vacation upon employee termination. The 2006 amount totals $362,012, or similar to that at the end of 2005 ($352,860).

**Economic Conditions Affecting the City**

The challenge for all governments is to provide quality services at a reasonable cost to its citizens. The City of Newnan remains in a strong financial position, in spite of a somewhat depressed economy. Fuel costs are still volatile but interest earnings have significantly improved. Newnan continues to experience tremendous growth in both commercial and residential areas. The City is proactively managing this growth; infrastructure costs are being passed on to the developers to minimize the impact on the citizens of Newnan. Additionally, departments are charged with controlling expenditures based on budgeted amounts.

As this audit will show, the City's overall financial position improved significantly during 2006. The City strives to maintain current service levels while keeping costs as low as possible. We continue to operate debt-free. Our goal is to maintain a healthy fund balance and protect the interests of the citizens in the City of Newnan.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, please contact the City's Finance Director, Katrina Cline, at 25 Lagrange Street, Newnan, GA 30263, or by e-mail at kcline@cityofnewnan.org.

# BASIC FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2006

| | Primary Government | Component Units | |
|---|---|---|---|
| | Governmental Activities | Water Sewerage and Light Commission | Downtown Development Authority |
| ASSETS | | | |
| Cash and cash equivalents | $ 12,937,700 | $ 730,652 | $ 28,278 |
| Investments | 9,955,570 | 2,473,826 | - |
| Receivables, net of allowance | 2,242,450 | 5,554,631 | - |
| Inventory | 11,668 | 2,055,551 | - |
| Prepaid items | 159,288 | 222,036 | - |
| Restricted assets | - | 13,268,627 | - |
| Capital assets not being depreciated: | | | |
| Land | 6,951,135 | 6,940,983 | - |
| Construction in progress | 2,847,438 | 7,349,317 | - |
| Capital assets net of accumulated depreciation: | | | |
| Buildings and parks | 7,514,803 | - | - |
| Structures, lines and improvements | - | 119,554,242 | - |
| Other improvements | 4,911,129 | - | - |
| Machinery and equipment | 3,460,279 | 9,579,374 | - |
| Infrastructure | 34,266,082 | - | - |
| Other assets: | | | |
| Cash value of life insurance | - | 528,540 | - |
| Debt issue costs-unamortized | - | 1,492,612 | - |
| Deferred loss on advanced refunding | - | 2,562,988 | - |
| Total assets | 85,257,542 | 172,313,379 | 28,278 |
| LIABILITIES | | | |
| Accounts payable | 350,876 | 4,046,635 | 1,003 |
| Accrued expenses | 91,502 | 325,522 | - |
| Accrued interest payable | - | 827,337 | - |
| Customer deposits | - | 1,057,289 | - |
| Noncurrent liabilities: | | | |
| Due within one year | 189,625 | 1,124,426 | - |
| Due in more than one year | 172,387 | 69,516,358 | - |
| Total liabilities | 804,390 | 76,897,567 | 1,003 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 59,950,866 | 74,166,330 | - |
| Restricted for: | | | |
| Capital outlay | 9,604,789 | - | - |
| Capital improvements and debt service | - | 11,176,321 | |
| Program purposes | 412,700 | - | - |
| Unrestricted | 14,484,797 | 10,073,161 | 27,275 |
| Total net assets | $ 84,453,152 | $ 95,415,812 | $ 27,275 |

The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets: Primary Government Governmental Activities | Net (Expense) Revenue and Changes in Net Assets: Component Units Water, Sewerage & Light Commission | Net (Expense) Revenue and Changes in Net Assets: Component Units Downtown Development Authority |
|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | $ 2,164,887 | $ 1,654,084 | $ - | $ - | $ (510,803) | $ | $ |
| Tourist development | 14,955 | - | - | 22,782 | 7,827 | | |
| Public safety | 8,076,362 | 588,846 | 74,084 | 6,240 | (7,407,192) | | |
| Public works | 3,535,165 | - | - | 8,597,644 | 5,062,479 | | |
| Community development | 2,233,473 | 2,851,031 | - | - | 617,558 | | |
| Total governmental activities | $ 16,024,842 | $ 5,093,961 | $ 74,084 | $ 8,626,666 | (2,230,131) | | |
| Component Units | | | | | | | |
| Water, Sewerage & Light Commission | $ 54,073,231 | $ 55,557,165 | $ - | $ 1,697,928 | | 3,181,862 | - |
| Downtown Development Authority | 83,349 | - | 86,404 | - | | - | 3,055 |
| Total component units | $ 54,156,580 | $ 55,557,165 | $ 86,404 | $ 1,697,928 | | 3,181,862 | 3,055 |
| General revenues: | | | | | | | |
| Property taxes | | | | | 3,832,526 | - | - |
| Sales taxes | | | | | 7,517,296 | 497,713 | - |
| Occupational taxes | | | | | 1,472,479 | - | - |
| Franchise taxes | | | | | 1,004,528 | - | - |
| Insurance premium taxes | | | | | 851,078 | - | - |
| Hotel/Motel taxes | | | | | 211,120 | - | - |
| Alcoholic beverage taxes | | | | | 700,717 | - | - |
| Other taxes | | | | | 222,331 | - | - |
| Investment earnings | | | | | 1,008,500 | 484,253 | 270 |
| Miscellaneous | | | | | - | 686,949 | - |
| Total general revenues | | | | | 16,820,575 | 1,668,915 | 270 |
| Change in net assets | | | | | 14,590,444 | 4,850,777 | 3,325 |
| Net assets - beginning of year | | | | | 69,506,202 | 90,565,035 | 23,950 |
| Prior period adjustment | | | | | 356,506 | - | - |
| Net assets - beginning as restated | | | | | 69,862,708 | 90,565,035 | 23,950 |
| Net assets - ending of year | | | | | $ 84,453,152 | $ 95,415,812 | $ 27,275 |

The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

| | General | Impact Fees | 2002 SPLOST | Street Improvement | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | $ 9,501,884 | $3,359,681 | $ - | $ 25,222 | $ 50,913 | $ 12,937,700 |
| Investments | 2,352,506 | - | 5,752,185 | 125,587 | 1,725,292 | 9,955,570 |
| Interfund receivables | 132,782 | - | - | - | - | 132,782 |
| Taxes receivable | 425,391 | - | 657,175 | - | - | 1,082,566 |
| Intergovernmental | 723,380 | - | - | - | - | 723,380 |
| Other receivables | 396,504 | - | - | - | - | 396,504 |
| Due from housing authority | 40,000 | - | - | - | - | 40,000 |
| Inventories | 11,668 | - | - | - | - | 11,668 |
| Prepaid items | 159,288 | - | - | - | - | 159,288 |
| Total assets | $ 13,743,403 | $3,359,681 | $6,409,360 | $ 150,809 | $ 1,776,205 | $ 25,439,458 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 174,767 | $ 14,426 | $ 149,826 | $ 569 | $ 11,288 | $ 350,876 |
| Accrued expenditures | 91,502 | - | - | - | - | 91,502 |
| Interfund payable | - | - | - | 132,359 | 423 | 132,782 |
| Deferred revenues | 354,448 | - | - | 17,881 | 50,490 | 422,819 |
| Total liabilities | 620,717 | 14,426 | 149,826 | 150,809 | 62,201 | 997,979 |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Encumbrances | 62,778 | - | 389,301 | - | 20,805 | 472,884 |
| Inventories | 11,668 | - | - | - | - | 11,668 |
| Prepaids | 159,288 | - | - | - | - | 159,288 |
| Mortgages receivable | 40,000 | - | - | - | - | 40,000 |
| Program purposes | - | - | - | - | 412,700 | 412,700 |
| Capital outlay | - | 3,345,255 | 5,870,233 | - | - | 9,215,488 |
| Unreserved, designated for: | | | | | | |
| Other purposes | 227,384 | - | - | - | - | 227,384 |
| Unreserved, reported in | | | | | | |
| General fund | 12,621,568 | - | - | - | - | 12,621,568 |
| Special revenue funds | - | - | - | - | 1,935 | 1,935 |
| Capital project funds | - | - | - | - | 1,278,564 | 1,278,564 |
| Total fund balances | 13,122,686 | 3,345,255 | 6,259,534 | - | 1,714,004 | 24,441,479 |
| Total liabilities and fund balances | $ 13,743,403 | $3,359,681 | $6,409,360 | $ 150,809 | $ 1,776,205 | $ 25,439,458 |

The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

| | | |
|---|---|---|
| Total fund balances per balance sheet of governmental funds | | $ 24,441,479 |
| Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following: | | |
| Capital Assets | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Cost of the assets | 71,205,323 | |
| Accumulated depreciation | (11,254,457) | 59,950,866 |
| Revenues | | |
| Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. | | 422,819 |
| Long-term Liabilities | | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following: | | |
| Compensated absences | | (362,012) |
| Total net assets of governmental activities | | $ 84,453,152 |

The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | General | Impact Fees | 2002 SPLOST | Street Improvement | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property | $ 3,751,885 | $ - | $ - | $ - | $ - | $ 3,751,885 |
| Franchise | 1,004,528 | - | - | - | - | 1,004,528 |
| Sales | 4,459,896 | - | 3,057,400 | - | - | 7,517,296 |
| Insurance premium | 851,078 | - | - | - | - | 851,078 |
| Occupational | 1,472,479 | - | - | - | - | 1,472,479 |
| Hotel/motel | - | - | - | - | 211,120 | 211,120 |
| Alcoholic Beverage | 700,717 | - | - | - | - | 700,717 |
| Other taxes | 222,331 | - | - | - | - | 222,331 |
| License and permits | 1,520,283 | - | - | - | - | 1,520,283 |
| Impact fees | - | 1,505,448 | - | - | - | 1,505,448 |
| Court condemnations | - | - | - | - | 6,240 | 6,240 |
| Intergovernmental | 199,315 | - | - | 637,613 | 11,643 | 848,571 |
| Intergovernmental-utility | 1,094,453 | - | - | - | - | 1,094,453 |
| Fines and forfeitures | 588,846 | - | - | - | - | 588,846 |
| Investment earnings | 479,967 | 135,372 | 280,984 | 13,726 | 98,874 | 1,008,923 |
| Miscellaneous | 270,416 | - | - | - | - | 270,416 |
| Total revenues | 16,616,194 | 1,640,820 | 3,338,384 | 651,339 | 327,877 | 22,574,614 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 1,574,318 | - | 490,477 | 13,363 | 10,110 | 2,088,268 |
| Tourism development | - | - | - | - | 14,955 | 14,955 |
| Public safety | 7,670,269 | - | - | - | 27,286 | 7,697,555 |
| Public works | 2,371,824 | - | - | - | - | 2,371,824 |
| Community development | 2,615,532 | - | - | - | - | 2,615,532 |
| Capital outlay | - | 38,026 | 2,166,924 | 1,025,140 | 1,786,206 | 5,016,296 |
| Total expenditures | 14,231,943 | 38,026 | 2,657,401 | 1,038,503 | 1,838,557 | 19,804,430 |
| Excess (deficiency) of revenues over (under) expenditures | 2,384,251 | 1,602,794 | 680,983 | (387,164) | (1,510,680) | 2,770,184 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 126,672 | - | - | 443,021 | 540,666 | 1,110,359 |
| Transfers out | (983,687) | - | - | - | (126,672) | (1,110,359) |
| Total other financing sources (uses) | (857,015) | - | - | 443,021 | 413,994 | - |
| Net change in fund balances | 1,527,236 | 1,602,794 | 680,983 | 55,857 | (1,096,686) | 2,770,184 |
| Fund balances - beginning of year | 11,238,944 | 1,742,461 | 5,578,551 | (55,857) | 2,810,690 | 21,314,789 |
| Prior period adjustment | 356,506 | - | - | - | - | 356,506 |
| Fund balances - beginning of year- restated | 11,595,450 | 1,742,461 | 5,578,551 | - | 2,810,690 | 21,671,295 |
| Fund balances - end of year | $ 13,122,686 | $ 3,345,255 | $ 6,259,534 | $ - | $ 1,714,004 | $ 24,441,479 |

The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

| | | |
|---|---|---|
| Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances | | $ 2,770,184 |
| Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following: | | |
| Capital Assets | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. | | |
| Total capital outlays | 5,622,830 | |
| Total depreciation | (1,834,089) | 3,788,741 |
| Donations of capital assets are not financial resources to governmental funds but affects net assets in the statement of net assets. This is the amount of capital assets donated to the City in the current period. | | 7,960,030 |
| Long-term Debt | | |
| Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The adjustments for these items are as follows: | | |
| Compensated absences | | (9,152) |
| Revenues | | |
| Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues increased by this amount during the fiscal year. | | 80,641 |
| Change in net assets of governmental activities | | $ 14,590,444 |

The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON- GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | $ 3,385,000 | $ 3,751,885 | $ 3,751,885 | $ - |
| Franchise | 960,000 | 1,004,528 | 1,004,528 | - |
| Sales | 4,100,000 | 4,459,896 | 4,459,896 | - |
| Insurance premium | 850,000 | 851,078 | 851,078 | - |
| Occupational | 1,377,000 | 1,472,479 | 1,472,479 | - |
| Alcoholic beverage | 630,000 | 700,717 | 700,717 | - |
| Other taxes | 220,000 | 222,331 | 222,331 | - |
| License and permits | 1,322,900 | 1,520,283 | 1,520,283 | - |
| Intergovernmental | 185,000 | 199,315 | 199,315 | - |
| Intergovernmental-utility | 850,000 | 1,094,453 | 1,094,453 | - |
| Fines and forfeitures | 490,000 | 588,846 | 588,846 | - |
| Interest earnings | 220,000 | 479,967 | 479,967 | - |
| Miscellaneous | 255,750 | 270,416 | 270,416 | - |
| Total revenues | 14,845,650 | 16,616,194 | 16,616,194 | - |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Council | 139,606 | 137,690 | 137,689 | 1 |
| Manager | 345,778 | 270,908 | 270,907 | 1 |
| Attorney | 108,550 | 114,272 | 114,272 | - |
| Clerk | 79,927 | 72,148 | 72,147 | 1 |
| Finance | 275,007 | 278,317 | 278,316 | 1 |
| Human resources | 168,101 | 145,906 | 145,904 | 2 |
| Information technologies | 148,031 | 145,132 | 145,131 | 1 |
| Municipal court | 130,066 | 104,876 | 104,876 | - |
| Other - unclassified | 607,479 | 339,816 | 339,527 | 289 |
| Total general government | 2,002,545 | 1,609,065 | 1,608,769 | 296 |
| Public safety: | | | | |
| Police | 4,727,021 | 4,758,139 | 4,758,137 | 2 |
| School resources officer | 218,585 | 229,935 | 229,933 | 2 |
| Animal services | 60,395 | 52,551 | 52,551 | - |
| Fire | 2,680,440 | 2,629,494 | 2,629,493 | 1 |
| Total public safety | 7,686,441 | 7,670,119 | 7,670,114 | 5 |

The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Public works: | | | | |
| Administration | $ 154,074 | $ 155,645 | $ 155,645 | $ - |
| Engineer | 212,144 | 253,238 | 253,238 | - |
| Streets | 1,291,875 | 1,261,674 | 1,261,673 | 1 |
| Garage | 345,361 | 342,674 | 342,673 | 1 |
| Cemetery | 388,701 | 369,305 | 369,304 | 1 |
| Total public works | 2,392,155 | 2,382,536 | 2,382,533 | 3 |
| Community development: | | | | |
| Administration | 176,700 | 185,739 | 185,739 | - |
| Planning and zoning | 211,513 | 195,777 | 195,777 | - |
| Business development and special events | 161,340 | 149,068 | 149,068 | - |
| Library | 279,371 | 258,551 | 258,551 | - |
| Parks & ROW beautification | 582,258 | 538,278 | 538,277 | 1 |
| Building inspection | 563,254 | 563,928 | 563,928 | - |
| Building maintenance | 278,719 | 711,713 | 711,713 | - |
| Total community development | 2,253,155 | 2,603,054 | 2,603,053 | 1 |
| Total expenditures | 14,334,296 | 14,264,774 | 14,264,469 | 305 |
| Excess (deficiency) of revenue over (under) expenditure | 511,354 | 2,351,420 | 2,351,725 | 305 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 120,000 | 126,672 | 126,672 | - |
| Transfers out | (631,354) | (983,687) | (983,687) | - |
| Total other financing sources (uses) | (511,354) | (857,015) | (857,015) | - |
| Net change in fund balances | $ - | $ 1,494,405 | 1,494,710 | $ 305 |
| Fund balances - beginning of year | | | 11,109,908 | |
| Prior period adjustment | | | 455,290 | |
| Fund balances - beginning of year - restated | | | 11,565,198 | |
| Fund balances - end of year | | | $ 13,059,908 | |

The notes to the financial statements are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 1. Summary of Significant Accounting Policies:

### A. Reporting entity

The City of Newnan, Georgia (hereinafter the City) was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways and streets), planning and zoning, general administrative services, public improvements and community development. Sanitation services have been outsourced.

