City of Newnan, Georgia



Annual Financial Report

For The Year Ended

December 31, 2007

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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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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, 2007, 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.

As described in Notes 3B and 3E, the City has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,* as amended and interpreted, as of December 31, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2008 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 combining and individual nonmajor fund financial statements, and the schedules of projects constructed with special purpose local option sales tax 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
May 28, 2008

MANAGEMENT DISCUSSION & 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, 2007. 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 Government's financial performance.

2007 Financial Highlights

- The assets of the City of Newnan exceeded its liabilities by $128,081,161 (net assets) for the calendar year reported.

- The government's total net assets increased by $43,628,009. Of this amount, $33,206,542 is attributed to Land, Infrastructure and accumulated depreciation added for assets acquired prior to the City's implementation of GASB 34. The City implemented GASB 34 during 2007.

- Total net assets are comprised of the following:

  (1) Capital assets, net of related debt, in the amount of $99,720,483, 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 $12,310,604 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $16,050,470 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 $28,377,799 this year. This compares to the prior year ending fund balance of $24,441,479, showing a significant increase of $3,936,320, or 16.1%, during the current year. The unreserved fund balance of $14,828,257 for calendar year 2007 shows a $698,634 increase over the prior year. This equates to a 4.94% increase in unreserved fund balance.

- At the end of the current calendar year, unreserved fund balance for the General Fund was $14,168,420, or 93.9%, of total General Fund expenditures of $15,081,202. In comparison, the General Fund Unreserved fund balance for 2006 was 90.3% 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 52.2 to 1, down slightly from 57.2 to 1 in 2006.

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 14 and 15 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 reported separately 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 16-21 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of 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 22 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 $128,081,161. The following table provides a summary of the City's net assets.

Summary of Net Assets

	FY 2006		FY 2007		Increase /	% Increase /
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total	(Decrease) from 2006	(Decrease) from 2006
Assets:						
Current assets	$ 25,306,676	30%	$ 29,305,024	23%	$ 3,998,348	15.8%
Capital assets	59,950,866	70%	99,720,483	77%	39,769,617	66.3%
Total assets	**85,257,542**	**100%**	**129,025,507**	**100%**	**43,767,965**	**51.3%**
Liabilities:						
Current liabilities	442,378	55%	561,772	59%	119,394	27.0%
Long-term liabilities	362,012	45%	382,574	41%	20,562	5.7%
Total Liabilities	**804,390**	**100%**	**944,346**	**100%**	**139,956**	**17.4%**
Net assets:						
Invested in capital assets, net of debt	59,950,866	71%	99,720,483	78%	39,769,617	66.3%
Restricted	10,017,489	12%	12,310,604	10%	2,293,115	22.9%
Unrestricted	14,484,797	17%	16,050,074	13%	1,565,277	10.8%
Total Net Assets	**$ 84,453,152**	**100%**	**$ 128,081,161**	**100%**	**$ 43,628,009**	**51.7%**
Ratio of Current Assets to Current Liabilities	57.2		52.2			

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 52.2 to 1, which is very strong. The ratio for 2006 was 57.2 to 1. As you will notice, capital assets increased by 7% and current assets decreased by 7%.

The City reported positive balances in the net assets; the same held true for the prior year. Total assets increased over 51% from 2006, while the City's liabilities increased by only 17.4%, which is a good indication of the City's overall financial position. The 51% increase in total assets is mainly attributed to the City's implementation of GASB 34 during 2007. The City added over $33 million of Land and Infrastructure assets acquired before the implementation. Overall, total net assets increased by almost 52%.

Note also that approximately 78% of the governmental activities' net assets are relative to capital assets. 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 $43,628,009, most of which was attributed to the prior period adjustment of $33,206,542, which accounted for assets added as a result of the City's implementation of GASB 34 at the end of 2006. Key elements of this increase are as follows:

Summary of Changes in Net Assets

	Year 2006			Year 2007		
	Governmental Activities	Total	Percentage of Total	Governmental Activities	Total	Percentage of Total
Revenues:						
Program:						
Charges for services	$ 5,093,961	$ 5,093,961	17%	$ 4,528,973	$ 4,528,973	16%
Operating grants	74,084	74,084	0%	103,045	103,045	0%
Capital grants	8,626,666	8,626,666	28%	4,238,389	4,238,389	15%
Total Program Revenues:	13,794,711	13,794,711	45%	8,870,407	8,870,407	31%
General:						
Taxes	15,589,744	15,589,744	51%	18,947,331	18,947,331	65%
Other	1,230,831	1,230,831	4%	1,170,885	1,170,885	4%
Total General Revenues:	16,820,575	16,820,575	55%	20,118,216	20,118,216	69%
Total Revenues:	30,615,286	30,615,286	100%	28,988,623	28,988,623	100%
Program Expenses:						
General government	2,164,887	2,164,887	14%	2,823,373	2,823,373	15%
Tourist development	14,955	14,955	0%	2,292	2,292	0%
Public safety	8,076,362	8,076,362	50%	8,638,598	8,638,598	47%
Public works	3,535,165	3,535,165	22%	4,405,650	4,405,650	24%
Community Development	2,233,473	2,233,473	14%	2,697,243	2,697,243	15%
Total Expenses:	16,024,842	16,024,842	100%	18,567,156	18,567,156	100%
Excess (deficiency)	14,590,444	14,590,444		10,421,467	10,421,467	
Prior Period Adjustment	356,506	356,506		33,206,542	33,206,542	
Change in net assets	14,946,950	14,946,950		43,628,009	43,628,009	
Beginning net assets	69,506,202	69,506,202		84,453,152	84,453,152	
Ending net assets	$ 84,453,152	$ 84,453,152		$ 128,081,161	$ 128,081,161	

Program revenues represent 31% of total receipts in 2007, which is a 14% decrease from 2006. The most significant change from 2006 to 2007 related to Capital Grants. Revenues decreased by 13%, or $4,388,277, as a direct result of the completion of the Greenville Streetscapes project in 2006, which was funded in large part by a capital grant from the Georgia Department of Transportation.

General Revenues make up 69% of total receipts, most of which is taxes. Notice that taxes collected as a percentage of overall revenues increased by 14% during 2007, which is attributed to the continuing growth in the City, increased property values and aggressive property tax collections. Sales tax revenues increased by 27.1%, or $2,035,691, over 2006. Additionally, investment earnings increased by approximately $162,385, or 16.1%.

Expenses increased by 15.9%, or $2,542,314, over 2006. The 2007 budget included 10 new full-time positions, including one Accounting Clerk, three Police Officers, one School Resource Officer, three Firemen, one Inspector and one Laborer.

The largest percentage increase was in Public Works, where expenditures increased from 22% in 2006 to 24% in 2007. The $870 thousand increase is attributed to the following: one additional employee, $140,000 allocated for storm water management study, a $219,000 increase in expenses (wages, insurance, electricity, fuel), and an increase in depreciation expenses of approximately $450,000. This additional depreciation is a direct result of the Land and Infrastructure assets added during the 2007 GASB 34 implementation detailed in this document.

General Government expenditures increased from 14% of the total in 2006 to 15% in 2007, which represents a $658,486 increase in expenditures. This amount included expenditures of $200,000 for the Hannah Homes property Master Plan, one additional employee, a $14,000 increase in liability insurance costs, and an increase in SPLOST expenditures of approximately $302,000.

Public Safety expenditures actually decreased by 3% as a percentage of the total expenditures, even though dollar-wise the change was an increase of $562,236. As noted above, the number of personnel increased by seven positions in 2007. Additionally, Community Development expenditures increased by only 1% over 2006.

GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales taxes provided 47.5% of the City's total governmental revenues in 2007; by comparison, in 2006 sales taxes provided 44.7%. Property taxes are the second largest general revenue source with approximately $4.2 million of revenues, or 20.9% of the total revenues of $20,118,216. Occupational taxes are the third largest general revenue source, producing $1,732,989 in 2007. Due to the City's healthy financial position and increasing interest rates, we have been able to earn $1,170,885 in interest earnings in 2007 to support governmental activities. In 2006, by comparison, the City earned $1,008,500; the 2007 earnings reflect a 16.1% increase, or $162,385.