The accompanying financial statements present the City and its discretely presented component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The criteria used to determine financial accountability is evidenced by the following:

1. Ability to impose will on an organization by being able to significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.

2. Financial benefit to or burden on the primary government including responsibility for financing debts, entitlements to surpluses and guarantees or moral responsibility for debt.

3. Fiscal dependency for matters including authority over funds and budgetary appropriations.

4. Ability of the primary government to appoint a voting majority of an organization's governing body.

**Discretely Presented Component Units**

The Newnan Water, Sewerage and Light Commission (hereinafter the NWSL Commission) governing board is appointed by the City Council. The City Council also approves bond issue authorizations. By letter of agreement dated September 14, 1993 between the NWSL Commission and the City, the method of calculating cash contributions from the NWSL Commission was established. The NWSL Commission makes monthly transfers equal to 5% of the prior month's billing for electrical energy, excluding sales tax, fuel costs adjustments, special rates and streetlights. Additionally, the NWSL Commission remits monthly an additional 3% of the prior month's billing for water and sewer revenues. The NWSL Commission also remits 5% of certain cable revenue to the City in lieu of paying a franchise fee. Separately issued financial statements may be obtained by writing the Newnan Water, Sewerage and Light Commission, P.O. Box 578, Newnan, GA 30264.

The Downtown Development Authority of the City of Newnan (hereinafter the Authority) governing board is appointed primarily by the City Council. The Authority is also financially dependent upon the City. The Authority is reported as a governmental fund type and has not issued separate financial statements for this year.

## B. Government-wide and fund financial statements

The government-wide financial statements (Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

## C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 with 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, local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, interest and charges for services 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 revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – 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.

Impact Fees Fund – In 2004, the citizens adopted a Development Impact Fee Ordinance as a means of recovering costs of public facility and service demands made by new development within the City.

The 2002 Special Purpose Local Option Sales Tax Fund – In 2001, the citizens of Newnan re-approved a 1% SPLOST for the purpose of funding capital improvement projects. Approved projects include park acquisitions and development, convention center, downtown parking facilities, fire equipment, computer systems and transportation improvements.

Street Improvement Fund – This fund accounts for the construction and expansion of roads and bridges.

Additionally, the City reports the following fund types:

Special Revenues Funds – to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Projects Funds – to account for the acquisition and construction of capital assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges for services or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Other revenue sources not properly included with program revenues are reported as general revenues of the City.

## D. Deposits and Investments

*Deposits*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments for the City are reported at fair value.

## E. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received including property taxes, amounts due from other funds and grants.

In the fund financial statements, deferred revenue accounts are used to offset receivables to the extent revenue is not recognized under the City's policy.

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

## F. Interfund Receivables, Payables and Transfers

In the fund financial statements balances that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/interfund payables." In the government-wide financial statements these balances are netted and reported as "internal balances."

## G. Inventories

All inventories are recorded at cost using the first-in/first-out method and consist of expendable materials held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

## H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## I. Restricted Assets and Reserves

Encumbrances, inventories, prepaid items, mortgages receivable and capital outlay that are accounted for in governmental funds are offset by a fund balance reserve because these amounts do not constitute "expendable available financial resources."

## J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to October 1, 2003), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000. Capital assets are valued at historical costs or estimated historical cost if actual cost is not available. Donated capital assets are valued at their fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Preliminary and interim costs incurred by governmental funds for capital projects are reported as "construction in progress." Cost related to abandoned projects are expensed when the project is abandoned.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed, if material.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The City has elected to report infrastructure assets under the transition provisions for retroactive reporting. Only current year additions of infrastructure are reported, the existing infrastructure assets will be reported in a future year.

Capital assets are depreciated over their estimated useful lives using the straight-line method. These estimated useful lives are as follows:

| Asset Class | Years |
|---|---|
| Buildings and parks | 15-125 |
| Other improvements | 25 |
| Machinery and equipment | 5-25 |
| Infrastructure | 50 |

## K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when earned in the government-wide financial statements. Sick pay is accrued at the rate of ten percent of the employees earned balance and paid upon termination. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## L. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

### M. Fund Equity

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

## Note II. Prior Period Adjustments

A prior period adjustment of $356,506 was made to the General Fund to account for prior year receivables relative to the local option sales tax.

A prior period adjustment of $98,784 was made to the General Fund Budget to Actual Statement to correct encumbrances reported in prior years.

| | Governmental Activities |
|---|---|
| Net Assets-December 31, 2005 | $ 69,506,202 |
| Adjustment to Net Assets: | |
| LOST Receivable | 356,506 |
| Net Assets, December 31, 2005, restated | $ 69,862,708 |

| | General Fund | General Fund (Non-GAAP Budget Basis) |
|---|---|---|
| Fund Balance-December 31, 2005 | $ 11,238,944 | $ 11,109,908 |
| Adjustments to Fund Balance: | | |
| LOST Receivable | 356,506 | 356,506 |
| Correction of Prior Year Encumbrances | | 98,784 |
| Total Adjustments | 356,506 | 455,290 |
| Fund Balance-December 31, 2005, restated | $ 11,595,450 | $ 11,565,198 |

## Note III. Stewardship, compliance, and accountability

### A. Budgetary Process

The City adopts an annual operating budget for all funds. The budget resolution reflects the total of each department's appropriation in each fund. The governmental fund budgets are adopted on a non-GAAP budgetary basis. Expenditures charges against the budget include outstanding encumbrances at year-end. Revenues are reported on a GAAP basis.

Budgetary control is maintained at the department level. Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of city council.

### B. Budget to GAAP Reconciliation

The schedule below reconciles the excess of revenues and other sources over (under) expenditures and other uses with amounts presented on the budget basis for the General Fund.

| | General Fund |
|---|---|
| Budgetary basis - excess revenues and other financing sources over (under) expenditures and other financing uses | $ 1,494,710 |
| Add: Current year encumbrances | 62,778 |
| Deduct: Prior year encumbrances paid in the current year | (30,252) |
| Generally accepted accounting principles basis-excess revenues and other financing sources over expenditures and other financing uses | $ 1,527,236 |
| Budgetary basis-fund balance, ending | $ 13,059,908 |
| Add: Current year encumbrances | 62,778 |
| Generally accepted accounting principles basis-fund balance, ending | $ 13,122,686 |

## Note IV. Detailed notes on all funds

### A. Deposits and investments

***Custodial Credit Risk - Deposits***

The custodial credit risk of deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits. The City's policy with respect to custodial risk is to comply with Georgia law (O.C.G.A. 45-8-12) by requiring the custodian to provide collateral of not less than 110 percent of the public funds on deposit less the amount of deposit insurance. As of December 31, 2006, the carrying amounts of the City's deposits were $12,937,700 and the bank balances were $13,059,389. The bank balances were fully covered by federal depository insurance, or by collateral held by the City's agent or pledging financial institution.

At December 31, 2006, the Newnan Water, Sewerage and Light Commission, a discretely presented component unit's bank balance was $11,456,111. All of the bank balance was covered by federal depository insurance or by collateral held.

***Investments-Primary Government***

| Investment Type | Credit Rating | Investment Value | Weighted Average Maturity |
|---|---|---|---|
| Georgia Fund I | AAAm rated | $ 9,955,570 | 24 days |

***Custodial Credit Risk.*** For an investment, the custodial credit risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Georgia Fund I is not required to disclose custodial credit risk. The City has no such investments with such risks as of December 31, 2006.

***Interest Rate Risk.*** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

***Credit Risk.*** Georgia law allows investments in obligations of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker's acceptances, repurchase agreements, other political subdivisions of Georgia and the State Georgia Fund I investment pool. The Georgia Fund I is not registered with the SEC. The State of Georgia Office of Treasury operates Georgia Fund I in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Georgia Fund I is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAm rated money market funds.

***Investments-Component Unit***

***Custodial Credit Risk.*** As of December 31, 2006, the Commission had the following investments

| Investment | Fair Value | Maturities |
|---|---|---|
| MEAG Municipal Competitive Trust | | |
| Mutual Funds Intermediat Portfolio | $ 898,937 | various |
| Mutual Funds Short Term Portfolio | 806,447 | various |
| Rabbi Trust | | |
| Mutual Funds | 213,042 | various |
| Annuity Funds | 247,770 | 12/1/2028 |
| Annuity Funds | 307,630 | 9/1/2039 |
| | $ 2,473,826 | |

***Interest Rate Risk.*** The Commission does not have a formal investment policy that limits investments maturities as a means of managing exposure to fair value losses arising from increasing rates

***Credit Risk.*** State statues authorize the Commission to invest in obligations of the State of Georgia; 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 Georgia Fund I established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The Commission has no investment policy that would further limit its investment choices.

***Concentration of Credit Risk.*** The Commission places no limit on the amount the Commission may invest in any one issuer. More than 5% of the Commission's investments are in mutual funds and annuities. These investments are 77% and 22%, respectively of the Commission's total investments.

## B. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

### Primary Government

| | Beginning Balance | Increases | Decreases | Reclassifications | Ending Balance |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 6,318,120 | $ 793,192 | $ - | $ (160,177) | $ 6,951,135 |
| Construction in progress | 3,622,695 | 4,340,137 | - | (5,115,394) | 2,847,438 |
| Total capital assets, not being depreciated | 9,940,815 | 5,133,329 | - | (5,275,571) | 9,798,573 |
| Capital assets, being depreciated: | | | | | |
| Buildings and parks | 11,182,796 | - | - | (45,946) | 11,136,850 |
| Other improvements | 14,165,510 | - | - | (7,533,939) | 6,631,571 |
| Machinery and equipment | 6,867,160 | 1,238,443 | - | - | 8,105,603 |
| Infrastructure | 15,466,182 | 7,211,088 | - | 12,855,456 | 35,532,726 |
| Total capital assets being depreciated | 47,681,648 | 8,449,531 | - | 5,275,571 | 61,406,750 |
| Less accumulated depreciation for: | | | | | |
| Buildings and parks | (3,423,075) | (198,972) | - | - | (3,622,047) |
| Other improvements | (1,436,301) | (284,141) | - | - | (1,720,442) |
| Machinery and equipment | (3,904,063) | (741,261) | - | - | (4,645,324) |
| Infrastructure | (656,929) | (609,715) | - | - | (1,266,644) |
| Total accumulated depreciation | (9,420,368) | (1,834,089) | - | - | (11,254,457) |
| Total capital assets, being depreciated, net | 38,261,280 | 6,615,442 | - | 5,275,571 | 50,152,293 |
| Governmental activities capital assets, net | $ 48,202,095 | $ 11,748,771 | $ - | $ - | $ 59,950,866 |

Depreciation expense was charged to functions/programs of the governmental activities as follows:

| | |
|---|---|
| General government | $ 101,620 |
| Public safety | 376,519 |
| Public works | 1,276,913 |
| Community development and leisure services | 79,037 |
| Total governmental activities depreciation expense | $ 1,834,089 |

| | Beginning Balance | Increases | Decreases | Reclassifications | Ending Balance |
|---|---|---|---|---|---|
| **Component Unit** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 6,940,983 | $ - | $ - | $ - | $ 6,940,983 |
| Construction in progress | 2,419,360 | 9,722,689 | - | (4,792,732) | 7,349,317 |
| Total capital assets, not being depreciated | 9,360,343 | 9,722,689 | - | (4,792,732) | 14,290,300 |
| Capital assets, being depreciated: | | | | | |
| Machinery and equipment | 18,284,014 | 2,169,927 | (423,372) | 185,650 | 20,216,219 |
| Structures, lines and improvements | 163,569,158 | 5,354,618 | (406,376) | 4,607,082 | 173,124,482 |
| Total capital assets, being depreciated | 181,853,172 | 7,524,545 | (829,748) | 4,792,732 | 193,340,701 |
| Less accumulated depreciation for: | | | | | |
| Machinery and equipment | (9,035,454) | (1,958,406) | 357,015 | - | (10,636,845) |
| Structures, lines and improvements | (47,017,830) | (6,552,410) | - | - | (53,570,240) |
| Total accumulated depreciation | (56,053,284) | (8,510,816) | 357,015 | - | (64,207,085) |
| Total capital assets, being depreciated, net | 125,799,888 | (986,271) | (472,733) | 4,792,732 | 129,133,616 |
| Component unit, capital assets, net | $ 135,160,231 | $ 8,736,418 | $ (472,733) | $ - | $ 143,423,916 |

### C. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2006, is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General | Street Improvement | $ 132,359 |
| | Law Enforcement | 423 |
| Total | | $ 132,782 |

Interfund receivables of the general fund consist primarily of payments made by the general fund on behalf of other funds. Most payables of the City are paid through the general fund accounts payable module.

Interfund transfers for the year ended December 31, 2006, are as follows:

| | Transfers in: | | | |
|---|---|---|---|---|
| Transfer out: | General | Street Improvement | Nonmajor Governmental | Total |
| General fund | $ - | $ 443,021 | $ 540,666 | $ 983,687 |
| Nonmajor governmental funds | 126,672 | - | - | 126,672 |
| Total | $ 126,672 | $ 443,021 | $ 540,666 | $ 1,110,359 |

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and 2) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

## D. Long-term debt

### *Primary Government*

As of December 31, 2006, the City's governmental activities had no outstanding long-term debt other than compensated absences in the amount of $362,012.

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Compensated absences | $ 352,860 | $ 316,493 | $ 307,341 | $ 362,012 | $ 189,625 |

For the governmental activities, compensated absences are generally liquidated by the general fund.

### *Component Unit*

**Long-Term Debt** – The Newnan Water, Sewerage and Light Commission had four types of long-term debt outstanding at December 31, 2006, notes payable, capital leases, a state revolving loan and revenue bonds.

**Notes Payable** – The Newnan Water, Sewerage and Light Commission has arrangements with the Georgia Municipal Association, Wachovia, BB&T, and Altec Capital Services to lease assets as capital leases. As part of those arrangements, the Commission had additional amounts available to purchase additional equipment or utility vehicles. The amount available is recorded on the statement of net assets as restricted assets.

Annual debt service requirements to amortize the notes payable outstanding, as of December 31, 2006 is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 193,366 | $ 46,118 | $ 239,484 |
| 2008 | 200,508 | 38,975 | 239,483 |
| 2009 | 208,150 | 31,833 | 239,983 |
| 2010 | 215,963 | 23,520 | 239,483 |
| 2011 | 224,070 | 15,414 | 239,484 |
| 2012-2013 | 295,740 | 7,458 | 303,198 |
| | $ 1,337,797 | $ 163,318 | $ 1,501,115 |

**Capital Leases** – The Newnan Sewerage and Light Commission leases certain equipment and utility vehicles under agreements that are classified as capital leases. Annual debt service requirements to amortize the capital lease obligations outstanding, as of December 31, 2006 is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 191,069 | $ 32,806 | $ 223,875 |
| 2008 | 197,620 | 22,557 | 220,177 |
| 2009 | 179,373 | 12,162 | 191,535 |
| 2010 | 87,092 | 3,811 | 90,903 |
| Total | $ 655,154 | $ 71,336 | $ 726,490 |

**State Revolving Loan** – The NWSL Commission received approval for a $5,100,000 loan from the Georgia State Revolving Loan Fund (SRF) for additions and improvements to the Wahoo Creek Water Pollution Control Plant. A one-time administration fee of $204,000 was added to the loan and increased the approved principal amount to $5,304,000. The interest on this loan is at the rate of 4.00% and was accrued during the construction period as draws were made. Construction was completed in early 1994, and the plant is now fully operational. The NWSL Commission elected to add the accrued interest to the loan principal, bringing the total borrowing to $5,664,861. The loan principal and interest will be repaid in monthly payments in the amount of $34,309. Annual debt service requirements to amortize the Georgia State Revolving Loan outstanding, as of December 31, 2006 is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2007 | $ 314,991 | $ 96,720 | $ 411,711 |
| 2008 | 327,789 | 83,922 | 411,711 |
| 2009 | 341,197 | 70,514 | 411,711 |
| 2010 | 355,080 | 56,631 | 411,711 |
| 2011 | 369,546 | 42,165 | 411,711 |
| 2012-2014 | 852,964 | 38,914 | 891,878 |
| Total | $ 2,561,567 | $ 388,866 | $ 2,950,433 |

**Revenue Bonds**

***Series 1998 Bonds***

During the year 1998, the NWSL Commission issued $8,900,000 of Water, Sewerage and Light Commission Public Utilities Revenue Bonds jointly with the City of Newnan, Georgia. The bonds are dated May 1, 1998 and bear interest rates from 4% to 5%.

***Series 2001 Bonds***

During the year 2001, the NWSL Commission issued $14,835,000 of Water, Sewerage and Light Commission Public Utilities Bonds jointly with the City of Newnan, Georgia. The bonds are dated December 1, 2001 and bear interest rates from 4% to 5.5%.

***Series 2005 Bonds***

During the year, 2005, the NWSL Commission (through the Coweta County Development Authority) issued revenue bonds, Series 2005 for the purpose of refinancing the 1997, 2000, and 2002 revenue bonds. The bonds are dated December 15, 2005 with a face value of $33,220,000 and bear interest from 3.5% to 5.0%.

***Series 2006 Bonds***

During the year, 2006, the NWSL Commission issued revenue bonds, Series A 2006 for the purpose of refinancing the 1998 and 2001 revenue bonds and Series B for the purpose of capital improvements. The bonds are dated December 1, 2006 with a face value of $28,080,000 and bear interest from 3.55% to 5.25%.

The bond proceeds are being used to advance refund and defease outstanding bonds, purchase securities to provide for future debt service payments, acquire, construct and install certain additions, extensions and improvements to the water and sewer portion of the combined water, sewerage and electric distribution system of the City of Newnan and pay certain issuance costs.

The maturities of the 1998, 2001, 2005 and 2006 bonds are as follows:

| Year | Series 1998 Bonds Principal | Series 1998 Bonds Interest | Series 2001 Bonds Principal | Series 2001 Bonds Interest | Series 2005 Bonds Principal | Series 2005 Bonds Interest |
|---|---|---|---|---|---|---|
| 2007 | $ 145,000 | $ 10,013 | $ 280,000 | $ 30,895 | $ - | $ 1,526,930 |
| 2008 | 150,000 | 3,375 | 290,000 | 19,205 | - | 1,526,930 |
| 2009 | - | - | 305,000 | 6,558 | - | 1,526,930 |
| 2010 | - | - | - | - | 1,465,000 | 1,526,930 |
| 2011 | - | - | - | - | 1,555,000 | 1,440,118 |
| 2012-2016 | - | - | - | - | 8,690,000 | 6,278,887 |
| 2017-2021 | - | - | - | - | 10,775,000 | 4,202,050 |
| 2022-2026 | - | - | - | - | 10,735,000 | 1,240,625 |
| 2027-2031 | - | - | - | - | - | - |
| 2032-2036 | - | - | - | - | - | - |
| Total | $ 295,000 | $ 13,388 | $ 875,000 | $ 56,658 | $ 33,220,000 | $ 19,269,400 |

(Continued)

| | Series 2006 Bonds Principal | Series 2006 Bonds Interest | Total Principal | Total Interest |
|---|---|---|---|---|
| 2007 | $ - | $ 106,453 | $ 425,000 | $ 1,674,291 |
| 2008 | - | 1,277,438 | 440,000 | 2,826,948 |
| 2009 | - | 1,277,438 | 305,000 | 2,810,926 |
| 2010 | 235,000 | 1,277,437 | 1,700,000 | 2,804,367 |
| 2011 | 565,000 | 1,268,937 | 2,120,000 | 2,709,055 |
| 2012-2016 | 5,170,000 | 5,878,500 | 13,860,000 | 12,157,387 |
| 2017-2021 | 8,030,000 | 4,410,938 | 18,805,000 | 8,612,988 |
| 2022-2026 | 7,095,000 | 2,467,537 | 17,830,000 | 3,708,162 |
| 2027-2031 | 3,120,000 | 1,286,700 | 3,120,000 | 1,286,700 |
| 2032-2036 | 3,865,000 | 537,300 | 3,865,000 | 537,300 |
| Total | $ 28,080,000 | $ 19,788,678 | $ 62,470,000 | $ 39,128,124 |

***Component Unit***

The changes in long-term debt are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Notes payable | $ 1,524,167 | $ - | $ 186,370 | $ 1,337,797 | $ 193,366 |
| Capital lease obligations | 389,179 | 393,536 | 127,561 | 655,154 | 191,069 |
| Georgia SRF Loan | 2,864,227 | - | 302,660 | 2,561,567 | 314,991 |
| Revenue bonds | 55,435,000 | 28,080,000 | 18,652,900 | 64,862,100 | 425,000 |
| Total | $ 60,212,573 | $ 28,473,536 | $ 19,269,491 | $ 69,416,618 | $ 1,124,426 |

## E. Property Taxes

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Coweta County.

Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The City distributes tax notices and collects tax payments. Motor vehicle taxes are due based upon the birthday of the owner. The 2006 property taxes were mailed (levied) as of October 9, with a due date of November 30.

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

## F. Hotel/Motel Taxes

The City levies and collects a 5% lodging tax which is reported in the Hotel/Motel Tourism Enhancement Fund. The City retains 60% of the funds collected. All of the current year expenditures were relative to repairs and maintenance for the Newnan Male Academy Museum in the amount of $14,955, approximately 7% of tax receipts. Tax receipts for the year were $211,120. The balance of funds not expended as of year end is $412,700. The City is currently reevaluating this fund and potential uses relative to the promotion of tourism as required by O.C.G.A. 48-13-51.

## G. Risk Management

The City is exposed to various risks of loss related to torts, personal property (i.e., theft, damage and destruction) and injury to employees. The City has insurance coverage with The Georgia Interlocal Risk Management Agency (GIRMA). Losses relative to these risks are limited to a $5,000 deductible provided for in the GIRMA contracts. During the past three years, settlements have not exceeded the coverages.

The City has joined together with other municipalities in the state as part of GIRMA and the Workers' Compensation Self-Insurance Fund, a public entity risk pool operating as a common risk management and insurance program for member local governments. As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pools, to

cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with the any coverage descriptions issued, all incidents, which could result in the funds being required to pay any claim or loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protections furnished by the funds. The fund is 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 worker's compensation laws of Georgia. The funds are to pay all costs 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.

The City also participates in the Georgia Municipal Employees Benefit System's Life and Health Insurance Program (GMEBS). GMEBS is the policy holder with BlueShield of Georgia (BCBSB) and the City subscribes to the program. GMEBS is the City's administrator for health (HMO), dental and life insurance coverage and they engage the insurance company to process and pay claims.

The City joined the program by ordinance and participation is effectively perpetual unless the City initiates a termination. The premiums that are paid to GMEBS cover the cost of all eligible claims incurred while the City is a participating employer and the cost of the services of GMEBS.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorized Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of a municipal government. GIRMA, in accordance with the member government contract and related coverage descriptions, is to defend and protect any member of GIRMA against liability or loss.

The City of Newnan must participate at all times in at least one fund established by GIRMA. The City retains the first $5,000 of each risk of loss in the form of a deductible. The City files all worker's compensation claims with GIRMA. GIRMA bills the City for any risk of loss up to the $5,000 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" or "incurred but not reported" established by an actuary. As of December 31, 2006, the City is not aware of any deductible amounts which were outstanding and unpaid. No provisions have been made in the financial statements for the year ended relative to estimates for unpaid claims.

## H. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

## I. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the nine county coastal Georgia area, is a member of the Chattahoochee Flint Regional Development Center (RDC) and is required to pay annual dues thereto. Membership in a RDC is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RDC in Georgia. RDC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from the Chattahoochee Flint Regional Development Center, P.O. Box 1600, Franklin, Georgia 30217.

## J. Related Organizations

The Mayor of the City of Newnan, Georgia is responsible for appointing the members of the Newnan Housing Authority. The Newnan Housing Authority has a five-member board with staggered terms.

## K. Public Retirement Systems and Pension Plans

Each qualified employee is included in at least one of the three retirement plans in which the City participates. The plans are as follows:

(a) The City of Newnan Retirement Plan (a defined benefit pension plan)
(b) The City of Newnan's Deferred Compensation Plan
(c) The City of Newnan's Trust Plan

Plans (b) and (c) are both deferred compensation plans funded 100% by employee contributions to provide retirement income and other deferred benefits in accordance with the provisions of Section 457 of the Internal Revenue Code of 1986, as amended.

### *City of Newnan Retirement Plan*

All full-time employees with one or more years of service participate in the City of Newnan Retirement Plan, a noncontributory defined benefit pension plan which was established and is operated under the authority of the Georgia General Assembly and is maintained through the Georgia Municipal Employees Benefit System (GMEBS). The plan is an agent multiple employer PERS which provides retirement, disability and death benefits to its participants. Plan benefits are set by and may be amended by the City. Plan financial information is provided in an annual report prepared for GMEBS which is available from the City.

For the year ended December 31, 2006, the payroll for City's employees covered by the plan was $6,858,380 (plan year beginning July 1, 2005) and total payroll for the City was $7,548,773.

Plan funding policy is adopted by the board of trustees of the Georgia Municipal Employees Benefit System and required contributions equal to the recommended contribution which meets GASB 27 guidelines as the annual required contribution. For the year ended December 31, 2006, the recommended contribution (pension cost) and actual contribution totaled $656,161 or approximately ten percent of covered payroll. Pension costs and the recommended contribution for the two previous plan years were $628,592 (plan year ended June 30, 2005) and $622,244 (plan year ended June 30, 2004).

**Significant Actuarial Assumptions**

| | |
|---|---|
| Date of Actuarial Valuation | July 1, 2006 |
| Normal Costs and Actuarial Accrued Liability Method | Projected Unit Cost Credit |
| Method Used to Determine the Value of Assets | Sum of the actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year |
| Assumptions | |
| Inflation | 5.00% |
| Investment Return | 8.00% |
| Projected Salary Increases | 5.50% |
| Cost of Living Adjustments | 0.00% |
| Amortization Method | Level Dollar for remaining unfunded liability |
| Remaining Amortization Period (Periods are Open, as Applicable) | Remaining amortization period varies for the bases |

# REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF FUNDING PROGRESS

| | Year Beginning July 1, | | |
|---|---|---|---|
| Actuarial Valuation Date | 2006 | 2005 | 2004 |
| Actuarial Value of Plan Assets | $ 7,511,555 | $ 6,834,764 | $ 6,280,097 |
| Actuarial Accrued Liability | 10,278,425 | 9,389,861 | 9,059,877 |
| Total Unfunded (Excess) Actuarial Liability (Asset) | 2,766,870 | 2,555,097 | 2,779,780 |
| Funded Ratio | 73.08% | 72.79% | 69.32% |
| Annual Covered Payroll | 6,858,380 | 6,548,148 | 6,236,097 |
| Ratio of Unfunded (Excess) Actuarial Liability (Asset) | 40.34% | 39.56% | 44.58% |

# SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| REVENUES | | | | |
| Taxes | | | | |
| Property Tax Current | $ 3,000,000 | $ 3,478,903 | $ 3,478,903 | $ - |
| Delinquent Property Tax | 200,000 | 34,505 | 34,505 | - |
| Motor Vehicle Tax | 185,000 | 230,462 | 230,462 | - |
| Fi Fa for Property Taxes | - | 8,015 | 8,015 | - |
| Franchise Tax - Georgia Power | 125,000 | 147,939 | 147,939 | - |
| Franchise Tax - EMC | 340,000 | 331,683 | 331,683 | - |
| Franchise Tax - Gas | 200,000 | 158,854 | 158,854 | - |
| Franchise Tax - Cable TV | 175,000 | 243,309 | 243,309 | - |
| Franchise Tax - Telephone | 120,000 | 122,743 | 122,743 | - |
| Local Option Sales Tax | 4,100,000 | 4,459,896 | 4,459,896 | - |
| Insurance Premiums Tax | 850,000 | 851,078 | 851,078 | - |
| Occupational Tax | 1,200,000 | 1,279,511 | 1,279,511 | - |
| Professional Tax | 50,000 | 51,010 | 51,010 | - |
| Financial Institution Tax | 105,000 | 111,695 | 111,695 | - |
| Insurance Agents Tax | 22,000 | 30,263 | 30,263 | - |
| Beer and Wine Tax | 560,000 | 629,794 | 629,794 | - |
| Alcoholic Beverage Excise Tax | 70,000 | 70,923 | 70,923 | - |
| Public Utility Tax | 65,000 | 36,517 | 36,517 | - |
| Intangible Tax | 130,000 | 153,671 | 153,671 | - |
| Interest and Penalties | 25,000 | 32,143 | 32,143 | - |
| Total Taxes | 11,522,000 | 12,462,914 | 12,462,914 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| License and Permits | | | | |
| Alcoholic Beverage License | 22,000 | 20,050 | 20,050 | - |
| Spiritous Liquor Bev License | 140,000 | 154,650 | 154,650 | - |
| Residential Construction Permits | 610,000 | 674,377 | 674,377 | - |
| Commercial Construction Permits | 70,000 | 131,980 | 131,980 | - |
| Building Plan Review | 65,000 | 92,500 | 92,500 | - |
| Variance/Appeal/Spec Exception | 5,000 | 6,398 | 6,398 | - |
| Zoning Certification Fee | 200 | 875 | 875 | - |
| Rezoning/Annexation Fee | 4,000 | 3,784 | 3,784 | - |
| Sign Permit | 4,000 | 4,290 | 4,290 | - |
| Site Preparation Fee | 60,000 | 47,862 | 47,862 | - |
| Land Disturbance Permit | 35,000 | 32,355 | 32,355 | - |
| Demolition Permit | 500 | 1,350 | 1,350 | - |
| Mechanical Permit | 30,000 | 42,170 | 42,170 | - |
| Renovation Permit | 70,000 | 790 | 790 | - |
| Tree Removal Permit | 200 | 25 | 25 | - |
| Environmental Protection Fee | 10,000 | 8,440 | 8,440 | - |
| Plumbing Permit | 50,000 | 63,874 | 63,874 | - |
| Construction Plan Review | - | 100 | 100 | - |
| Electrical Permit | 80,000 | 108,581 | 108,581 | - |
| Gas Permit | 5,000 | 7,170 | 7,170 | - |
| Burn Permit | - | 200 | 200 | - |
| Re-Inspect Fee | 11,000 | 61,885 | 61,885 | - |
| Subdivision Plat Fee | 1,000 | 2,008 | 2,008 | - |
| Site Development Plan Fee | 10,000 | 14,979 | 14,979 | - |
| Sidewalk Inspections/Re-Inspect | 35,000 | 39,350 | 39,350 | - |
| Curb Cuts by City Staff | 5,000 | 240 | 240 | - |
| Total Licenses & Permits | 1,322,900 | 1,520,283 | 1,520,283 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Intergovernmental | | | | |
| Real Estate Transfer Tax | 100,000 | 85,136 | 85,136 | - |
| Browns Mill Depot Grant | - | 22,783 | 22,783 | - |
| School Resource Officer | 55,000 | 64,820 | 64,820 | - |
| Police Vest Grant | - | (2,803) | (2,803) | - |
| Payments in Lieu of Tax | 30,000 | 29,379 | 29,379 | - |
| Total Intergovernmental | 185,000 | 199,315 | 199,315 | - |
| Intergovernmental - Utility | | | | |
| Water & Light Commission | 850,000 | 1,094,453 | 1,094,453 | - |
| Total Intergovernmental - Utility | 850,000 | 1,094,453 | 1,094,453 | - |
| Fines and Forfeitures | | | | |
| Police Fines | 460,000 | 554,907 | 554,907 | - |
| Parking Fines | 22,000 | 20,560 | 20,560 | - |
| Tech Fees from Fines | 8,000 | 13,379 | 13,379 | - |
| Total Fines and Forfeitures | 490,000 | 588,846 | 588,846 | - |
| Interest Earnings | 220,000 | 479,967 | 479,967 | - |
| Miscellaneous | | | | |
| House Demolition by City Forces | - | 50,988 | 50,988 | - |
| Grass Cutting/Lot Clearing | - | 11,913 | 11,913 | - |
| Admin Fee for Impact Fee Coll | 40,000 | 44,300 | 44,300 | - |
| Monument Setting Fee | 750 | 275 | 275 | - |
| Cemetery Services | 75,000 | 80,005 | 80,005 | - |
| Cemetery Lot Sales | 60,000 | 51,370 | 51,370 | - |
| Rental Fees | 5,000 | 3,763 | 3,763 | - |
| Miscellaneous Revenue | 75,000 | 27,802 | 27,802 | - |
| Total Miscellaneous | 255,750 | 270,416 | 270,416 | - |
| Total Revenues | 14,845,650 | 16,616,194 | 16,616,194 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| EXPENDITURES | | | | |
| General Government | | | | |
| City Council | | | | |
| Wages - Part Time/Temp | 43,000 | 40,610 | 40,610 | - |
| Employee Insurance | 50,401 | 52,054 | 52,054 | - |
| Social Security | 3,290 | 3,107 | 3,107 | - |
| Retirement | 4,300 | 3,534 | 3,533 | 1 |
| Worker's Compensation | 215 | 252 | 252 | - |
| Communications | 200 | - | - | - |
| Travel | 35,000 | 36,859 | 36,859 | - |
| Dues and Fees | 50 | - | - | - |
| Training | 2,000 | 900 | 900 | - |
| Office Supplies | 1,150 | 374 | 374 | - |
| Total City Council | 139,606 | 137,690 | 137,689 | 1 |
| City Manager | | | | |
| City Manager Admin | | | | |
| Wages - Full Time | 174,382 | 165,439 | 165,439 | - |
| Employee Insurance | 9,227 | 9,235 | 9,235 | - |
| Social Security | 12,971 | 9,995 | 9,994 | 1 |
| Retirement | 3,180 | 2,613 | 2,613 | - |
| Unemployment Insurance | 4 | 4 | 4 | - |
| Worker's Compensation | 785 | 919 | 919 | - |
| Other Employee Benefits | 4,800 | 4,800 | 4,800 | - |
| Professional Services | 10,000 | 194 | 194 | - |
| Bldg & Pers Liability Insurance | 1,200 | 1,933 | 1,933 | - |
| Communications | 1,200 | - | - | - |
| Printing & Binding | 11,000 | - | - | - |
| Travel | 12,000 | 3,477 | 3,477 | - |
| Dues and Fees | 6,000 | - | - | - |
| Materials and Supplies | 1,200 | 244 | 244 | - |
| Office Supplies | 2,000 | 848 | 847 | 1 |
| Books & Periodicals | 280 | 373 | 373 | - |
| Minor Equipment | 1,250 | - | - | - |
| Total City Manager Admin | 251,479 | 200,074 | 200,072 | 2 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Public Information | | | | |
| Wages - Full Time | 44,720 | 41,921 | 41,921 | - |
| Employee Insurance | 4,434 | 4,434 | 4,434 | - |
| Social Security | 3,421 | 3,187 | 3,187 | - |
| Retirement | 4,472 | 3,675 | 3,675 | - |
| Unemployment Insurance | 2 | - | - | - |
| Worker's Compensation | 120 | 140 | 140 | - |
| Public Relations | 13,000 | 7,402 | 7,402 | - |
| Bldg & Pers Liability Insurance | 430 | 547 | 547 | - |
| Communications | - | 149 | 149 | - |
| Advertising | 5,000 | 1,894 | 1,894 | - |
| Printing & Binding | 15,000 | 6,337 | 6,337 | - |
| Travel | 2,000 | 99 | 99 | - |
| Dues and Fees | 400 | 350 | 350 | - |
| Training | 400 | - | - | - |
| Materials and Supplies | 300 | 215 | 215 | - |
| Minor Equipment | 600 | 485 | 485 | - |
| Total Public Information | 94,299 | 70,835 | 70,835 | - |
| Total City Manager | 345,778 | 270,909 | 270,907 | 2 |
| Attorney | | | | |
| Professional Services | 105,000 | 108,553 | 108,553 | - |
| Travel | 3,000 | 5,719 | 5,719 | - |
| Training | 550 | - | - | - |
| Total Attorney | 108,550 | 114,272 | 114,272 | - |
| City Clerk | | | | |
| Wages - Full Time | 50,523 | 52,413 | 52,413 | - |
| Employee Insurance | 4,434 | 4,434 | 4,434 | - |
| Social Security | 3,865 | 3,988 | 3,988 | - |
| Retirement | 5,052 | 4,152 | 4,152 | - |
| Unemployment Insurance | 2 | 1 | 1 | - |
| Worker's Compensation | 131 | 153 | 153 | - |
| Professional Services | 400 | 590 | 590 | - |
| Other Contractual Services | 300 | 400 | 400 | - |
| Elections | 4,500 | - | - | - |
| Bldg & Pers Liability Insurance | 100 | 127 | 127 | - |
| Surety Bonds | 100 | 100 | 100 | - |
| Printing & Binding | 6,500 | 4,848 | 4,848 | - |
| Travel | 1,500 | - | - | - |
| Dues and Fees | 225 | 242 | 242 | - |
| Training | 1,300 | - | - | - |
| Books & Periodicals | 100 | 99 | 99 | - |
| Minor Equipment | 895 | 600 | 600 | - |
| Total City Clerk | 79,927 | 72,147 | 72,147 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Finance | | | | |
| Wages - Full Time | 167,731 | 171,234 | 171,234 | - |
| Wages - Overtime | 1,000 | 291 | 291 | - |
| Employee Insurance | 18,360 | 21,877 | 21,877 | - |
| Social Security | 12,831 | 12,814 | 12,814 | - |
| Retirement | 16,773 | 13,783 | 13,783 | - |
| Unemployment Insurance | 8 | 6 | 5 | 1 |
| Worker's Compensation | 436 | 510 | 510 | - |
| Professional Services | 30,000 | 32,500 | 32,500 | - |
| Other Contractual Services | 7,160 | 10,305 | 10,305 | - |
| Repairs and Maintenance | 500 | 206 | 206 | - |
| Bldg & Pers Liability Insurance | 1,788 | 2,276 | 2,276 | - |
| Advertising | 3,000 | 4,260 | 4,260 | - |
| Printing & Binding | 4,200 | 2,126 | 2,126 | - |
| Travel | 3,800 | 1,673 | 1,673 | - |
| Dues and Fees | 570 | 50 | 50 | - |
| Training | 2,000 | 655 | 655 | - |
| Office Supplies | 2,200 | 1,689 | 1,689 | - |
| Books & Periodicals | 300 | 99 | 99 | - |
| Minor Equipment | 150 | 7 | 7 | - |
| Computer Hardware & Software | 1,600 | 1,648 | 1,648 | - |
| Miscellaneous | 600 | 308 | 308 | - |
| Total Finance | 275,007 | 278,317 | 278,316 | 1 |
| Human Resources | | | | |
| Wages - Full Time | 85,113 | 86,112 | 86,112 | - |
| Wages - Part Time/Temp | 4,000 | - | - | - |
| Employee Insurance | 13,661 | 14,931 | 14,931 | - |
| Social Security | 6,537 | 6,407 | 6,407 | - |
| Retirement | 8,511 | 6,994 | 6,994 | - |
| Tuition Reimbursement | 2,100 | 1,652 | 1,652 | - |
| Unemployment Insurance | 4 | 3 | 3 | - |
| Worker's Compensation | 220 | 257 | 257 | - |
| Employee Recognition | 10,200 | 7,073 | 7,073 | - |
| Professional Services | 21,800 | 13,373 | 13,373 | - |
| Bldg & Pers Liability Insurance | 750 | 955 | 955 | - |
| Advertising | 3,200 | 2,402 | 2,402 | - |
| Printing & Binding | 1,500 | 131 | 131 | - |
| Travel | 2,100 | 1,531 | 1,531 | - |
| Dues and Fees | 480 | 410 | 410 | - |
| Training | 4,150 | 1,123 | 1,122 | 1 |
| Materials and Supplies | 500 | 300 | 300 | - |
| Office Supplies | 1,200 | 636 | 636 | - |
| Medical Supplies | 150 | 18 | 18 | - |
| Food Supplies | 500 | 246 | 245 | 1 |
| Books & Periodicals | 875 | 587 | 587 | - |
| Computer Hardware & Software | 550 | 765 | 765 | - |
| Total Human Resources | 168,101 | 145,906 | 145,904 | 2 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Information Technology | | | | |
| Wages - Full Time | 61,443 | 63,270 | 63,270 | - |
| Employee Insurance | 9,227 | 9,235 | 9,235 | - |
| Social Security | 4,700 | 4,663 | 4,663 | - |
| Retirement | 6,144 | 5,049 | 5,049 | - |
| Unemployment Insurance | 2 | 2 | 1 | 1 |
| Worker's Compensation | 160 | 187 | 187 | - |
| Other Contractual Services | 800 | - | - | - |
| Repairs and Maintenance | 40,060 | 36,928 | 36,928 | - |
| Bldg & Pers Liability Insurance | 375 | 477 | 477 | - |
| Communications | 1,200 | 1,057 | 1,057 | - |
| Travel | 800 | 967 | 967 | - |
| Dues and Fees | 75 | 75 | 75 | - |
| Training | 2,500 | 2,910 | 2,910 | - |
| Materials and Supplies | 600 | 830 | 830 | - |
| Office Supplies | 300 | 11 | 11 | - |
| Books & Periodicals | 395 | 263 | 263 | - |
| Minor Equipment | 4,250 | 3,979 | 3,979 | - |
| Computer Hardware & Software | 15,000 | 15,229 | 15,229 | - |
| Total Information Technology | 148,031 | 145,132 | 145,131 | 1 |
| | | | | |
| Municipal Court | | | | |
| Wages - Full Time | 23,900 | 15,868 | 15,868 | - |
| Wages - Part Time/Temp | 9,984 | 10,395 | 10,395 | - |
| Wages - Overtime | - | 188 | 188 | - |
| Employee Insurance | 9,227 | 123 | 123 | - |
| Social Security | 2,500 | 2,009 | 2,009 | - |
| Retirement | 2,390 | 1,964 | 1,964 | - |
| Unemployment Insurance | 2 | - | - | - |
| Worker's Compensation | 63 | 70 | 70 | - |
| Professional Services | 80,000 | 73,113 | 73,113 | - |
| Travel | - | 451 | 451 | - |
| Training | 1,000 | - | - | - |
| Minor Equipment | 1,000 | 695 | 695 | - |
| Total Municipal Court | 130,066 | 104,876 | 104,876 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Miscellaneous | | | | |
| Employee Recognition | 5,000 | 2,878 | 2,878 | - |
| Professional Services | 2,275 | 2,109 | 2,109 | - |
| Public Relations | 10,000 | - | - | - |
| Repairs and Maintenance | 5,940 | 5,737 | 5,737 | - |
| Equipment & Vehicle Rental | 3,036 | 3,036 | 3,036 | - |
| Vehicle Insurance | 650 | - | - | - |
| Bldg & Pers Liability Insurance | 120,000 | 176,323 | 176,323 | - |
| Communications | 73,900 | 55,975 | 55,975 | - |
| Advertising | 500 | - | - | - |
| Dues and Fees | 9,000 | 6,824 | 6,824 | - |
| Office Supplies | 5,000 | 4,590 | 4,589 | 1 |
| Vehicle Maintenance | 1,600 | - | - | - |
| Miscellaneous | 336,578 | 34,600 | 34,620 | (20) |
| Brown's Mill Depot Grant | - | 22,782 | 22,782 | - |
| Payments to Other Agencies | 20,000 | 20,500 | 20,500 | - |
| Keep Newnan Beautiful | 14,000 | 4,462 | 4,154 | 308 |
| Total Miscellaneous | 607,479 | 339,816 | 339,527 | 289 |
| Total General Government | 2,002,545 | 1,609,065 | 1,608,769 | 296 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Public Safety | | | | |
| Police | | | | |
| Wages - Full Time | 2,835,420 | 2,855,358 | 2,855,358 | - |
| Wages - Part Time/Temp | 23,617 | 21,438 | 21,438 | - |
| Wages - Overtime | 60,000 | 61,952 | 61,952 | - |
| Employee Insurance | 543,487 | 508,413 | 508,413 | - |
| Social Security | 218,716 | 214,445 | 214,445 | - |
| Retirement | 283,541 | 263,881 | 263,881 | - |
| Unemployment Insurance | 156 | 385 | 385 | - |
| Worker's Compensation | 104,054 | 120,687 | 120,687 | - |
| Other Employee Benefits | 33,300 | 36,829 | 36,829 | - |
| Employee Recognition | 200 | - | - | - |
| Professional Services | 30,000 | 61,321 | 61,321 | - |
| Other Contractual Services | 6,400 | 3,887 | 3,887 | - |
| Repairs and Maintenance | 75,000 | 55,930 | 55,930 | - |
| Vehicle Insurance | 19,500 | 25,650 | 25,650 | - |
| Bldg & Pers Liability Insurance | 119,700 | 152,373 | 152,373 | - |
| Communications | 20,920 | 15,832 | 15,832 | - |
| Printing & Binding | 5,000 | 1,798 | 1,798 | - |
| Travel | 3,000 | 2,181 | 2,181 | - |
| Dues and Fees | 1,045 | 450 | 450 | - |
| Training | 6,000 | 5,800 | 5,800 | - |
| Materials and Supplies | 40,000 | 32,286 | 32,286 | - |
| Office Supplies | 8,500 | 9,106 | 9,106 | - |
| Cleaning Supplies & Chemicals | 3,000 | 2,678 | 2,676 | 2 |
| Protective Equipment | 21,100 | 5,518 | 5,518 | - |
| Vehicle Gasoline/Diesel | 130,000 | 175,432 | 175,432 | - |
| Food Supplies | 1,500 | 813 | 813 | - |
| Books & Periodicals | 750 | 440 | 440 | - |
| Minor Equipment | 40,000 | 22,421 | 22,421 | - |
| Computer Hardware & Software | 18,115 | 17,550 | 17,550 | - |
| Vehicle Maintenance | 75,000 | 83,285 | 83,285 | - |
| Total Police | 4,727,021 | 4,758,139 | 4,758,137 | 2 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| School Resources Officer | | | | |
| Wages - Full Time | 147,409 | 159,782 | 159,782 | - |
| Wages - Overtime | - | 19 | 19 | - |
| Employee Insurance | 22,529 | 22,537 | 22,537 | - |
| Social Security | 11,276 | 11,920 | 11,920 | - |
| Retirement | 14,740 | 12,113 | 12,113 | - |
| Unemployment Insurance | 8 | 5 | 5 | - |
| Worker's Compensation | 5,748 | 6,733 | 6,733 | - |
| Other Employee Benefits | 1,800 | 1,463 | 1,463 | - |
| Vehicle Insurance | 1,875 | 2,387 | 2,387 | - |
| Bldg & Pers Liability Insurance | 1,750 | 2,228 | 2,228 | - |
| Printing & Binding | 280 | - | - | - |
| Travel | 600 | - | - | - |
| Dues and Fees | 400 | 120 | 120 | - |
| Training | 700 | - | - | - |
| Materials and Supplies | 1,170 | 494 | 492 | 2 |
| Protective Equipment | 1,300 | 550 | 550 | - |
| Vehicle Gasoline/Diesel | 4,000 | 7,411 | 7,411 | - |
| Vehicle Maintenance | 3,000 | 2,173 | 2,173 | - |
| Total School Resources Officer | 218,585 | 229,935 | 229,933 | 2 |
| | | | | |
| Animal Service | | | | |
| Wages - Full Time | 28,121 | 28,957 | 28,957 | - |
| Wages - Overtime | 1,800 | 613 | 613 | - |
| Employee Insurance | 9,227 | 9,235 | 9,235 | - |
| Social Security | 2,289 | 2,066 | 2,066 | - |
| Retirement | 2,900 | 2,383 | 2,383 | - |
| Unemployment Insurance | 2 | 2 | 2 | - |
| Worker's Compensation | 440 | 514 | 514 | - |
| Other Employee Benefits | 410 | - | - | - |
| Professional Services | 2,000 | 1,960 | 1,960 | - |
| Repairs and Maintenance | 250 | 164 | 164 | - |
| Vehicle Insurance | 1,076 | 1,370 | 1,370 | - |
| Bldg & Pers Liability Insurance | 950 | 1,209 | 1,209 | - |
| Communications | 900 | 548 | 548 | - |
| Printing & Binding | 200 | - | - | - |
| Travel | 500 | - | - | - |
| Dues and Fees | 80 | - | - | - |
| Training | 250 | - | - | - |
| Materials and Supplies | 400 | 82 | 82 | - |
| Protective Equipment | 200 | - | - | - |
| Vehicle Gasoline/Diesel | 3,500 | 2,230 | 2,230 | - |
| Minor Equipment | 1,500 | - | - | - |
| Other Supplies/Uniform Rental | 900 | 364 | 364 | - |