Program revenues (excluding capital revenues) covered 24.9% of governmental operating expenses, down from 32.2% in 2006. This means that the government's taxpayers and the City's other general governmental revenues funded about 75.1% of the governmental activities in 2007, as compared to 67.7% in 2006. 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 15.9% during 2007, up from $16,024,842 in 2006. Additionally, the City shows a total cost of $9,696,749 for these services, as compared to 2006 where the same services showed a total cost to the City of $2,230,131. The dependence upon property and sales tax receipts is apparent as approximately 74% of governmental activities are supported through these general receipts. This percentage reflects an increase of 3% as compared to 2006.

The Public Safety function expenditures are 46.5% of total governmental activities expenses. For 2006, Public Safety made up 50.4% of the total. Public Works makes up over 23%, Community Development

is about 14%, and General Government is over 14% of the total. General Government showed the greatest increase over 2006, with a 1.7% increase, followed by Public Works with a 1.6% increase. Public Safety expenditures, as a percentage of the total, actually decreased by 3.9% as compared to 2006.

The 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	$ 2,823,373	15.21%	$ (883,983)
Tourist Development	2,292	0.01%	(2,292)
Public Safety	8,638,598	46.53%	(7,896,943)
Public Works	4,405,650	23.73%	(203,512)
Community Development	2,697,243	14.53%	(710,019)
Total	$ 18,567,156	100.00%	$ (9,696,749)

The General Government function's revenues covered about 68.7% of the total cost of services provided by that function, compared to 64% for 2006. The Public Safety function's program revenues covered 8.6% of total costs, up slightly from 8.3% in 2006. Community Development revenues covered only 73.7% of the total costs of that function, compared to 2006 when revenues exceeded costs by approximately 28%. The decrease in building permits associated with the slower growth in the City is the major contributing factor.

The program revenues for the Public Works function covered 95.4% of its costs due to almost $3.84 million of contributed infrastructure from developers, including approximately 22 acres of land and 22,085 linear feet of streets. Contributed infrastructure, however, decreased by 51.8% during 2007, from $7,960,030 to $3,839,315, which also indicates that the rate of growth the City has experienced over the past few years has slowed significantly.

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 $28,377,799, an increase of 16.1% over 2006. Of this year-end total, $14,828,257 is unreserved indicating availability for continuing City service requirements. Therefore, unreserved fund balances increased by 4.9%. Legally restricted fund balances (i.e., the reserved fund balances) included $1,040,574 committed to outstanding encumbrances, $23,699 of inventories, $162,166 in prepaid insurance, $12,499 in loans receivable, $666,470 for program purposes, and $11,644,134 committed to capital outlays, which is a 31.4% increase over 2006. The majority of the increase in legally restricted funds is due to SPLOST 2007 revenues of $3,585,916 committed to capital outlays. This fund began

collecting revenues January 1, 2007, thus the large balance. As projects are completed during the coming years, the balance will decrease.

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 $13,122,686 to $14,627,349, which is an 11.5% increase over 2006. As indicated, 96.9% ($14,168,420) of this balance is unreserved and available for continuing City services at a desirable level, which is consistent with 2006. This balance is considered very adequate, representing the equivalent of 97% of annual expenditures. In comparison, the ending fund balance for 2006 represented 92.2% of annual expenditures. The primary use of fund balance is to cover cash flow deficiencies during the year.

Impact Fees fund balance at year-end 2007 was $2,663,895, a decrease of 20.4%, or $681,360, from 2006. Revenue receipts for 2007 totaled $1,278,836, including interest earnings of $160,243. Expenditures totaled $1,960,196 and included a new vehicle storage building at McKenzie Fire Station, Greenville Street Park improvements, and the new Westside Police/Fire Precinct. The fund balance will carry over to next year for budgeting purposes and allocated expenditures.

SPLOST 2002 Fund's ending fund balance decreased by 17.8%, or $1,106,224, when compared to 2006. This sales tax expired at the end of 2006 and allocated projects are in various stages of completion. 2007 expenditures related to the new First Avenue Park, new Beautification Facility, Greenville/Spence Intersection improvements, Clark Street improvements, and various sidewalk improvements. Remaining funds are carried over to next year for budgeting purposes.

The SPLOST 2007 sales tax went into effect January 1, 2007. Receipts for 2007 totaled $5,021,665, including interest earned in the amount of $68,150. Expenditures during 2007 included improvements to Carnegie Library, GIS System implementation, Old Jefferson Street improvements, new IBM system for property tax billing and collections, Oak Hill Cemetery street repaving, Wesley Street Gym improvements, and Wadsworth Auditorium improvements. Fund balance as of December 31, 2007 was $3,585,916, to be utilized as indicated in the agreement.

Tax Revenues

Property tax revenue increased 10.5% over that of calendar 2006, mainly due to an increase in the tax digest. The 2006 digest was $869,923,938, increasing to $988,369,713 for 2007, which is a 13.6% increase. The City's 2007 millage rate actually decreased slightly, from 4.34 mills per thousand to 4.32 mills per thousand.

Local Option Sales Tax (LOST) revenue increased by 3.1% when compared to calendar 2006, from $4,459,896 to $4,599,472. 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. Sales taxes from all sources, including Special Purpose, increased by 27.1% over 2006.

Occupational taxes increased by 17.7% when compared to 2006. This increase is primarily related to the continued commercial and residential growth in the City, although it has slowed somewhat. The 2000 census population for the City of Newnan was 16,242; the estimated 2007 population for the City is 27,142. This represents an approximate 67.1% increase over the last seven years!

Franchise taxes increased by $222,234 during 2007, which is a 22.1% increase over 2006. Franchise fees on electricity increased by approximately $66,000 and fees for gas increased by approximately $132,000. In 2007, the franchise fees for gas were booked on an accrual basis so as to be consistent with the recording of other revenues.

License and Permits Revenues

Building permits made up 82.3% of the total revenues for this category in 2007, as opposed to 2006 when building permits made up 88.5% of total revenues for this category. Building permit revenues decreased by 37.7% from 2006; going from $1,345,583 to $838,631. Building permit valuations, residential and commercial combined, decreased by approximately 62.6% during 2007, from approximately $257 million in 2006 to about $96 million in 2007. This decrease is again indicative of the growth slow-down the City has experienced over the past two years.

Fines & Forfeitures Revenues

Police Fines increased by 7.4% over 2006; going from $588,846 to $632,359. This increase is attributed mainly to the continuing growth in population in the City.

Interest on Investments

Interest on Investments (General Fund only) increased by $66,794 in 2007, from $479,967 to $546,761, which is a good indicator of the general economy. Overall, interest on investments increased by $161,962 in 2007, which was a 16.1% increase over 2006. Most other tax revenue streams were consistent with that of calendar 2006.

Budgetary Highlights

The General Fund – The 2007 revenue budget of $16,429,900 was amended during 2007 to include $143,980 from unappropriated surplus to cover the cost of the storm water management study. The 2007 final revenue budget was $16,573,880, which represents an increase of $97,742 over 2006.

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 $16,429,900 and amended budgeted expenditures were $17,697,934. Amendments included $200,000 for the Hannah Homes Property Master Plan and Design, $143,980 for the storm water management study, $292,700 for Wadsworth Auditorium renovations, an additional $118,529 for medical fees for prisoners, am additional $98,398 for salaries, benefits, vehicle fuel and maintenance for the Fire Department, and an additional $405,424 for the Street Department for electricity, vehicle fuel and maintenance, and transfer to the Street Fund. Although the City faced some difficulty with volatile fuel prices during 2007, expenditures were controlled and budgeted levels maintained for the most part. Expenditure control is at the department level. The additional allocations granted by Council were funded by unappropriated surplus.