| Vehicle Maintenance | 2,500 | 854 | 854 | - |
| Total Animal Service | 60,395 | 52,551 | 52,551 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Fire | | | | |
| Wages - Full Time | 1,737,934 | 1,785,480 | 1,785,480 | - |
| Wages - Overtime | 12,000 | 17,532 | 17,532 | - |
| Employee Insurance | 352,900 | 297,680 | 297,680 | - |
| Social Security | 133,000 | 131,799 | 131,799 | - |
| Retirement | 173,790 | 142,811 | 142,811 | - |
| Unemployment Insurance | 90 | 53 | 53 | - |
| Worker's Compensation | 48,300 | 56,897 | 56,897 | - |
| Other Employee Benefits | 30,000 | 29,647 | 29,647 | - |
| Employee Recognition | - | 337 | 337 | - |
| Other Contractual Services | 1,712 | 886 | 886 | - |
| Repairs and Maintenance | 18,950 | 15,461 | 15,461 | - |
| Vehicle Insurance | 16,500 | 21,004 | 21,004 | - |
| Bldg & Pers Liability Insurance | 5,400 | 6,874 | 6,874 | - |
| Communications | 4,536 | 4,966 | 4,966 | - |
| Advertising | 150 | - | - | - |
| Printing & Binding | 680 | 186 | 186 | - |
| Travel | 1,950 | 3,478 | 3,478 | - |
| Dues and Fees | 780 | 643 | 643 | - |
| Training | 6,200 | 3,099 | 3,099 | - |
| Materials and Supplies | 4,000 | 3,723 | 3,723 | - |
| Office Supplies | 1,440 | 1,093 | 1,093 | - |
| Cleaning Supplies & Chemicals | 3,100 | 3,429 | 3,429 | - |
| Medical Supplies | 2,888 | 2,213 | 2,213 | - |
| Protective Equipment | 35,000 | 22,529 | 22,529 | - |
| Vehicle Gasoline/Diesel | 15,500 | 25,113 | 25,113 | - |
| Food Supplies | 500 | 167 | 167 | - |
| Books & Periodicals | 390 | 144 | 144 | - |
| Minor Equipment | 10,070 | 6,991 | 6,990 | 1 |
| Computer Hardware & Software | 3,700 | 2,569 | 2,569 | - |
| Vehicle Maintenance | 24,000 | 15,660 | 15,660 | - |
| Other Contractual Services | 240 | 240 | 240 | - |
| Repairs and Maintenance | 7,000 | 1,808 | 1,808 | - |
| Communications | 440 | - | - | - |
| Materials and Supplies | 1,600 | 1,399 | 1,399 | - |
| Office Supplies | 500 | 480 | 480 | - |
| Cleaning Supplies & Chemicals | 1,000 | 1,026 | 1,026 | - |
| Natural Gas | 9,000 | 7,556 | 7,556 | - |
| Electricity | 6,500 | 7,850 | 7,850 | - |
| Food Supplies | 500 | 168 | 168 | - |
| Minor Equipment | 8,200 | 6,503 | 6,503 | - |
| Total Fire | 2,680,440 | 2,629,494 | 2,629,493 | 1 |
| Total Public Safety | 7,686,441 | 7,670,119 | 7,670,114 | 5 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Public Works | | | | |
| Administration | | | | |
| Wages - Full Time | 110,323 | 118,436 | 118,436 | - |
| Employee Insurance | 13,611 | 13,669 | 13,669 | - |
| Social Security | 8,440 | 8,855 | 8,855 | - |
| Retirement | 11,032 | 9,066 | 9,066 | - |
| Unemployment Insurance | 4 | 3 | 3 | - |
| Worker's Compensation | 290 | 339 | 339 | - |
| Vehicle Insurance | 360 | 458 | 458 | - |
| Bldg & Pers Liability Insurance | 804 | 1,023 | 1,023 | - |
| Communications | 1,360 | 669 | 669 | - |
| Printing & Binding | 200 | - | - | - |
| Travel | 2,000 | - | - | - |
| Dues and Fees | 200 | 126 | 126 | - |
| Training | 700 | - | - | - |
| Materials and Supplies | 200 | 120 | 120 | - |
| Office Supplies | 550 | 175 | 175 | - |
| Vehicle Gasoline/Diesel | 1,200 | 742 | 742 | - |
| Books & Periodicals | 900 | 453 | 453 | - |
| Computer Hardware & Software | 1,700 | 1,494 | 1,494 | - |
| Vehicle Maintenance | - | 17 | 17 | - |
| Landscaping Supplies | 200 | - | - | - |
| Total Administration | 154,074 | 155,645 | 155,645 | - |
| City Engineer | | | | |
| Wages - Full Time | 126,276 | 132,967 | 132,967 | - |
| Employee Insurance | 22,888 | 22,904 | 22,904 | - |
| Social Security | 9,660 | 9,780 | 9,780 | - |
| Retirement | 12,627 | 10,376 | 10,376 | - |
| Unemployment Insurance | 6 | 4 | 4 | - |
| Worker's Compensation | 7,920 | 9,306 | 9,306 | - |
| Professional Services | 8,000 | 49,620 | 49,620 | - |
| Vehicle Insurance | 1,370 | 1,744 | 1,744 | - |
| Bldg & Pers Liability Insurance | 1,787 | 2,275 | 2,275 | - |
| Communications | 2,410 | 1,450 | 1,450 | - |
| Printing & Binding | 2,000 | 1,991 | 1,991 | - |
| Travel | 2,000 | 261 | 261 | - |
| Dues and Fees | 800 | 719 | 719 | - |
| Training | 1,500 | 933 | 933 | - |
| Materials and Supplies | 1,000 | 171 | 171 | - |
| Office Supplies | 600 | 160 | 160 | - |
| Vehicle Gasoline/Diesel | 4,000 | 5,250 | 5,250 | - |
| Books & Periodicals | 400 | 210 | 210 | - |
| Minor Equipment | 1,700 | 602 | 602 | - |
| Computer Hardware & Software | 3,700 | 1,403 | 1,403 | - |
| Vehicle Maintenance | 1,500 | 1,112 | 1,112 | - |
| Total City Engineer | 212,144 | 253,238 | 253,238 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Streets | | | | |
| Wages - Full Time | 579,200 | 534,142 | 534,141 | 1 |
| Wages - Part Time/Temp | 14,500 | 12,218 | 12,218 | - |
| Wages - Overtime | 7,500 | 1,899 | 1,899 | - |
| Employee Insurance | 164,291 | 130,623 | 130,623 | - |
| Social Security | 45,090 | 39,819 | 39,819 | - |
| Retirement | 57,920 | 47,596 | 47,596 | - |
| Unemployment Insurance | 48 | 5,447 | 5,447 | - |
| Worker's Compensation | 41,848 | 51,297 | 51,297 | - |
| Solid Waste Disposal | 60,000 | 63,797 | 63,797 | - |
| Vehicle Insurance | 7,385 | 9,401 | 9,401 | - |
| Bldg & Pers Liability Insurance | 5,699 | 7,255 | 7,255 | - |
| Communications | 970 | 1,292 | 1,292 | - |
| Training | 1,500 | 1,428 | 1,428 | - |
| Materials and Supplies | 40,000 | 37,582 | 37,582 | - |
| Office Supplies | 150 | 339 | 339 | - |
| Cleaning Supplies & Chemicals | 1,900 | 1,534 | 1,534 | - |
| Protective Equipment | 1,400 | 1,330 | 1,330 | - |
| Electricity | 140,000 | 163,661 | 163,661 | - |
| Vehicle Gasoline/Diesel | 40,000 | 65,212 | 65,212 | - |
| Food Supplies | - | 45 | 45 | - |
| Minor Equipment | 9,717 | 4,984 | 4,984 | - |
| Other Supplies/Uniform Rental | 7,757 | 7,128 | 7,128 | - |
| Vehicle Maintenance | 65,000 | 73,645 | 73,645 | - |
| Total Streets | 1,291,875 | 1,261,674 | 1,261,673 | 1 |
| Garage | | | | |
| Wages - Full Time | 200,304 | 211,467 | 211,467 | - |
| Wages - Overtime | 3,000 | 1,569 | 1,569 | - |
| Employee Insurance | 50,569 | 45,787 | 45,787 | - |
| Social Security | 15,550 | 15,497 | 15,497 | - |
| Retirement | 20,330 | 16,707 | 16,707 | - |
| Unemployment Insurance | 12 | 8 | 8 | - |
| Worker's Compensation | 6,100 | 7,151 | 7,151 | - |
| Other Contractual Services | 1,411 | 300 | 300 | - |
| Repairs and Maintenance | 2,800 | 774 | 774 | - |
| Vehicle Insurance | 1,750 | 2,228 | 2,228 | - |
| Bldg & Pers Liability Insurance | 1,650 | 2,100 | 2,100 | - |
| Travel | - | 171 | 171 | - |
| Training | 3,000 | 709 | 708 | 1 |
| Materials and Supplies | 10,800 | 11,900 | 11,900 | - |
| Office Supplies | 300 | 168 | 168 | - |
| Protective Equipment | 150 | 87 | 87 | - |
| Natural Gas | 12,500 | 10,410 | 10,410 | - |
| Vehicle Gasoline/Diesel | 3,400 | 4,217 | 4,217 | - |
| Minor Equipment | 7,000 | 6,442 | 6,442 | - |
| Other Supplies/Uniform Rental | 3,035 | 3,418 | 3,418 | - |
| Vehicle Maintenance | 1,700 | 1,564 | 1,564 | - |
| Total Garage | 345,361 | 342,674 | 342,673 | 1 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Cemetery | | | | |
| Wages - Full Time | 228,800 | 229,251 | 229,251 | - |
| Wages - Part Time/Temp | 10,600 | - | - | - |
| Wages - Overtime | 9,880 | 17,261 | 17,261 | - |
| Employee Insurance | 49,851 | 35,333 | 35,333 | - |
| Social Security | 19,100 | 18,373 | 18,373 | - |
| Retirement | 23,900 | 19,640 | 19,640 | - |
| Unemployment Insurance | 16 | 13 | 13 | - |
| Worker's Compensation | 14,390 | 16,861 | 16,861 | - |
| Other Contractual Services | 120 | 120 | 120 | - |
| Repairs and Maintenance | 1,600 | 331 | 331 | - |
| Vehicle Insurance | 4,588 | 5,840 | 5,840 | - |
| Bldg & Pers Liability Insurance | 3,145 | 4,003 | 4,002 | 1 |
| Communications | 1,480 | 1,510 | 1,510 | - |
| Materials and Supplies | 5,000 | 3,709 | 3,709 | - |
| Office Supplies | 300 | 137 | 137 | - |
| Cleaning Supplies & Chemicals | 200 | 161 | 161 | - |
| Medical Supplies | 100 | 50 | 50 | - |
| Protective Equipment | 100 | 167 | 167 | - |
| Vehicle Gasoline/Diesel | 6,500 | 7,978 | 7,978 | - |
| Minor Equipment | 3,000 | 3,802 | 3,802 | - |
| Computer Hardware & Software | 1,200 | 1,494 | 1,494 | - |
| Other Supplies/Uniform Rental | 1,831 | 2,000 | 2,000 | - |
| Vehicle Maintenance | 2,500 | 1,135 | 1,135 | - |
| Landscaping Supplies | 500 | 136 | 136 | - |
| Total Cemetery | 388,701 | 369,305 | 369,304 | 1 |
| Total Public Works | 2,392,155 | 2,382,536 | 2,382,533 | 3 |
| Community Development | | | | |
| Administration | | | | |
| Wages - Full Time | 106,050 | 109,963 | 109,963 | - |
| Wages - Part Time/Temp | - | 10,048 | 10,048 | - |
| Employee Insurance | 18,454 | 18,470 | 18,470 | - |
| Social Security | 8,110 | 8,755 | 8,755 | - |
| Retirement | 10,600 | 8,711 | 8,711 | - |
| Unemployment Insurance | 4 | 3 | 3 | - |
| Worker's Compensation | 275 | 322 | 322 | - |
| Other Employee Benefits | 3,600 | 3,600 | 3,600 | - |
| Bldg & Pers Liability Insurance | 675 | 859 | 859 | - |
| Communications | 720 | 733 | 733 | - |
| Advertising | 1,800 | 2,487 | 2,487 | - |
| Printing & Binding | 200 | - | - | - |
| Travel | 2,200 | 821 | 821 | - |
| Dues and Fees | 500 | 395 | 395 | - |
| Training | 850 | 320 | 320 | - |
| Office Supplies | 200 | 190 | 190 | - |
| Books & Periodicals | 250 | 99 | 99 | - |
| Minor Equipment | 500 | 66 | 66 | - |
| Chatt Flint RDC | 21,712 | 19,897 | 19,897 | - |
| Total Administration | 176,700 | 185,739 | 185,739 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Planning and Zoning | | | | |
| Wages - Full Time | 141,600 | 141,146 | 141,146 | - |
| Employee Insurance | 27,680 | 20,734 | 20,734 | - |
| Social Security | 10,850 | 10,453 | 10,453 | - |
| Retirement | 14,160 | 11,636 | 11,636 | - |
| Unemployment Insurance | 6 | 4 | 4 | - |
| Worker's Compensation | 370 | 434 | 434 | - |
| Professional Services | - | (122) | (122) | - |
| Vehicle Insurance | 600 | 764 | 764 | - |
| Bldg & Pers Liability Insurance | 1,350 | 1,718 | 1,718 | - |
| Communications | 672 | 672 | 672 | - |
| Printing & Binding | 1,000 | 194 | 194 | - |
| Travel | 2,900 | 698 | 698 | - |
| Dues and Fees | 750 | 704 | 704 | - |
| Training | 1,075 | 755 | 755 | - |
| Materials and Supplies | 1,900 | 1,714 | 1,714 | - |
| Office Supplies | 2,000 | 1,347 | 1,347 | - |
| Vehicle Gasoline/Diesel | 1,200 | 447 | 447 | - |
| Books & Periodicals | 150 | - | - | - |
| Minor Equipment | - | 13 | 13 | - |
| Computer Hardware & Software | 1,500 | 1,397 | 1,397 | - |
| Vehicle Maintenance | 250 | - | - | - |
| Planning Commission | 1,500 | 1,069 | 1,069 | - |
| Total Planning and Zoning | 211,513 | 195,777 | 195,777 | - |
| | | | | |
| Business Development and Special Events | | | | |
| Wages - Full Time | 85,640 | 85,062 | 85,062 | - |
| Wages - Overtime | - | 1,005 | 1,005 | - |
| Employee Insurance | 13,661 | 11,705 | 11,705 | - |
| Social Security | 6,550 | 6,334 | 6,334 | - |
| Retirement | 8,560 | 7,034 | 7,034 | - |
| Unemployment Insurance | 4 | 3 | 3 | - |
| Worker's Compensation | 225 | 263 | 263 | - |
| Other Employee Benefits | 3,600 | 3,600 | 3,600 | - |
| Public Relations | 4,000 | 4,678 | 4,678 | - |
| Repairs and Maintenance | 2,050 | 1,064 | 1,064 | - |
| Bldg & Pers Liability Insurance | 775 | 987 | 987 | - |
| Communications | 1,000 | 1,078 | 1,078 | - |
| Advertising | 2,800 | 1,156 | 1,156 | - |
| Printing & Binding | 4,500 | 317 | 317 | - |
| Travel | 4,200 | 3,786 | 3,786 | - |
| Dues and Fees | 1,900 | 1,322 | 1,322 | - |
| Training | 2,250 | 2,330 | 2,330 | - |
| Materials and Supplies | 350 | 334 | 334 | - |
| Office Supplies | 1,820 | 1,657 | 1,657 | - |
| Books & Periodicals | 455 | - | - | - |
| Minor Equipment | 4,500 | 4,012 | 4,012 | - |
| Computer Hardware & Software | 500 | 390 | 390 | - |
| Other Boards & Commissions | 8,000 | 7,951 | 7,951 | - |
| Payments to Other Agencies | 4,000 | 3,000 | 3,000 | - |
| Total Business Development & Special Events | 161,340 | 149,068 | 149,068 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Library | | | | |
| Books & Periodicals | 20,000 | - | - | - |
| Other Improvements | 20,000 | 19,180 | 19,180 | - |
| Library Board | 239,371 | 239,371 | 239,371 | - |
| Total Library | 279,371 | 258,551 | 258,551 | - |
| | | | | |
| Parks & ROW Beautification | | | | |
| Wages - Full Time | 335,320 | 320,898 | 320,898 | - |
| Wages - Overtime | - | 363 | 363 | |
| Employee Insurance | 72,021 | 66,395 | 66,395 | - |
| Social Security | 25,650 | 23,729 | 23,729 | - |
| Retirement | 33,500 | 27,528 | 27,527 | 1 |
| Unemployment | 26 | 13 | 13 | - |
| Worker's Compensation | 24,710 | 28,673 | 28,673 | - |
| Other Employee Benefits | 4,056 | - | - | - |
| Other Contractual Services | 15,000 | 7,495 | 7,495 | - |
| Repairs and Maintenance | 3,500 | 3,335 | 3,335 | - |
| Vehicle Insurance | 4,250 | 5,410 | 5,410 | - |
| Bldg & Pers Liability Insurance | 1,425 | 1,814 | 1,814 | - |
| Communications | 2,700 | 2,537 | 2,537 | - |
| Travel | 600 | - | - | - |
| Dues and Fees | 850 | 530 | 530 | - |
| Training | 1,200 | 1,247 | 1,247 | - |
| Office Supplies | 500 | 532 | 532 | - |
| Cleaning Supplies & Chemicals | 2,500 | 2,479 | 2,479 | - |
| Medical Supplies | 300 | 294 | 294 | - |
| Protective Equipment | 700 | 674 | 674 | - |
| Vehicle Gasoline/Diesel | 12,000 | 12,828 | 12,828 | - |
| Books & Periodicals | 250 | 221 | 221 | - |
| Minor Equipment | 8,000 | 4,985 | 4,985 | - |
| Other Supplies/Uniform Rental | 2,200 | 2,330 | 2,330 | - |
| Vehicle Maintenance | 6,000 | 5,859 | 5,859 | - |
| Landscaping Supplies | 25,000 | 18,109 | 18,109 | - |
| Total Parks & ROW Beautification | 582,258 | 538,278 | 538,277 | 1 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Building Inspection | | | | |
| Wages - Full Time | 372,050 | 383,243 | 383,243 | - |
| Wages - Overtime | 1,000 | 126 | 126 | - |
| Employee Insurance | 63,900 | 55,292 | 55,292 | - |
| Social Security | 24,500 | 28,777 | 28,777 | - |
| Retirement | 37,200 | 30,569 | 30,569 | - |
| Unemployment Insurance | 18 | 10 | 10 | - |
| Worker's Compensation | 14,842 | 17,345 | 17,345 | - |
| Repairs and Maintenance | 500 | - | - | - |
| Vehicle Insurance | 4,500 | 5,728 | 5,728 | - |
| Bldg & Pers Liability Insurance | 2,750 | 3,501 | 3,501 | - |
| Communications | 4,000 | 5,145 | 5,145 | - |
| Printing & Binding | 1,500 | 651 | 651 | - |
| Travel | 3,000 | 2,671 | 2,671 | - |
| Dues and Fees | 850 | 605 | 605 | - |
| Training | 6,750 | 6,351 | 6,351 | - |
| Materials and Supplies | 500 | 183 | 183 | - |
| Office Supplies | 2,200 | 2,101 | 2,101 | - |
| Medical Supplies | 50 | - | - | - |
| Protective Equipment | 50 | - | - | - |
| Vehicle Gasoline/Diesel | 12,000 | 12,299 | 12,299 | - |
| Food Supplies | 600 | 25 | 25 | - |
| Books & Periodicals | 600 | 726 | 726 | - |
| Minor Equipment | 1,600 | 1,884 | 1,884 | - |
| Computer Hardware & Software | 3,600 | 3,056 | 3,056 | - |
| Other Supplies/Uniform Rental | 694 | 575 | 575 | - |
| Vehicle Maintenance | 4,000 | 3,065 | 3,065 | - |
| Total Building Inspection | 563,254 | 563,928 | 563,928 | - |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Building and Maintenance | | | | |
| Wages - Full Time | 92,750 | 95,908 | 95,908 | - |
| Wages - Overtime | 500 | 572 | 572 | - |
| Employee Insurance | 27,681 | 22,904 | 22,904 | - |
| Social Security | 7,130 | 7,076 | 7,076 | - |
| Retirement | 9,324 | 7,662 | 7,662 | - |
| Unemployment Insurance | 6 | 3 | 3 | - |
| Worker's Compensation | 4,050 | 4,756 | 4,756 | - |
| Professional Services | - | (17) | (17) | - |
| Other Contractual Services | 8,418 | 9,052 | 9,052 | - |
| Repairs and Maintenance | 54,034 | 41,437 | 41,437 | - |
| Vehicle Insurance | 1,100 | 1,400 | 1,400 | - |
| Bldg & Pers Liability Insurance | 21,050 | 26,796 | 26,796 | - |
| Communications | 1,176 | 1,133 | 1,133 | - |
| Travel | 200 | - | - | - |
| Training | 200 | - | - | - |
| Materials and Supplies | - | 387 | 387 | - |
| Office Supplies | 100 | 77 | 77 | - |
| Cleaning Supplies & Chemicals | 1,500 | 1,560 | 1,560 | - |
| Protective Equipment | 400 | - | - | - |
| Natural Gas | 30,000 | 29,062 | 29,062 | - |
| Vehicle Gasoline/Diesel | 6,000 | 4,211 | 4,211 | - |
| Minor Equipment | 10,000 | 10,406 | 10,406 | - |
| Other Supplies/Uniform Rental | 600 | 464 | 464 | - |
| Vehicle Maintenance | 2,500 | 440 | 440 | - |
| Land Purchases | - | 446,424 | 446,424 | - |
| Total Building and Maintenance | 278,719 | 711,713 | 711,713 | - |
| Total Community Development | 2,253,155 | 2,603,054 | 2,603,053 | 1 |
| Total Expenditures | 14,334,296 | 14,264,774 | 14,264,469 | 305 |
| Excess(deficiency) of revenues Over(under) expendituire | 511,354 | 2,351,420 | 2,351,725 | 305 |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006
(CONTINUED)

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| OTHER FINANCING SOURCES (USES) | | | | |
| Fund Transfers | - | (266,730) | (266,730) | - |
| Transfer from Tourism Fund | 120,000 | 126,672 | 126,672 | - |
| Transfer to Capital Fund | (531,354) | (616,957) | (616,957) | - |
| Transfer to Street Fund | (100,000) | (100,000) | (100,000) | - |
| Total Other Financing Sources(Uses) | (511,354) | (857,015) | (857,015) | - |
| Net change in fund balances | $ - | $ 1,494,405 | $ 1,494,710 | $ 305 |
| Fund balances - beginning of year | | | 11,109,908 | |
| Prior period adjustment | | | 455,290 | |
| Fund balances - beginning of year -restated | | | 11,565,198 | |
| Fund balances - end of year | | | $ 13,059,908 | |

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Drug Fund – This fund accounts for cash received from the sale of confiscated assets and confiscated assets that are no longer subject to court jurisdiction.

Miscellaneous Grants Fund – This fund accounts for other grants not used to finance general government operations.

Law Enforcement Fund – This fund accounts for grants received on behalf of the police department.

Hotel/Motel Tourism Enhancement Fund –This fund accounts for the hotel/motel taxes collected and expenditures relative to tourism.

### CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition of capital assets or construction of major capital facilities.

Capital Equipment Fund – This fund is used to account for the acquisition of capital assets and the acquisition and construction of major capital facilities.

SPLOST 1997 Fund –This fund is used to account for the construction and improvements in accordance with the sales tax referendum.