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, 2007, was $99,720,483. The total increase in this net investment was 66.34% for governmental activities. See Note 3-B for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Capital Assets

	Governmental Activities		Total	
	2007	2006	2007	2006
Non-depreciable assets:				
Land	$ 15,627,571	$ 6,951,135	$ 15,627,571	$ 6,951,135
Construction in progress	4,481,098	2,847,438	4,481,098	2,847,438
Total non-depreciable	20,108,669	9,798,573	20,108,669	9,798,573
Depreciable assets:				
Buildings and Parks	14,022,525	11,136,850	14,022,525	11,136,850
Other improvements	6,617,287	6,631,571	6,617,287	6,631,571
Machinery and equipment	7,558,951	8,105,603	7,558,951	8,105,603
Infrastructure	68,778,903	35,532,726	68,778,903	35,532,726
Total depreciable assets	96,977,666	61,406,750	96,977,666	61,406,750
Less accumulated depreciation	17,365,852	11,254,457	17,365,852	11,254,457
Book value - depreciable assets	79,611,814	50,152,293	79,611,814	50,152,293
Percentage depreciated	18%	18%	18%	18%
Book value - all assets	$ 99,720,483	$ 59,950,866	$ 99,720,483	$ 59,950,866

At December 31, 2007, the depreciable capital assets for governmental activities were 18% depreciated, which is unchanged from 2006. 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. 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:

- Completion of new First Avenue Park
- Repaving of Streets in Oak Hill Cemetery
- Construction of new Beautification Facility on Boone Drive
- Construction of new Vehicle Storage Facility for McKenzie Station (Fire Station #2)
- Roof replacement for Wesley Street Gym
- Repaving of various City streets with LARP assistance
- Painting of Male Academy Museum
- Replacement of numerous Public Safety vehicles
- Purchase of new Mosquito Sprayer
- Purchase of new Cascade Breathing System for Fire Department
- Replaced carpeting at Fire Station #1
- Purchase of new Field Based Reporting System for Police Department

Additionally, there are several projects in construction as of December 31, 2007, including the new Greenville Street Park, Wadsworth Auditorium improvements, Old Jefferson Street improvements, Greenville/Spence Intersection improvements, Carnegie Library improvements, various Sidewalk projects (including Pinson Street), and a new Police/Fire precinct. These projects will be capitalized upon completion.

Long-term Debt

At the end of the current 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 2007 amount totals $382,574, or similar to that at the end of 2006 ($362,012). Please refer to pages 30 through 33 for information concerning component unit debt.

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 very volatile and interest earnings are decreasing due to the general economy. Newnan continues to experience growth in both commercial and residential areas, even though the growth is slowing. The City is proactively managing its budgets; 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 2007. 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, 2007

	Primary Government	Component Units	
	Governmental Activities	Water Sewerage and Light Commission	Downtown Development Authority
ASSETS			
Cash and cash equivalents	$ 16,210,163	$ 1,187,819	$ 36,896
Investments	10,479,148	2,966,499	-
Receivables, net of allowance	2,449,383	6,453,298	-
Inventory	23,699	2,125,477	-
Prepaid items	142,631	184,568	-
Restricted assets	-	15,393,346	-
Capital assets not being depreciated:			
Land	15,627,571	6,974,052	-
Construction in progress	4,481,098	5,616,383	-
Capital assets net of accumulated depreciation:			
Buildings and parks	9,935,306	-	-
Structures, lines and improvements	-	124,391,895	-
Other improvements	4,860,015	-	-
Machinery and equipment	2,630,445	10,072,597	-
Infrastructure	62,186,048	-	-
Other assets:			
Cash value of life insurance	-	651,004	-
Debt issue costs-unamortized	-	1,411,338	-
Total assets	129,025,507	177,428,276	36,896
LIABILITIES			
Accounts payable	462,412	6,168,107	4,189
Accrued expenses	99,360	347,082	-
Accrued interest payable	-	1,295,747	-
Customer deposits	-	1,127,149	-
Unearned revenue	-	558,348	-
Noncurrent liabilities:			
Due within one year	205,714	1,261,118	-
Due in more than one year	176,860	69,220,964	-
Total liabilities	944,346	79,978,515	4,189
NET ASSETS			
Invested in capital assets, net of related debt	99,720,483	79,454,884	-
Restricted for:			
Capital outlay	11,644,134	-	-
Capital improvements and debt service	-	15,353,498	-
Program purposes	666,470	-	-
Unrestricted	16,050,074	2,641,379	27,275
Total net assets	$ 128,081,161	$ 97,449,761	$ 32,707

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, 2007

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	$ 2,823,373	$ 1,939,390	$ -	$ -	$ (883,983)	$ -	$ -
Tourist development	2,292	-	-	-	(2,292)	-	-
Public safety	8,638,598	632,359	103,045	6,251	(7,896,943)	-	-
Public works	4,405,650	-	-	4,202,138	(203,512)	-	-
Community development	2,697,243	1,957,224	-	30,000	(710,019)	-	-
Total governmental activities	18,567,156	4,528,973	103,045	4,238,389	(9,696,749)	-	-
Component Units							
Water, Sewerage & Light Commission	61,258,750	60,207,707	-	1,645,453		594,410	-
Downtown Development Authority	106,186	-	111,233	-		-	5,047
Total component units	$61,364,936	$ 60,207,707	$ 111,233	$ 1,645,453		594,410	5,047
General revenues:							
Property taxes					4,203,214	-	-
Sales taxes					9,552,987	798,357	-
Occupational taxes					1,732,989	-	-
Franchise taxes					1,226,762	-	-
Insurance premium taxes					887,770	-	-
Hotel/Motel taxes					329,900	-	-
Alcoholic beverage taxes					733,406	-	-
Other taxes					280,303	-	-
Investment earnings					1,170,885	535,560	385
Miscellaneous					-	105,622	-
Total general revenues					20,118,216	1,439,539	385
Change in net assets					10,421,467	2,033,949	5,432
Net assets - beginning of year - as restated					117,659,694	95,415,812	27,275
Net assets - ending of year					$ 128,081,161	$ 97,449,761	$ 32,707

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Impact Fees	2002 SPLOST	2007 SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$13,331,117	$2,781,092	$ -	$ -	$ 97,954	$ 16,210,163
Investments	82,998	-	5,175,036	2,929,544	2,291,570	10,479,148
Interfund receivables	35,010	-	-	-	-	35,010
Taxes receivable	420,262	-	-	781,395	58,350	1,260,007
Intergovernmental	727,890	-	-	-	12,500	740,390
Other receivables	436,487	-	-	-		436,487
Due from housing authority	12,499	-	-	-	-	12,499
Inventories	23,699	-	-	-	-	23,699
Prepaid items	142,631	-	-	-	-	142,631
Total assets	$15,212,593	$2,781,092	$ 5,175,036	$ 3,710,939	$ 2,460,374	$ 29,340,034
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 144,332	$ 117,197	$ 21,726	$ 125,023	$ 54,134	$ 462,412
Accrued expenditures	99,360	-	-	-	-	99,360
Interfund payable	-	-	-	-	35,010	35,010
Deferred revenues	341,552	-	-	-	23,901	365,453
Total liabilities	585,244	117,197	21,726	125,023	113,045	962,235
Fund balances:						
Reserved for:						
Encumbrances	162,083	759,148	-	-	119,343	1,040,574
Inventories	23,699	-	-	-	-	23,699
Prepaids	162,166	-	-	-	-	162,166
Mortgages receivable	12,499	-	-	-	-	12,499
Program purposes	98,482	-	-	-	567,988	666,470
Capital outlay	-	1,904,747	5,153,310	3,585,916	1,000,161	11,644,134
Unreserved, designated for:						
Other purposes	261,544	-	-	-	-	261,544
Unreserved, reported in						
General fund	13,906,876	-	-	-	-	13,906,876
Special revenue funds	-	-	-	-	1,746	1,746
Capital project funds	-	-	-	-	658,091	658,091
Total fund balances	14,627,349	2,663,895	5,153,310	3,585,916	2,347,329	28,377,799
Total liabilities and fund balances	$15,212,593	$2,781,092	$ 5,175,036	$ 3,710,939	$ 2,460,374	$ 29,340,034

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, 2007

Total fund balances per balance sheet of governmental funds		$ 28,377,799
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	$ 117,086,335	
Accumulated depreciation	(17,365,852)	
		99,720,483
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.		365,453
Long-term Liabilities		
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		(382,574)
Total net assets of governmental activities		$ 128,081,161