CITY OF NEWNAN, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

| | Special Revenue Funds | | | | | Capital Projects Funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Drug | Miscellaneous Grants | Law Enforcement | Hotel/Motel Tourism Enhancement | Total | Capital Equipment | SPLOST 1997 | Total | Total Nonmajor Governmental Funds |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | $ - | $ 48,250 | $ 2,663 | $ - | $ 50,913 | $ - | $ - | $ - | $ 50,913 |
| Investments | 1,935 | - | - | 422,945 | 424,880 | 269,162 | 1,031,250 | 1,300,412 | 1,725,292 |
| Total assets | $ 1,935 | $ 48,250 | $ 2,663 | $ 422,945 | $ 475,793 | $ 269,162 | $ 1,031,250 | $ 1,300,412 | $ 1,776,205 |
| LIABILITIES | | | | | | | | | |
| Accounts payable | $ - | $ - | $ - | $ 10,245 | $ 10,245 | $ 1,043 | $ - | $ 1,043 | $ 11,288 |
| Interfund payable | - | - | 423 | - | 423 | - | - | - | 423 |
| Deferred revenue | - | 48,250 | 2,240 | - | 50,490 | - | - | - | 50,490 |
| Total liabilities | - | 48,250 | 2,663 | 10,245 | 61,158 | 1,043 | - | 1,043 | 62,201 |
| FUND BALANCES | | | | | | | | | |
| Reserved for encumbrances | - | - | - | - | - | 20,805 | - | 20,805 | 20,805 |
| Reserved for program purposes: | | | | | | | | | - |
| Tourism enhancement | - | - | - | 412,700 | 412,700 | - | - | - | 412,700 |
| Capital outlay | - | - | - | - | - | - | 1,031,250 | 1,031,250 | 1,031,250 |
| Unreserved | 1,935 | - | - | - | 1,935 | 247,314 | - | 247,314 | 249,249 |
| Total fund balances | 1,935 | - | - | 412,700 | 414,635 | 268,119 | 1,031,250 | 1,299,369 | 1,714,004 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 1,935 | $ 48,250 | $ 2,663 | $ 422,945 | $ 475,793 | $ 269,162 | $ 1,031,250 | $ 1,300,412 | $ 1,776,205 |

CITY OF NEWNAN, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Special Revenue Funds | | | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|
| | Drug | Miscellaneous Grants | Law Enforcement | Hotel/Motel Tourism Enhancement | Total | Capital Equipment | SPLOST 1997 | Total | |
| REVENUES | | | | | | | | | |
| Hotel/motel taxes | $ - | $ - | $ - | $ 211,120 | $ 211,120 | $ - | $ - | $ - | $ 211,120 |
| Court condemnations | 6,240 | - | - | - | 6,240 | - | - | - | 6,240 |
| Intergovernmental | - | 2,253 | 9,390 | - | 11,643 | - | - | - | 11,643 |
| Investment earnings | 124 | - | 423 | 17,669 | 18,216 | 11,758 | 68,900 | 80,658 | 98,874 |
| Total revenues | 6,364 | 2,253 | 9,813 | 228,789 | 247,219 | 11,758 | 68,900 | 80,658 | 327,877 |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| Tourism development | - | - | - | 14,955 | 14,955 | - | - | - | 14,955 |
| Public safety | 13,135 | 2,505 | 11,646 | - | 27,286 | - | - | - | 27,286 |
| Miscellaneous | - | - | - | - | - | 10,110 | - | 10,110 | 10,110 |
| Capital outlay | - | - | - | - | - | 448,495 | 1,337,711 | 1,786,206 | 1,786,206 |
| Total expenditures | 13,135 | 2,505 | 11,646 | 14,955 | 42,241 | 458,605 | 1,337,711 | 1,796,316 | 1,838,557 |
| Excess (deficiency) of revenues over (under) expenditures | (6,771) | (252) | (1,833) | 213,834 | 204,978 | (446,847) | (1,268,811) | (1,715,658) | (1,510,680) |
| Other financing sources (uses) | | | | | | | | | |
| Transfers in/out | | | | | | | | | |
| General Fund | 5,327 | - | 3,985 | (126,672) | (117,360) | 531,354 | - | 531,354 | 413,994 |
| Net change in fund balances | (1,444) | (252) | 2,152 | 87,162 | 87,618 | 84,507 | (1,268,811) | (1,184,304) | (1,096,686) |
| Fund balances - beginning of year | 3,379 | 252 | (2,152) | 325,538 | 327,017 | 183,612 | 2,300,061 | 2,483,673 | 2,810,690 |
| Fund balances - end of year | $ 1,935 | $ - | $ - | $ 412,700 | $ 414,635 | $ 268,119 | $ 1,031,250 | $ 1,299,369 | $ 1,714,004 |

CITY OF NEWNAN, GEORGIA
DRUG SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| REVENUES | | | |
| Court condemnations | $ 6,240 | $ 6,240 | $ - |
| Investment earnings | 124 | 124 | - |
| Total Revenues | 6,364 | 6,364 | - |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | 13,135 | 13,135 | - |
| Total Expenditures | 13,135 | 13,135 | - |
| Excess (deficiency) of revenues over (under) expenditures | (6,771) | (6,771) | - |
| Other Financing Source | | | |
| Transfer in | 5,327 | 5,327 | - |
| Net change in fund balances | $ (1,444) | (1,444) | $ - |
| Fund balances - beginning of year | | 3,379 | |
| Fund balances - end of year | | $ 1,935 | |

CITY OF NEWNAN, GEORGIA
MISCELLANEOUS GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| REVENUES | | | |
| Intergovernmental | $ 2,505 | $ 2,253 | $ (252) |
| Total Revenues | 2,505 | 2,253 | (252) |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | 2,505 | 2,505 | - |
| Total Expenditures | 2,505 | 2,505 | - |
| Excess (deficiency) of revenues over (under) expenditures | $ - | (252) | $ (252) |
| Fund balances - beginning of year | | 252 | |
| Fund balances - end of year | | $ - | |

CITY OF NEWNAN, GEORGIA
LAW ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| REVENUES | | | |
| Intergovernmental revenue | $ 9,390 | $ 9,390 | $ - |
| Investment earnings | 423 | 423 | - |
| Total Revenues | 9,813 | 9,813 | - |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | 11,646 | 11,646 | - |
| Total Expenditures | 11,646 | 11,646 | - |
| Excess (deficiency) of revenues over (under) expenditures | (1,833) | (1,833) | - |
| Other Financing Source | | | |
| Transfer in | 3,985 | 3,985 | - |
| Net change in fund balances | $ 2,152 | 2,152 | $ - |
| Fund balances - beginning of year | | (2,152) | |
| Fund balances - end of year | | $ - | |

CITY OF NEWNAN, GEORGIA
HOTEL/MOTEL TOURISM ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| REVENUES | | | |
| Hotel/motel taxes | $ 211,120 | $ 211,120 | $ - |
| Investment earnings | 17,669 | 17,669 | - |
| Total Revenues | 228,789 | 228,789 | - |
| EXPENDITURES | | | |
| Current | | | |
| Tourism development | 14,955 | 14,955 | - |
| Total Expenditures | 14,955 | 14,955 | - |
| Excess (deficiency) of revenues over (under) expenditures | 213,834 | 213,834 | - |
| Other Financing Use | | | |
| Transfer out | (126,672) | (126,672) | - |
| Net change in fund balances | $ 87,162 | 87,162 | $ - |
| Fund balances - beginning of year | | 325,538 | |
| Fund balances - end of year | | $ 412,700 | |

# STATISTICAL SECTION

CITY OF NEWNAN, GEORGIA

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION(NON-GAAP BASIS)

Last Ten Years

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Government | $ 816,961 | $ 858,425 | $ 1,194,991 | $ 1,153,605 | $ 3,775,526 | $ 1,984,111 | $ 1,346,611 | $ 1,478,825 | $ 1,668,618 | $ 1,608,769 |
| Public Safety | 3,152,806 | 3,452,210 | 4,300,748 | 4,772,277 | 5,274,470 | 6,263,980 | 6,691,884 | 7,196,851 | 7,700,732 | 7,670,114 |
| Public Works | 2,112,918 | 2,263,066 | 2,583,624 | 3,239,342 | 4,963,328 | 2,659,734 | 3,151,732 | 1,858,469 | 3,145,648 | 2,382,533 |
| Community Development | 2,297,322 | 1,317,003 | 605,666 | 793,109 | 910,467 | 1,109,099 | 1,295,823 | 1,815,857 | 3,406,802 | 2,603,053 |
| Total | $ 8,380,007 | $ 7,890,704 | $ 8,685,029 | $ 9,958,333 | $14,923,791 | $12,016,924 | $12,486,050 | $ 12,350,002 | $15,921,800 | $14,264,469 |

CITY OF NEWNAN, GEORGIA

GENERAL GOVERNMENT REVENUES BY SOURCE (ALL FUNDS)

Last Ten Years

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| Taxes | $ 8,117,162 | $ 9,398,912 | $ 10,440,137 | $ 11,151,822 | $ 12,240,518 | $ 11,467,752 | $ 12,141,251 | $ 13,257,429 | $ 13,958,987 | $ 15,723,420 |
| Licenses and Permits | 264,549 | 416,583 | 612,444 | 470,545 | 761,194 | 715,082 | 849,580 | 1,213,279 | 2,981,790 | 3,025,731 |
| Intergovernmental | 163,350 | 207,716 | 161,062 | 140,077 | 2,059,014 | 3,333,373 | 2,569,007 | 1,181,642 | 1,451,028 | 2,658,825 |
| Charges for services | 778,562 | 789,122 | 828,365 | 954,188 | 1,051,984 | 1,097,553 | 1,193,999 | 95,813 | 120,985 | 187,483 |
| Fines and forfeitures | 279,242 | 250,106 | 190,833 | 240,990 | 309,884 | 321,599 | 352,213 | 436,422 | 460,799 | 588,846 |
| Use of money and property | 506,134 | 643,061 | 536,252 | 657,711 | 647,463 | 209,486 | 131,059 | 189,916 | 540,821 | 360,872 |
| Other | 195,328 | 153,817 | 183,749 | 174,818 | 196,928 | 398,416 | 305,941 | 206,127 | 208,604 | 21,422 |
| Total | $ 10,304,327 | $ 11,859,317 | $ 12,952,842 | $ 13,790,151 | $ 17,266,985 | $ 17,543,261 | $ 17,543,050 | $ 16,580,628 | $ 19,723,014 | $ 22,566,600 |

Beginning in 2004, Impact Fees were included in Licenses and Permits

CITY OF NEWNAN, GEORGIA

GENERAL GOVERNMENT TAX REVENUES BY SOURCE (ALL FUNDS)

Last Ten Years

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| Property Taxes | $ 1,230,998 | $ 1,361,281 | $ 1,354,123 | $ 1,448,276 | $ 1,531,796 | $ 1,787,977 | $ 2,438,757 | $ 2,803,490 | $ 2,957,422 | $ 3,545,551 |
| Local Option Sales Tax | 2,507,285 | 2,915,249 | 3,306,893 | 3,568,134 | 3,840,417 | 3,892,616 | 3,830,867 | 4,063,820 | 4,037,621 | 4,459,896 |
| Special Purpose Local Option Sales Tax | 2,034,351 | 2,573,206 | 3,007,699 | 3,106,689 | 3,503,970 | 2,363,785 | 2,136,740 | 2,347,378 | 2,620,816 | 3,057,400 |
| Auto Ad Valorem Tax | 110,069 | 96,537 | 115,907 | 121,687 | 125,244 | 105,723 | 117,472 | 180,340 | 199,994 | 230,462 |
| Public Utility Tax | 44,223 | 57,732 | 51,672 | 39,378 | 60,115 | 39,834 | 53,790 | 84,860 | 36,809 | 36,517 |
| Intangible Tax | 459 | - | 8,452 | 6,221 | 817 | - | - | 77,853 | 199,194 | 153,671 |
| Alcoholic Beverage Tax | 382,790 | 413,071 | 461,609 | 513,087 | 538,953 | 538,560 | 572,168 | 584,316 | 636,993 | 700,717 |
| Insurance Premium Tax | 467,623 | 490,507 | 508,091 | 539,661 | 589,976 | 647,338 | 697,677 | 756,092 | 813,456 | 851,078 |
| Franchise Tax - Gas | 117,041 | 120,415 | 120,415 | 128,793 | 176,802 | 175,088 | 175,405 | 227,195 | 197,698 | 158,854 |
| Franchise Tax - Cable TV | 58,871 | 61,204 | 76,007 | 100,192 | 105,660 | 122,574 | 138,056 | 284,707 | 206,054 | 243,309 |
| Franchise Tax - Power | 142,120 | 209,206 | 239,967 | 277,856 | 296,986 | 310,599 | 342,095 | 332,021 | 407,599 | 479,621 |
| Franchise Tax - Telephone | 118,143 | 129,720 | 143,339 | 153,276 | 162,347 | 154,306 | 141,198 | 133,669 | 124,185 | 122,743 |
| Hotel/Motel Tax | 68,268 | 89,950 | 50,152 | 75,052 | 180,447 | 175,115 | 173,150 | 174,947 | 200,101 | 211,120 |
| Occupational Tax | 696,654 | 746,093 | 863,065 | 932,937 | 990,404 | 1,000,193 | 1,163,805 | 1,039,903 | 1,161,836 | 1,279,511 |
| Insurance Agent Tax | 31,845 | 27,852 | 17,100 | 16,650 | 18,900 | 28,236 | 22,762 | 21,750 | 22,875 | 30,263 |
| Professional Tax | 52,565 | 57,671 | 61,688 | 68,982 | 61,716 | 60,607 | 62,558 | 61,967 | 42,318 | 51,010 |
| Financial Institution Tax | 53,857 | 49,218 | 53,958 | 54,951 | 55,968 | 65,201 | 74,750 | 83,121 | 94,018 | 111,695 |
| Total | $ 8,117,162 | $ 9,398,912 | $10,440,137 | $11,151,822 | $12,240,518 | $11,467,752 | $12,141,250 | $13,257,429 | $13,958,988 | $15,723,420 |

CITY OF NEWNAN, GEORGIA

PRINCIPAL TAXPAYERS
DECEMBER 31, 2006

| Taxpayer | Type of Business | 2006 Assessed Valuation | % of Total Assessed Valuation |
|---|---|---|---|
| BellSouth Telecommunications | Public Utility | $14,204,658 | 1.72% |
| Fourth Quarter Properties | Land Development | 13,294,119 | 1.61% |
| Inland Southeast Newnan LLC | Developers | 13,083,702 | 1.58% |
| Coweta-Fayette EMC | Public Utility | 7,643,786 | 0.92% |
| Newnan Development Partners | Land Development | 5,999,752 | 0.73% |
| Peachtree City Holdings | Apartment Complex | 5,840,978 | 0.71% |
| Lullwater Apartments LLC | Apartment Complex | 5,713,418 | 0.69% |
| Wal-Mart | Real Estate/Retail | 5,132,135 | 0.62% |
| S.G. Preston Mill | Apartment Complex | 5,006,862 | 0.61% |
| JDN Realth Corporation | Retail Store | 4,765,717 | 0.58% |
| | | $80,685,126 | 9.75% |

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

## GOVERNMENT:

Date of Incorporation 1828

Since 1960, the City of Newnan has operated under the Council-Manager form of government. The City Council sets policy and relies on the City Manager to implement policy direction. The City Council consists of a Mayor and six Council members. The Mayor is elected at large and serves a four-year term. Council members are elected by district and serve four-year staggered terms. The City Council represents the interests of citizens of Newnan by adopting public policies; determining the City's mission, scope of service, and tax levels; passing ordinances; approving new projects and programs; and ratifying the budget.

Appointed by and reporting to the City Council, the City Manager serves as the Chief Administrative Officer and is charged with the implementation of City Council adopted policies and directives and the day-to-day operations of the City. The City Manager is responsible for hiring directors to oversee each department.