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, 2007

	General	Impact Fees	2002 SPLOST	2007 SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	$ 4,145,848	$ -	$ -	$ -	$ -	$ 4,145,848
Franchise	1,226,762	-	-	-	-	1,226,762
Sales	4,599,472	-	-	4,953,515	-	9,552,987
Insurance premium	887,770	-	-	-	-	887,770
Occupational	1,732,989	-	-	-	-	1,732,989
Hotel/motel	-	-	-	-	329,900	329,900
Alcoholic Beverage	733,406	-	-	-	-	733,406
Other taxes	280,303	-	-	-	-	280,303
License and permits	1,018,668	-	-	-	-	1,018,668
Impact fees	-	1,118,593	-	-	-	1,118,593
Court condemnations	-	-	-	-	6,251	6,251
Intergovernmental	192,693	-	-	-	283,684	476,377
Intergovernmental-utility	1,161,112	-	-	-	-	1,161,112
Fines and forfeitures	632,359	-	-	-	-	632,359
Investment earnings	546,761	160,243	281,826	68,150	113,905	1,170,885
Miscellaneous	370,732	-	-	-	-	370,732
Total revenues	17,528,875	1,278,836	281,826	5,021,665	733,740	24,844,942
EXPENDITURES						
Current:						
General government	1,840,882	-	-	792,562	42,019	2,675,463
Tourism development	-	-	-	-	2,292	2,292
Public safety	8,303,508	-	-	-	11,000	8,314,508
Public works	2,599,659	-	-	-	38,088	2,637,747
Community development	2,337,153	-	-	-	-	2,337,153
Capital outlay	-	1,960,196	1,388,050	643,187	962,026	4,953,459
Total expenditures	15,081,202	1,960,196	1,388,050	1,435,749	1,055,425	20,920,622
Excess (deficiency) of revenues over (under) expenditures	2,447,673	(681,360)	(1,106,224)	3,585,916	(321,685)	3,924,320
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	12,000	-	-	-	-	12,000
Transfers in	197,940	-	-	-	1,152,950	1,350,890
Transfers out	(1,152,950)	-	-	792,562	(197,940)	(1,350,890)
Total other financing sources (uses)	(943,010)	-	-	-	955,010	12,000
Net change in fund balances	1,504,663	(681,360)	(1,106,224)	3,585,916	633,325	3,936,320
Fund balances - beginning of year	13,122,686	3,345,255	6,259,534	-	1,714,004	24,441,479
Fund balances - end of year	$ 14,627,349	$ 2,663,895	$ 5,153,310	$3,585,916	$ 2,347,329	$ 28,377,799

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, 2007

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		$ 3,936,320
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	$ 4,987,732	
Total depreciation	(2,564,397)	2,423,335
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net assets.		4,025,008
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		(20,562)
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 decreased by this amount during the fiscal year.		57,366
Change in net assets of governmental activities		$ 10,421,467

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, 2007

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	$ 3,850,000	$ 3,850,000	$ 4,145,848	$ 295,848
Franchise	1,045,000	1,045,000	1,226,762	181,762
Sales	4,400,000	4,400,000	4,599,472	199,472
Insurance premium	900,000	900,000	887,770	(12,230)
Occupational	1,490,000	1,490,000	1,732,989	242,989
Alcoholic beverage	715,000	715,000	733,406	18,406
Other taxes	230,000	230,000	280,303	50,303
License and permits	1,355,600	1,355,600	1,018,668	(336,932)
Intergovernmental	185,000	185,000	192,693	7,693
Intergovernmental-utility	1,000,000	1,000,000	1,161,112	161,112
Fines and forfeitures	524,000	524,000	632,359	108,359
Interest earnings	350,000	350,000	546,761	196,761
Miscellaneous	230,300	230,300	370,732	140,432
Total revenues	16,274,900	16,274,900	17,528,875	1,253,975
EXPENDITURES				
Current:				
General government:				
Council	161,916	161,916	158,198	3,718
Manager	274,452	274,452	202,857	71,595
Public information officer	94,591	94,591	66,924	27,667
Attorney	115,550	115,550	74,541	41,009
Clerk	78,875	78,875	74,100	4,775
Finance	334,842	334,842	300,936	33,906
Human resources	165,862	165,862	157,918	7,944
Information technologies	163,250	163,250	160,749	2,501
Municipal court	124,249	133,253	131,385	1,868
Other - unclassified	646,093	846,093	494,407	351,686
Total general government	2,159,680	2,368,684	1,822,015	546,669
Public safety:				
Police	5,297,073	5,415,602	5,110,708	304,894
School resources officer	301,710	301,710	283,493	18,217
Animal services	62,054	62,054	53,785	8,269
Fire	2,853,779	2,952,176	2,857,661	94,515
Total public safety	8,514,616	8,731,542	8,305,647	425,895

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, 2007
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Public works:				
Administration	$ 159,278	$ 159,278	$ 158,289	$ 989
Engineer	265,515	409,495	365,402	44,093
Streets	1,362,124	1,467,548	1,414,421	53,127
Garage	373,081	373,081	365,393	7,688
Cemetery	415,987	415,987	409,986	6,001
Total public works	2,575,985	2,825,389	2,713,491	111,898
Community development:				
Administration	198,519	198,519	194,927	3,592
Planning and zoning	249,832	249,832	217,842	31,990
Business development and special events	170,304	170,304	149,000	21,304
Library	283,352	283,352	263,051	20,301
Parks & ROW beautification	679,698	679,698	657,366	22,332
Building inspection	602,265	602,265	587,998	14,267
Building maintenance	304,649	304,649	269,170	35,479
Total community development	2,488,619	2,488,619	2,339,354	149,265
Total expenditures	15,738,900	16,414,234	15,180,507	1,233,727
Excess (deficiency) of revenue over (under) expenditure	536,000	(139,334)	2,348,368	2,487,702
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	15,000	15,000	12,000	(3,000)
Transfers in	140,000	140,000	197,940	57,940
Transfers out	(691,000)	(1,283,700)	(1,152,950)	130,750
Total other financing sources (uses)	(551,000)	(1,128,700)	(943,010)	185,690
Net change in fund balances	$ (15,000)	$ (1,268,034)	1,405,358	$ 2,673,392
Fund balances - beginning of year			13,059,908	
Fund balances - end of year			$ 14,465,266	

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

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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.

The 2007 Special Purpose Local Option Sales Tax Fund – In 2006, the citizens of Newnan re-approved a 1% SPLOST for the purpose of funding capital improvement projects. Approved projects include public safety, information system, building maintenance/structure, parks and recreation, streets and equipment.

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, other purposes 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.

In the current year, the City has completed the retroactive reporting requirements relative to the addition of infrastructure assets. Per the GASB requirements, infrastructure acquired after 1980 must be added to the City's capital asset listings and depreciated thereon.

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 represent tentative management plans that are subject to change.

NOTE 2 - 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	$ 1,405,358
Add: Current year encumbrances	162,083
Deduct: Prior year encumbrances paid in the current year	(62,778)
Generally accepted accounting principles basis-excess revenues and other financing sources over expenditures and other financing uses	$ 1,504,663
Budgetary basis-fund balance, ending	$ 14,465,266
Add: Current year encumbrances	162,083
Generally accepted accounting principles basis-fund balance, ending	$ 14,627,349

NOTE 3 - 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, 2007, the carrying amounts of the City's deposits were $16,210,163 and the bank balances were $16,588,399. 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, 2007, the Newnan Water, Sewerage and Light Commission, a discretely presented component unit's bank balance was $16,412,273. 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	$ 10,479,148	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, 2007.

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, 2007, the Commission had the following investments

Investment	Fair Value	Maturities
MEAG Municipal Competitive Trust		
Mutual Funds Intermediat Portfolio	$ 1,055,896	various
Mutual Funds Short Term Portfolio	1,149,194	various
Rabbi Trust		
Mutual Funds	229,412	various
Annuity Funds	209,880	December 1, 2028
Annuity Funds	322,117	September 1, 2039
	$ 2,966,499	

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 82% and 18%, respectively of the Commission's total investments.

B. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

Primary Government

	Beginning Balance As Restated	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	$ 15,100,535	$ 527,036	$ -	$ -	$ 15,627,571
Construction in progress	2,847,438	3,787,848	-	(2,154,188)	4,481,098
Total capital assets, not being depreciated	17,947,973	4,314,884	-	(2,154,188)	20,108,669
Capital assets, being depreciated:					
Buildings and parks	11,136,850	31,716	-	2,853,959	14,022,525
Other improvements	6,631,571	127,817	-	(142,101)	6,617,287
Machinery and equipment	8,105,603	385,109	(446,311)	(485,450)	7,558,951
Infrastructure	64,576,383	4,274,740	-	(72,220)	68,778,903
Total capital assets being depreciated	90,450,407	4,819,382	(446,311)	2,154,188	96,977,666
Less accumulated depreciation for:					
Buildings and parks	(3,622,047)	(256,489)	-	(208,683)	(4,087,219)
Other improvements	(1,720,442)	(293,869)	-	257,039	(1,757,272)
Machinery and equipment	(4,645,324)	(682,797)	385,005	14,610	(4,928,506)
Infrastructure	(5,253,158)	(1,331,242)	54,511	(62,966)	(6,592,855)
Total accumulated depreciation	(15,240,971)	(2,564,397)	439,516	-	(17,365,852)
Total capital assets, being depreciated, net	75,209,436	2,254,985	(6,795)	2,154,188	79,611,814
Governmental activities capital assets, net	$ 93,157,409	$ 6,569,869	$ (6,795)	$ -	$ 99,720,483

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

General government	$ 94,662
Public safety	352,022
Public works	1,762,763
Community development and leisure services	354,950
Total governmental activities depreciation expense	$ 2,564,397

The net beginning balance of capital assets has been increased $8,149,399, $29,043,657, and $3,986,514 for land, infrastructure and accumulated depreciation to retroactively record the City's infrastructure purchased or constructed prior to the adoption of GASB 34.

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Component Unit					
Capital assets, not being depreciated:					
Land	$ 6,940,983	$ 33,069	$ -	$ -	$ 6,974,052
Construction in progress	7,349,317	7,526,868	-	(9,259,802)	5,616,383
Total capital assets, not being depreciated	14,290,300	7,559,937	-	(9,259,802)	12,590,435
Capital assets, being depreciated:					
Machinery and equipment	20,216,219	2,822,914	(22,678)		23,016,455
Structures, lines and improvements	173,124,482	2,050,333	(360,744)	9,259,802	184,073,873
Total capital assets, being depreciated	193,340,701	4,873,247	(383,422)	9,259,802	207,090,328
Less accumulated depreciation for:					
Machinery and equipment	(10,636,845)	(6,449,804)		-	(17,086,649)
Structures, lines and improvements	(53,570,240)	(2,308,207)	339,260	-	(55,539,187)
Total accumulated depreciation	(64,207,085)	(8,758,011)	339,260	-	(72,625,836)
Total capital assets, being depreciated, net	129,133,616	(3,884,764)	(44,162)	9,259,802	134,464,492
Component unit, capital assets, net	$ 143,423,916	$ 3,675,173	$ (44,162)	$ -	$ 147,054,927

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

Receivable Fund	Payable Fund	Amount
General	Hotel/Motel Tourism Enhancement	$ 35,010

Interfund receivables of the general fund consist of amounts due the general fund at year-end from the hotel/motel tourism enhancement special revenue fund.

Interfund transfers for the year ended December 31, 2007, are as follows:

	Transfers in:		
Transfer out:	General	Nonmajor Governmental	Total
General fund	$ -	$ 1,152,950	$ 1,152,950
Nonmajor governmental funds	197,940	-	197,940
Total	$ 197,940	$ 1,152,950	$ 1,350,890

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, 2007, the City's governmental activities had no outstanding long-term debt other than compensated absences in the amount of $382,574.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 362,012	$ 314,475	$ 293,913	$ 382,574	$ 205,714

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, 2007, 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, Georgia Environmental Facilities Authority, 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, 2007 is as follows:

Year	Principal	Interest	Total
2008	200,508	38,976	239,484
2009	208,150	31,334	239,484
2010	215,963	23,521	239,484
2011	224,070	15,414	239,484
2012	232,454	7,030	239,484
2013	63,286	402	63,688
	$ 1,144,431	$ 116,677	$ 1,261,108

Capital Leases – The Newnan Sewerage and Light Commission leases certain machinery and 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, 2007 are as follows:

Year	Principal	Interest	Total
2008	292,821	22,785	315,606
2009	254,536	21,171	275,707
2010	180,590	8,235	188,825
2011	37,540	470	38,010
Total	$ 765,487	$ 52,661	$ 818,148

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, 2007, are as follows:

Year	Principal	Interest	Total
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	383,166	27,131	410,297
2013-2014	469,798	11,783	481,581
Total	$ 2,246,576	$ 292,146	$ 2,538,722

Georgia Environmental Facilities Authority – The Commission entered into an $8,550,000 loan agreement dated February 16, 2007 with the Georgia Environmental Facilities Authority to finance the costs of improving the Hershall B. Norred Water Plant. The loan commitment will be advanced during the construction period of the project. Interest will be accrued during the construction period at the rate of 3 percent per annum and compounded monthly until the earlier of the project completion date or August 1, 2009 (the "Amortization Commencement Date"). Principal and interest will be payable in 239 monthly installments beginning in the month following the Amortization Commencement Date. As of December 31, 2007, advances outstanding under the loan agreement were $2,722,943.

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 2007 Bonds

During the year, 2007, the NWSL Commission issued revenue bonds, Series A 2007 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, 2007 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 2007 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
2008	$ 150,000	$ 3,375	$ 290,000	$ 25,295	$ -	$ 1,526,930
2009	-	-	305,000	13,115	-	1,526,930
2010	-	-	-	-	1,465,000	1,526,930
2011	-	-	-	-	1,555,000	1,440,118
2012					1,610,000	1,384,855
2013-2017	-	-	-	-	9,040,000	5,930,332
2018-2022	-	-	-	-	11,305,000	3,671,375
2023-2027	-	-	-	-	8,245,000	735,000
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
Total	$ 150,000	$ 3,375	$ 595,000	$ 38,410	$ 33,220,000	$ 17,742,470

(Continued)

	Series 2006 Bonds Principal	Series 2006 Bonds Interest	Total Principal	Total Interest
2008	-	1,277,438	440,000	2,833,038
2009	-	1,277,438	305,000	2,817,483
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	820,000	1,242,100	2,430,000	2,626,955
2013-2017	5,800,000	5,671,038	14,840,000	11,601,370
2018-2022	8,445,000	4,009,437	19,750,000	7,680,812
2023-2027	5,805,000	2,142,612	14,050,000	2,877,612
2028-2032	3,250,000	1,152,413	3,250,000	1,152,413
2033-2036	3,160,000	363,375	3,160,000	363,375
Total	$ 28,080,000	$ 19,682,225	$ 62,045,000	$ 37,466,480

Component Unit

The changes in long-term debt are as follows:

	Beginning Balance As Restated	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	$ 1,337,797	$ 2,722,943	$ (193,365)	$ 3,867,375	$ 200,508
Capital lease obligations	655,154	357,846	(247,513)	765,487	292,821
Georgia SRF Loan	2,561,567	-	(314,991)	2,246,576	327,789
Revenue bonds	62,299,112	-	(254,930)	62,044,182	440,000
Total	$ 66,853,630	$ 3,080,789	$ (1,010,799)	$ 68,923,620	$ 1,261,118

E. Net Assets

During the current year, the City performed a review of infrastructure acquired prior to the implementation of GASB 34. The net beginning balance of capital assets has been retroactively restated to include the following infrastructure items:

Net Assets - Beginning (January 1, 2007)	$	84,453,152
Infrastructure and related land		37,193,056
Accumulated Depreciation		(3,986,514)
Net Assets - Beginning (as restated)	$	117,659,694

F. 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 2007 property taxes were mailed (levied) as of September 24, with a due date of October 31.

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.

G. 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 $2,292, less than 1% of tax receipts. Tax receipts for the year were $329,900. The balance of funds not expended as of year end is $567,988.

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.

H. 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, 2007, 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.

I. 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.

J. 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.

K. 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.

L. 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, 2007, the payroll for City's employees covered by the plan was $7,212,690 (plan year beginning July 1, 2006) and total payroll for the City was $8,125,104.

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, 2007, the recommended contribution (pension cost) and actual contribution totaled $699,439 or approximately ten percent of covered payroll. Pension costs and the recommended contribution for the two previous plan years were $656,161 (plan year ended June 30, 2006) and $628,592 (plan year ended June 30, 2005).