### FY 2006 City of Newnan Departmental Statistics At-A-Glance

| Fire | | Police | |
|---|---|---|---|
| ISO Classification | 4 | Number of stations | 3 |
| Number of stations | 2 | Uniform Strength | 68 |
| Uniform Strength | 44 | Average Response Time | 5 Minutes |
| Avg. Response Time | 4.5 Minutes | | |

| Public Works | |
|---|---|
| Street Miles | 153 |
| Water Storage Capacity | 2 Billion Gallons |
| Avg. Daily Water Pumping Capacity | 14 MGD |

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

## DEMOGRAPHICS:

### Newnan-At-A-Glance

| Population: | | Number of Households: (Estimated) | |
|---|---|---|---|
| 2003 Estimated | 19,310 | 2000 | 5,939 |
| 2004 Estimated | 20,612 | 2004 | 8,185 |
| 2005 Estimated | 22,629 | 2005 | 8,746 |
| 2006 Estimated | 24,222 | 2006 | 9,323 |
| 2007 Projected | 27,142 | 2007 | 11,342 |

| Population Continued | Percentage |
|---|---|
| Caucasian | 52.9 |
| Black | 41.2 |
| Aleut | 0.2 |
| Asian or Pacific Islander | 1.1 |
| Other | 1.7 |
| Two or More Races | 1.4 |
| Hispanic Origin (Any Race) | 5.3 |

## ECONOMICS:

### Major Employers in Newnan (listed in alphabetical order)

**BJ's Wholesale Club**
**Caldwell Steel**
**City of Newnan**
**Coweta County**
**Coweta County School District**
**Crain Southern**
**Department of Children & Family Services**
**EGO Products**
**Foley Brogdon**
**Lowe's Home Center**
**Newnan Hospital**
**Newnan Utilities**
**Target**
**U.S. Post Office**
**Wal-Mart**
**William L. Bonnell Company**

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

## PROPERTY TAXES:

| District Name | 2006 Millage Rates Net O & M Millage | Bond Rate | Total Millage |
|---|---|---|---|
| City of Newnan | 4.34 | 0 | 4.34 |
| Coweta County - Incorporated | 6.74 | 0 | 6.74 |
| *Coweta County - Unincorporated** | 6.15 | 0 | 6.15 |
| *Coweta County - Fire District** | 2.50 | 0 | 2.50 |
| School District | 18.59 | 0 | 18.59 |
| State | 0.25 | 0 | 0.25 |
| **Grand Total for City Residents:** | 29.92 | 0 | 29.92 |

## HISTORY:

Coweta County is situated on land, which was once the home of the Coweta Indians, or Lower Creeks, and was ceded by the Treaty of Indian Springs signed by President James Monroe on March 5, 1825. Coweta County was created by legislative action December 11, 1826, before tensions were resolved. A settlement known as Bullsboro was founded in 1828 and was the first county seat for the area. A site for a new county seat was selected about two miles west of Bullsboro and on March 20, 1828; Land Lot 25 of the fifth land district was purchased from Charles Connally for $100 for the courthouse location. The remaining acreage was laid out in lots for sale to the general public. The new town was named for General Daniel Newnan, a noted Indian fighter, State Adjutant General Secretary of State and U.S. Congressman. Newnan has long been known as the "City of Homes". A number of homes from the antebellum period survived the Civil War and remain as visible reminders of the era. Several areas in Newnan have been listed as historic districts on the National Register of Historic Places.

## EDUCATION:

Coweta County has a historic tradition of scholarship and leadership in education. In the 1850's, College Temple was the first women's college in the nation to confer the degree of the Master of Arts. The Coweta County public school system, widely recognized as one of the best in the state, has produced three (3) Rhodes Scholars, a Pulitzer Prize winner, and several famous authors and musicians. Almost every year, the system's teachers receive local, regional, and national recognition -- Honor Teacher Award, Presidential Award of Excellence, Schools of Excellence, and Teacher of the Year Coweta has three past Georgia teachers of the year – more than any other school system in Georgia.

One of the things that distinguishes Coweta County Schools is the Central Educational Center (CEC), a charter school based on European-style apprenticeship programs. CEC was developed and is operated through a public-private partnership between the Coweta County School System, West Central Technical College, the local business and industrial communities, and local government. CEC will provide today's youth with a unique educational opportunity of seamless course offerings yielding joint credit with West Central Technical College and transfer credits with traditional four-year universities. To paraphrase Governor Barnes' address at the CEC groundbreaking ceremony, "Charter schools provide the solution for experimentation in education and Central is perhaps the most visible, and successful, result of that model in the state to date".

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

**Schools Located in the City of Newnan**

| School Name | Enrollment |
|---|---|
| **Elementary Schools** | |
| Atkinson | 445 students |
| Elm Street | 373 students |
| Jefferson Parkway | 516 students |
| Newnan Crossing | 632 students |
| Ruth Hill | 388 students |
| **Middle/Jr. High Schools** | |
| Evans Middle School | 753 students |
| **High Schools** | |
| Newnan High School | 2,158 students |
| **Alternative Schools** | |
| Winston Dowdell Academy (formerly Fairmont) | 56 students |
| **Charter Schools** | |
| Central Education Center | N/A |

The Heritage School, a co-educational non-sectarian school, offers college preparatory curriculum for grade level Kindergarten through 12th grade. The Newnan Christian School founded by Bible Baptist Church provides education for grades Kindergarten through 12th. The Newnan Center for the State University of West Georgia, located in the Shenandoah Environmental & Education Center, provides undergraduate and graduate courses leading to a bachelor and masters degree. Courses are primarily offered during evening hours. Additionally, in 2005, Brewton Parker College established a satellite campus in Newnan at the CEC to offer undergraduate courses and degrees. In 2006, the former Maggie Brown Elementary School became an Adult Education Center in partnership with West Central Technical College.

**HEALTH:**

Newnan is the location of the county's major health services and facilities. Newnan Hospital is a healthcare delivery system offering hospital services at 60 Hospital Road. The mission of Newnan Hospital is to enhance the wellness of patients and the community by providing a coordinated system of high quality, compassionate and cost-effective healthcare. Newnan Hospital provides services in a caring, professional environment through the teamwork of medical staff and employees.

Newnan Hospital is a 143-bed JCAHO-licensed facility, serving Coweta County and the surrounding communities. Approximately 140 primary care and specialty physicians are on staff to meet the professional clinical needs of children, adults and seniors of the community.

Services include 24-hour emergency departments, same day surgery, obstetrics, women and children services, CT scan, PET scan, MRI and Open MRI, a wound treatment center, rehabilitation, diagnostic, Health and Fitness Center, and a sleep center. For more information about Newnan Hospital, view their website at www.newnanhospital.org.

The Coweta County Health Department, 137 Jackson Street, is a vital force in the evolving health system, offering preventive and cost effective services which are family centered and provided in a culturally responsive manner. The Health Department is a fundamental resource for preventing disease and promoting health. Programs are offered in Adult Health, Children's Health, and Women's Health.

## RECREATION:

Newnan's primary source of recreational facilities is derived from its inventory of parks and open spaces. Currently, the City has eleven parks within its city limits, nine of which the City is the sole owner. One of these parks is the Carl Miller Park, a 14 acre park on the southern end of the City. Constructed by the Newnan Water, Sewerage and Light Commission, the park has picnic tables, pavilions for groups of up to 150 people, a jogging path with exercise stations, a preschool playground and the Kid's Castle Park. Built in 1998 by local volunteers and funded through local donations, Kid's Castle Park is a 32,000 square foot playground featuring wooden climbing areas, several swings, assorted bridges, tunnels, forts, playhouses, cars, boats, trucks, and airplanes.

Additionally, the City of Newnan contracts with Coweta County for the administration of recreational programs at City parks and facilities. Coweta County also provides county recreational facilities and services near the northwest portion of the City.

In 1939, as part of the Public Works program of F.D. Roosevelt, Newnan's Municipal Building was constructed. Included in the construction was a 636 seat capacity auditorium, named for Charles Wadsworth, a native Newnanite and renowned pianist. The auditorium has been the location of many cultural, civic, and social events for the city and county.

The Male Academy Museum is used to house many of Newnan's historical artifacts, and the Historical Society also operates the History Depot at 60 East Broad Street. The Magnet-Brannon Center for the Arts located near downtown Newnan provides many cultural, civic, and social events for the City and County. The African American Alliance operates the Coweta County Heritage Museum and Research Center at 92 Farmer Street. The Newnan Community Theatre produces play and musicals on a monthly basis at 24 First Avenue.

Main Street Newnan hosts approximately 30 special events throughout the year in downtown Newnan. Events include favorites such as Taste of Newnan, Market Day on the Square, Art Walks, Holiday Parades, Holiday Open House, and Trick or Treating.

## UTILITIES:

| | |
|---|---|
| Electric | Newnan Water & Light |
| Water | Newnan Water & Light |
| Sewer | Newnan Water & Light |
| Cable TV | Charter Communications and Newnan Water & Light |
| Railroads | Norfolk Southern & CSX |
| Bus Service | Greyhound |
| Airport | Newnan-Coweta Airport-located 5 miles south of Newnan |
| | Newnan is located 38 miles south of Hartsfield-Jackson International Airport in Atlanta. |

# GOVERNMENTAL REPORTS

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (1997)
FOR THE YEAR ENDED DECEMBER 31, 2006

| Project | Original Estimated Cost | Current Estimated Cost | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| | | | Prior Years Restated | Current Year | Total | |
| Municipal buildings (includes land) | $ 4,300,000 | $ 5,403,562 | $ 5,422,385 | $ - | $ 5,422,385 | 100% |
| Streets and transportation | 2,000,000 | 2,978,154 | 1,456,384 | 637,636 | 2,094,020 | 70% |
| Fire | 539,204 | 925,075 | 228,732 | 700,075 | 928,807 | 100% |
| Recycling equipment | - | 134,920 | 134,920 | - | 134,920 | 100% |
| Park development | 1,500,000 | 1,511,588 | 1,497,780 | - | 1,497,780 | 99% |
| Transfer to Water, Sewerage and Light Commission | 3,561,088 | 4,405,968 | 4,405,968 | - | 4,405,968 | 100% |
| | $11,900,292 | $15,359,267 | $13,146,169 | $ 1,337,711 | $ 14,483,880 | |

Prior year expenditures for Fire and Streets and transportation have been decreased by $700,075 and $868, respectively. These amounts included in prior years were encumbered expenditures, not actual expenditures.

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2002)
FOR THE YEAR ENDED DECEMBER 31, 2006

| Project | Original Estimated Cost | Expenditures: Prior Years Restated | Expenditures: Current Year | Expenditures: Total | Estimated Percentage of Completion |
|---|---|---|---|---|---|
| Streets, drains, and sidewalks | $ 3,800,000 | $ 551,132 | $ 561,159 | $ 1,112,291 | 29% |
| Park acquisition and development | 2,500,000 | 179,659 | 1,515,797 | 1,695,456 | 68% |
| Convention Center | 2,500,000 | 867,310 | 95 | 867,405 | 35% |
| Construction of downtown parking facilities | 1,760,000 | 209,176 | - | 209,176 | 12% |
| Fire equipment (serial and pumper) | 800,000 | 370,670 | 89,873 | 460,543 | 58% |
| Additions to shop | 1,120,000 | 5,000 | - | 5,000 | 1% |
| Storage facility (Lower Fayetteville Road) | 350,000 | - | - | - | 0% |
| New facility or renovation (beaut. Facility) | 200,000 | - | - | - | 0% |
| Computers | 200,000 | 197,207 | 1,293 | 198,500 | 99% |
| Transfer to Water, Sewerage and Light Commission | 2,520,000 | 1,470,838 | 489,184 | 1,960,022 | 78% |
| | $ 15,750,000 | $ 3,850,992 | $ 2,657,401 | $ 6,508,393 | |

Prior year expenditures for Fire, Streets, drains, and sidewalks, and Park acquisition and development have been reduced by $89,873, $40,865 and $83,300 respectively. These amounts included in prior years were encumbered expenditures, not actual expenditures.

# SINGLE AUDIT SECTION

CITY OF NEWNAN, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Federal Award Amount | Expenditures of Federal Awards |
|---|---|---|---|---|
| Direct programs from: | | | | |
| U.S. Department of Justice | 16.738 | 2005-DJ-BX-0191 | $ 11,633 | $ 11,633 |
| Pass-through programs from: | | | | |
| U.S. Department of Transportation | | | | |
| Georgia Department of Transportation | 20.205 | STP0002-00(287) | 623,152 | 623,152 |
| Georgia Department of Transportation | 20.205 | PR-8531-20(77)CI | 784,580 | 13,080 |
| Total U.S. Department of Transportation | | | | 636,232 |
| Total expenditures of federal awards | | | | $ 647,865 |

The City did not receive federal noncash assistance, insurance, loans or loan guarantees.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

## Note 1 Significant Accounting Policies

### *Basis of Presentation*

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Newnan, Georgia and is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### *Measurement Focus*

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

### *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 year ended December 31, 2006.

CLHP

CLIFTON, LIPFORD, HARDISON & PARKER, LLC

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Truman W. Clifton (1902-1989)

# 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*

Honorable Mayor and Council
City of Newnan, Georgia

We have audited the financial statements of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Newnan, Georgia as of and for the fiscal year ended December 31, 2006, which collectively comprise the City of Newnan, Georgia's basic financial statements and have issued our report thereon dated June 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors, audited the financial statements of the Newnan Water, Sewerage and Light Commission, as described in our report on the City of Newnan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## 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 opinions 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any

deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

However, we noted certain matters that we reported to management of the City in a separate letter dated June 19, 2007.

This report is intended solely for the information and use of management, Mayor and Council, the Georgia Department of Transportation, the U.S. Department of Transportation and the U.S. Department of Justice and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
June 19, 2007

CLHP

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# REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Council
City of Newnan, Georgia

## Compliance

We have audited the compliance of the City of Newnan, Georgia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

## Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

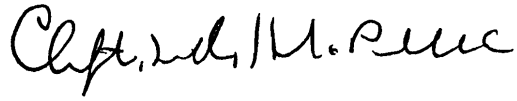
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 management, Mayor and Council, the Georgia Department of Transportation, the U.S. Department of Transportation and the U.S. Department of Justice and is not intended to be, and should not be, used by anyone other than these specified parties.

Macon, Georgia
June 19, 2007



CITY OF NEWNAN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006

**Section I-Summary of Auditors' Results**

***Financial Statements***

| | |
|---|---|
| Type of Auditors' Report Issued | Unqualified |
| Internal Control Over Financial Reporting | |
| Material Weakness(es) Identified? | No |
| Control Deficiency(ies) Identified that are Not Considered to be Material Weaknesses? | None Reported |
| Noncompliance Material to the Financial Statements Noted | No |

***Federal Awards***

| | |
|---|---|
| Internal Control Over Major Program: | |
| Material Weakness(es) Identified: | No |
| Reportable Condition(s) Identified Not Considered to be Material Weaknesses? | None Reported |
| Type of Auditors' Report Issued on Compliance for Major Programs | Unqualified |
| Any Audit Findings Disclosed that are Required to be Reported in Accordance with Circular A-133, Section 510(a)? | No |

***Identification of Major Program***

| CFDA Number | Name of Federal Program |
|---|---|
| 20.205 | Transportation Enhancement |

| | |
|---|---|
| Dollar Threshold Used to Distinguish Between Type A and Type B Programs | $300,000 |
| Auditee Qualified as Low-Risk Auditee? | No |

**Section II.-Financial Statement Findings**

No matters were reported

**Section III.-Federal Award Findings and Questioned Costs**

There were no findings or questioned costs for the year ended December 31, 2006.