Significant Actuarial Assumptions

Date of Actuarial Valuation	July 1, 2007
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. The actuarial value is adjusted, if necessary, to be within 20% of market value.
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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA

RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS

	Year Beginning July 1,		
Actuarial Valuation Date	2007	2006	2005
Actuarial Value of Plan Assets	$ 8,264,648	$ 7,511,555	$ 6,834,764
Actuarial Accrued Liability	11,077,365	10,278,425	9,389,861
Total Unfunded (Excess) Actuarial Liability (Asset)	2,812,717	2,766,870	2,555,097
Funded Ratio	74.61%	73.08%	72.79%
Annual Covered Payroll	7,212,690	6,858,380	6,548,148
Ratio of Unfunded (Excess) Actuarial Liability (Asset) to Annual Covered Payroll	39.00%	40.34%	39.56%

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, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes				
Property Tax Current	$ 3,600,000	$ 3,600,000	$ 3,955,663	$ 355,663
Delinquent Property Tax	50,000	50,000	677	(49,323)
Motor Vehicle Tax	200,000	200,000	254,832	54,832
Fi Fa for Property Taxes	-	-	172	172
Franchise Tax - Georgia Power	160,000	160,000	172,205	12,205
Franchise Tax - EMC	370,000	370,000	374,017	4,017
Franchise Tax - Gas	220,000	220,000	291,432	71,432
Franchise Tax - Cable TV	175,000	175,000	275,493	100,493
Franchise Tax - Telephone	120,000	120,000	113,615	(6,385)
Local Option Sales Tax	4,400,000	4,400,000	4,599,472	199,472
Insurance Premiums Tax	900,000	900,000	887,770	(12,230)
Occupational Tax	1,300,000	1,300,000	1,517,041	217,041
Professional Tax	51,000	51,000	53,293	2,293
Financial Institution Tax	115,000	115,000	131,755	16,755
Insurance Agents Tax	24,000	24,000	30,900	6,900
Beer and Wine Tax	640,000	640,000	660,399	20,399
Alcoholic Beverage Excise Tax	75,000	75,000	73,007	(1,993)
Public Utility Tax	50,000	50,000	99,754	49,754
Intangible Tax	150,000	150,000	89,582	(60,418)
Interest and Penalties	30,000	30,000	25,471	(4,529)
Total Taxes	12,630,000	12,630,000	13,606,550	976,550

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
License and Permits				
Alcoholic Beverage License	23,000	23,000	17,887	(5,113)
Spiritous Liquor Bev License	160,000	160,000	162,150	2,150
Residential Construction Permits	610,000	610,000	402,361	(207,639)
Commercial Construction Permits	100,000	100,000	80,062	(19,938)
Building Plan Review	80,000	80,000	62,740	(17,260)
Variance/Appeal/Spec Exception	5,000	5,000	6,900	1,900
Zoning Certification Fee	500	500	1,625	1,125
Rezoning/Annexation Fee	4,000	4,000	6,283	2,283
Sign Permit	4,000	4,000	5,010	1,010
Site Preparation Fee	50,000	50,000	26,150	(23,850)
Land Disturbance Permit	35,000	35,000	27,101	(7,899)
Demolition Permit	1,000	1,000	950	(50)
Mechanical Permit	35,000	35,000	23,755	(11,245)
Renovation Permit	1,000	1,000	-	(1,000)
Tree Removal Permit	100	100	135	35
Environmental Protection Fee	6,000	6,000	5,920	(80)
Plumbing Permit	55,000	55,000	38,660	(16,340)
Construction Plan Review	-	-	100	100
Electrical Permit	90,000	90,000	77,875	(12,125)
Gas Permit	6,000	6,000	2,890	(3,110)
Burn Permit	-	-	200	200
Re-Inspect Fee	40,000	40,000	33,050	(6,950)
Subdivision Plat Fee	2,000	2,000	1,782	(218)
Site Development Plan Fee	12,000	12,000	18,182	6,182
Sidewalk Inspections/Re-Inspect	35,000	35,000	16,900	(18,100)
Curb Cuts by City Staff	1,000	1,000	-	(1,000)
Total Licenses & Permits	1,355,600	1,355,600	1,018,668	(336,932)

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Intergovernmental				
Real Estate Transfer Tax	80,000	80,000	88,369	8,369
School Resource Officer	75,000	75,000	70,724	(4,276)
Police Vest Grant	-	-	440	440
Payments in Lieu of Tax	30,000	30,000	33,160	3,160
Total Intergovernmental	185,000	185,000	192,693	7,693
Intergovernmental - Utility				
Water & Light Commission	1,000,000	1,000,000	1,161,112	161,112
Total Intergovernmental - Utility	1,000,000	1,000,000	1,161,112	161,112
Fines and Forfeitures				
Police Fines	500,000	500,000	590,908	90,908
Parking Fines	15,000	15,000	26,639	11,639
Tech Fees from Fines	9,000	9,000	14,812	5,812
Total Fines and Forfeitures	524,000	524,000	632,359	108,359
Interest Earnings	350,000	350,000	546,761	196,761
Miscellaneous				
House Demolition by City Forces	-	-	32,508	32,508
Grass Cutting/Lot Clearing	-	-	8,038	8,038
Admin Fee for Impact Fee Coll	40,000	40,000	32,479	(7,521)
Monument Setting Fee	300	300	190	(110)
Cemetery Services	75,000	75,000	78,755	3,755
Cemetery Lot Sales	60,000	60,000	45,312	(14,688)
Rental Fees	5,000	5,000	2,313	(2,687)
Miscellaneous Revenue	50,000	50,000	171,137	121,137
Total Miscellaneous	230,300	230,300	370,732	140,432
Total Revenues	16,274,900	16,274,900	17,528,875	1,253,975

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
General Government				
City Council				
Wages - Part Time/Temp	43,000	43,000	43,000	-
Employee Insurance	62,921	62,921	71,622	(8,701)
Social Security	3,290	3,290	3,289	1
Retirement	4,300	4,300	3,359	941
Worker's Compensation	155	155	145	10
Printing and Binding	200	200	638	(438)
Travel	45,000	45,000	35,553	9,447
Dues and Fees	50	50	-	50
Training	2,000	2,000	369	1,631
Office Supplies	1,000	1,000	223	777
Total City Council	161,916	161,916	158,198	3,718
City Manager				
City Manager Admin				
Wages - Full Time	178,040	178,040	166,425	11,615
Employee Insurance	23,089	23,089	10,327	12,762
Social Security	9,761	9,761	10,416	(655)
Retirement	13,339	13,339	4,003	9,336
Unemployment Insurance	4	4	4	-
Worker's Compensation	1,069	1,069	999	70
Other Employee Benefits	4,800	4,800	4,800	-
Professional Services	10,000	10,000	-	10,000
Bldg & Pers Liability Insurance	1,200	1,200	1,071	129
Communications	1,200	1,200	-	1,200
Printing & Binding	11,000	11,000	2,362	8,638
Travel	10,000	10,000	1,617	8,383
Dues and Fees	6,000	6,000	-	6,000
Materials and Supplies	1,200	1,200	-	1,200
Office Supplies	2,000	2,000	731	1,269
Books & Periodicals	500	500	353	147
Minor Equipment	1,250	1,250	104	1,146
Total City Manager Admin	274,452	274,452	203,212	71,240

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Public Information Officer				
Wages - Full Time	46,956	46,956	39,519	7,437
Employee Insurance	4,854	4,854	6,678	(1,824)
Social Security	3,592	3,592	2,896	696
Retirement	4,696	4,696	3,668	1,028
Unemployment Insurance	2	2	-	2
Worker's Compensation	161	161	150	11
Public Relations	10,000	10,000	8,818	1,182
Bldg & Pers Liability Insurance	430	430	384	46
Communications	-	-	235	(235)
Advertising	2,500	2,500	1,485	1,015
Printing & Binding	15,000	15,000	439	14,561
Travel	2,000	2,000	941	1,059
Dues and Fees	400	400	350	50
Training	1,900	1,900	643	1,257
Materials and Supplies	500	500	43	457
Books and Periodicals	-	-	52	(52)
Minor Equipment	1,600	1,600	54	1,546
Computer Hardware and Software	-	-	214	(214)
Total Public Information	94,591	94,591	66,569	28,022
Total City Manager	369,043	369,043	269,781	99,262
Attorney				
Professional Services	110,000	110,000	70,337	39,663
Travel	5,000	5,000	4,204	796
Training	550	550	-	550
Total Attorney	115,550	115,550	74,541	41,009
City Clerk				
Wages - Full Time	53,049	53,049	55,411	(2,362)
Employee Insurance	4,854	4,854	4,854	-
Social Security	4,058	4,058	4,186	(128)
Retirement	5,305	5,305	4,144	1,161
Unemployment Insurance	2	2	1	1
Worker's Compensation	182	182	170	12
Professional Services	450	450	576	(126)
Other Contractual Services	400	400	400	-
Elections	4,900	4,900	2,196	2,704
Bldg & Pers Liability Insurance	135	135	120	15
Surety Bonds	100	100	100	-
Printing & Binding	1,080	1,080	(28)	1,108
Travel	300	300	57	243
Dues and Fees	215	215	-	215
Training	1,150	1,150	125	1,025
Books & Periodicals	100	100	124	(24)
Minor Equipment	895	895	-	895
Computer hardware & software	1,700	1,700	1,664	36
Total City Clerk	78,875	78,875	74,100	4,775

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Finance				
Wages - Full Time	195,010	195,010	188,712	6,298
Wages - Overtime	1,000	1,000	41	959
Employee Insurance	35,340	35,340	26,140	9,200
Social Security	14,920	14,920	14,034	886
Retirement	19,500	19,500	15,231	4,269
Unemployment Insurance	10	10	5	5
Worker's Compensation	650	650	607	43
Professional Services	38,000	38,000	30,265	7,735
Other Contractual Services	8,016	8,016	13,192	(5,176)
Repairs and Maintenance	500	500	104	396
Bldg & Pers Liability Insurance	2,276	2,276	2,031	245
Advertising	3,000	3,000	891	2,109
Printing & Binding	4,200	4,200	1,640	2,560
Travel	3,800	3,800	2,073	1,727
Dues and Fees	570	570	50	520
Training	2,400	2,400	1,501	899
Office Supplies	2,200	2,200	1,907	293
Books & Periodicals	300	300	149	151
Minor Equipment	750	750	326	424
Computer Hardware & Software	1,800	1,800	1,630	170
Miscellaneous	600	600	407	193
Total Finance	334,842	334,842	300,936	33,906
Human Resources				
Wages - Full Time	89,369	89,369	93,149	(3,780)
Employee Insurance	14,928	14,928	15,181	(253)
Social Security	6,837	6,837	6,859	(22)
Retirement	8,937	8,937	6,980	1,957
Tuition Reimbursement	2,100	2,100	2,197	(97)
Unemployment Insurance	4	4	3	1
Worker's Compensation	307	307	287	20
Employee Recognition	11,950	11,950	10,085	1,865
Professional Services	13,550	13,550	10,648	2,902
Bldg & Pers Liability Insurance	1,100	1,100	982	118
Advertising	3,200	3,200	3,609	(409)
Printing & Binding	1,500	1,500	596	904
Travel	1,600	1,600	1,161	439
Dues and Fees	480	480	410	70
Training	2,650	2,650	1,566	1,084
Materials and Supplies	1,000	1,000	277	723
Office Supplies	1,200	1,200	732	468
Medical Supplies	150	150	5	145
Food Supplies	500	500	-	500
Books & Periodicals	750	750	787	(37)
Minor Equipment	1,350	1,350	663	687
Computer Hardware & Software	2,400	2,400	1,741	659
Total Human Resources	165,862	165,862	157,918	7,944

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Information Technology				
Wages - Full Time	64,515	64,515	67,629	(3,114)
Employee Insurance	10,100	10,100	10,327	(227)
Social Security	4,935	4,935	4,885	50
Retirement	6,452	6,452	5,039	1,413
Unemployment Insurance	2	2	2	-
Worker's Compensation	221	221	207	14
Other Contractual Services	8,000	8,000	8,490	(490)
Repairs and Maintenance	45,350	45,350	44,759	591
Bldg & Pers Liability Insurance	375	375	335	40
Communications	1,200	1,200	889	311
Travel	2,300	2,300	2,024	276
Dues and Fees	75	75	75	-
Training	3,500	3,500	3,160	340
Materials and Supplies	600	600	49	551
Office Supplies	300	300	234	66
Books & Periodicals	395	395	311	84
Minor Equipment	1,250	1,250	709	541
Computer Hardware & Software	13,680	13,680	11,625	2,055
Total Information Technology	163,250	163,250	160,749	2,501
Municipal Court				
Wages - Full Time	26,121	27,320	27,320	-
Wages - Part Time/Temp	10,335	10,935	10,935	-
Wages - Overtime	-	-	108	(108)
Employee Insurance	265	265	246	19
Social Security	2,789	2,789	2,919	(130)
Retirement	2,612	2,612	2,040	572
Unemployment Insurance	4	4	-	4
Worker's Compensation	123	123	115	8
Professional Services	80,000	86,397	86,397	-
Travel	-	808	808	-
Training	1,000	1,000	150	850
Minor Equipment	1,000	1,000	347	653
Total Municipal Court	124,249	133,253	131,385	1,868

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Miscellaneous				
Professional Services	2,275	202,275	203,458	(1,183)
Public Relations	10,000	10,000	469	9,531
Repairs and Maintenance	6,440	6,440	5,886	554
Equipment & Vehicle Rental	3,036	3,036	3,036	-
Bldg & Pers Liability Insurance	166,000	166,000	190,696	(24,696)
Communications	73,900	73,900	56,041	17,859
Advertising	500	500	-	500
Dues and Fees	9,000	9,000	10,288	(1,288)
Office Supplies	5,000	5,000	6,672	(1,672)
Miscellaneous	340,942	340,942	(10,416)	351,358
Brown's Mill Depot Grant	-	-	2,145	(2,145)
Payments to Other Agencies	20,500	20,500	20,500	-
Keep Newnan Beautiful	8,500	8,500	5,632	2,868
Total Miscellaneous	646,093	846,093	494,407	351,686
Total General Government	2,159,680	2,368,684	1,822,015	546,669

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Public Safety				
Police				
Wages - Full Time	3,086,467	3,086,467	3,015,152	71,315
Wages - Part Time/Temp	23,617	23,617	22,271	1,346
Wages - Overtime	60,000	60,000	82,033	(22,033)
Employee Insurance	620,000	620,000	573,019	46,981
Social Security	242,510	242,510	226,999	15,511
Retirement	308,700	308,700	247,529	61,171
Unemployment Insurance	164	164	101	63
Worker's Compensation	147,500	147,500	130,647	16,853
Other Employee Benefits	48,200	48,200	34,269	13,931
Employee Recognition	200	200	-	200
Professional Services	41,200	159,729	111,611	48,118
Other Contractual Services	7,420	7,420	5,043	2,377
Repairs and Maintenance	75,000	75,000	77,879	(2,879)
Vehicle Insurance	28,000	28,000	24,988	3,012
Bldg & Pers Liability Insurance	204,000	204,000	182,057	21,943
Communications	20,000	20,000	15,279	4,721
Printing & Binding	3,500	3,500	3,316	184
Travel	3,000	3,000	4,368	(1,368)
Dues and Fees	1,045	1,045	570	475
Training	6,500	6,500	1,317	5,183
Materials and Supplies	30,000	30,000	28,869	1,131
Office Supplies	7,500	7,500	8,676	(1,176)
Cleaning Supplies & Chemicals	2,500	2,500	2,762	(262)
Protective Equipment	15,000	15,000	13,539	1,461
Vehicle Gasoline/Diesel	175,000	175,000	176,156	(1,156)
Food Supplies	1,000	1,000	930	70
Books & Periodicals	750	750	203	547
Minor Equipment	35,000	35,000	23,669	11,331
Computer Hardware & Software	18,300	18,300	18,341	(41)
Vehicle Maintenance	85,000	85,000	79,115	5,885
Total Police	5,297,073	5,415,602	5,110,708	304,894

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
School Resources Officer				
Wages - Full Time	192,000	192,000	182,493	9,507
Wages - Overtime	3,000	3,000	531	2,469
Employee Insurance	34,700	34,700	27,471	7,229
Social Security	14,900	14,900	13,565	1,335
Retirement	19,200	19,200	14,996	4,204
Unemployment Insurance	10	10	5	5
Worker's Compensation	9,400	9,400	8,783	617
Other Employee Benefits	2,850	2,850	2,246	604
Vehicle Insurance	3,000	3,000	2,677	323
Bldg & Pers Liability Insurance	3,000	3,000	2,677	323
Travel	600	600	-	600
Dues and Fees	150	150	270	(120)
Training	700	700	350	350
Materials and Supplies	1,000	1,000	150	850
Protective Equipment	1,300	1,300	-	1,300
Vehicle Gasoline/Diesel	9,000	9,000	5,737	3,263
Minor Equipment	3,900	3,900	1,383	2,517
Vehicle Maintenance	3,000	3,000	20,159	(17,159)
Total School Resources Officer	301,710	301,710	283,493	18,217
Animal Service				
Wages - Full Time	29,528	29,528	26,737	2,791
Wages - Overtime	1,800	1,800	379	1,421
Employee Insurance	10,100	10,100	9,467	633
Social Security	2,374	2,374	1,861	513
Retirement	2,953	2,953	2,306	647
Unemployment Insurance	2	2	1	1
Worker's Compensation	577	577	539	38
Other Employee Benefits	-	-	40	(40)
Professional Services	2,000	2,000	1,600	400
Repairs and Maintenance	250	250	-	250
Vehicle Insurance	1,600	1,600	1,428	172
Bldg & Pers Liability Insurance	1,400	1,400	1,249	151
Communications	900	900	334	566
Printing & Binding	100	100	302	(202)
Travel	100	100	579	(479)
Dues and Fees	100	100	-	100
Training	250	250	285	(35)
Materials and Supplies	400	400	79	321
Protective Equipment	220	220	-	220
Vehicle Gasoline/Diesel	3,500	3,500	2,630	870
Minor Equipment	1,500	1,500	553	947
Other Supplies/Uniform Rental	900	900	233	667
Vehicle Maintenance	1,500	1,500	3,183	(1,683)
Total Animal Service	62,054	62,054	53,785	8,269

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fire				
Wages - Full Time	1,875,200	1,959,822	1,959,822	-
Wages - Overtime	16,500	16,500	12,495	4,005
Employee Insurance	355,576	360,535	360,535	-
Social Security	143,500	143,500	142,686	814
Retirement	187,500	187,500	146,449	41,051
Unemployment Insurance	100	100	55	45
Worker's Compensation	67,075	67,075	62,675	4,400
Other Employee Benefits	22,310	22,310	16,776	5,534
Employee Recognition	300	300	-	300
Professiional Services	-	-	20	(20)
Other Contractual Services	3,550	3,550	1,502	2,048
Repairs and Maintenance	12,400	15,665	15,665	-
Vehicle Insurance	21,500	21,500	19,187	2,313
Bldg & Pers Liability Insurance	7,000	7,000	6,247	753
Communications	7,940	7,940	3,818	4,122
Printing & Binding	400	400	198	202
Travel	2,250	2,250	2,147	103
Dues and Fees	780	780	406	374
Training	6,200	6,200	4,121	2,079
Materials and Supplies	3,600	3,600	2,478	1,122
Office Supplies	2,000	2,000	1,390	610
Cleaning Supplies & Chemicals	3,100	3,100	2,627	473
Medical Supplies	3,208	3,208	2,048	1,160
Protective Equipment	14,400	14,400	13,041	1,359
Vehicle Gasoline/Diesel	22,000	27,551	27,551	-
Food Supplies	600	600	259	341
Books & Periodicals	390	390	337	53
Minor Equipment	6,000	6,000	6,257	(257)
Computer Hardware & Software	2,600	2,600	346	2,254
Vehicle Maintenance	19,700	19,700	20,431	(731)
Other Contractual Services	800	800	267	533
Repairs and Maintenance	7,000	7,000	5,339	1,661
Bldg & Pers Liability Insurance	3,500	3,500	3,124	376
Communications	500	500	283	217
Materials and Supplies	2,100	2,100	2,046	54
Office Supplies	650	650	416	234
Cleaning Supplies & Chemicals	2,000	2,000	1,394	606
Natural Gas	14,000	14,000	538	13,462
Electricity	7,000	7,000	7,333	(333)
Food Supplies	550	550	-	550
Minor Equipment	8,000	8,000	5,352	2,648
Total Fire	2,853,779	2,952,176	2,857,661	94,515
Total Public Safety	8,514,616	8,731,542	8,305,647	425,895

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Public Works				
Administration				
Wages - Full Time	114,944	114,944	119,677	(4,733)
Employee Insurance	14,900	14,900	15,181	(281)
Social Security	8,793	8,793	8,938	(145)
Retirement	11,494	11,494	8,978	2,516
Unemployment Insurance	4	4	3	1
Worker's Compensation	665	665	621	44
Vehicle Insurance	458	458	409	49
Bldg & Pers Liability Insurance	1,200	1,200	1,071	129
Communications	870	870	715	155
Printing & Binding	200	200	-	200
Travel	-	-	21	(21)
Dues and Fees	200	200	129	71
Training	500	500	-	500
Materials and Supplies	200	200	-	200
Office Supplies	550	550	86	464
Vehicle Gasoline/Diesel	1,200	1,200	744	456
Books & Periodicals	900	900	-	900
Computer Hardware & Software	1,700	1,700	1,698	2
Vehicle Maintenance	500	500	18	482
Landscaping Supplies	-		-	-
Total Administration	159,278	159,278	158,289	989
City Engineer				
Wages - Full Time	168,100	168,100	142,541	25,559
Employee Insurance	35,100	35,100	26,214	8,886
Social Security	12,855	12,855	10,451	2,404
Retirement	16,800	16,800	13,122	3,678
Unemployment Insurance	8	8	4	4
Worker's Compensation	9,513	9,513	8,889	624
Professional Services	-	143,980	143,980	-
Vehicle Insurance	1,744	1,744	1,557	187
Bldg & Pers Liability Insurance	2,275	2,275	2,030	245
Communications	1,230	1,230	1,551	(321)
Printing & Binding	2,140	2,140	746	1,394
Dues and Fees	700	700	559	141
Training	1,100	1,100	1,472	(372)
Materials and Supplies	2,000	2,000	1,660	340
Office Supplies	600	600	366	234
Vehicle Gasoline/Diesel	5,500	5,500	7,477	(1,977)
Books & Periodicals	600	600	-	600
Minor Equipment	1,000	1,000	530	470
Computer Hardware & Software	2,500	2,500	-	2,500
Vehicle Maintenance	1,750	1,750	2,253	(503)
Total City Engineer	265,515	409,495	365,402	44,093

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Streets				
Wages - Full Time	601,670	601,670	604,635	(2,965)
Wages - Part Time/Temp	14,500	14,500	6,912	7,588
Wages - Overtime	10,000	10,000	11,341	(1,341)
Employee Insurance	163,900	163,900	153,096	10,804
Social Security	47,574	47,574	45,292	2,282
Retirement	60,167	60,167	46,994	13,173
Unemployment Insurance	48	48	948	(900)
Worker's Compensation	56,930	56,930	53,196	3,734
Other Employee Benefits	7,488	7,488	-	7,488
Solid Waste Disposal	60,000	68,409	68,409	-
Vehicle Insurance	9,401	9,401	8,390	1,011
Bldg & Pers Liability Insurance	7,255	7,255	6,475	780
Communications	1,715	1,715	1,213	502
Training	500	500	393	107
Materials and Supplies	40,000	40,000	33,654	6,346
Office Supplies	300	300	27	273
Cleaning Supplies & Chemicals	1,900	1,900	447	1,453
Protective Equipment	1,400	1,400	1,537	(137)
Electricity	145,000	203,546	203,546	-
Vehicle Gasoline/Diesel	58,000	70,148	70,148	-
Minor Equipment	5,000	5,000	3,806	1,194
Other Supplies/Uniform Rental	9,376	9,376	7,641	1,735
Vehicle Maintenance	60,000	86,321	86,321	-
Total Streets	1,362,124	1,467,548	1,414,421	53,127
Garage				
Wages - Full Time	220,392	220,392	225,430	(5,038)
Wages - Overtime	3,000	3,000	534	2,466
Employee Insurance	50,000	50,000	51,017	(1,017)
Social Security	16,860	16,860	16,387	473
Retirement	21,724	21,724	16,968	4,756
Unemployment Insurance	12	12	8	4
Worker's Compensation	8,723	8,723	8,151	572
Other Contractual Services	1,598	1,598	300	1,298
Repairs and Maintenance	2,800	2,800	932	1,868
Vehicle Insurance	2,228	2,228	1,988	240
Bldg & Pers Liability Insurance	2,100	2,100	1,874	226
Training	2,500	2,500	443	2,057
Materials and Supplies	10,000	10,000	11,011	(1,011)
Office Supplies	300	300	227	73
Protective Equipment	500	500	442	58
Natural Gas	10,000	10,000	8,282	1,718
Vehicle Gasoline/Diesel	4,500	4,500	5,471	(971)
Minor Equipment	10,500	10,500	10,401	99
Other Supplies/Uniform Rental	3,644	3,644	3,398	246
Vehicle Maintenance	1,700	1,700	2,129	(429)
Total Garage	373,081	373,081	365,393	7,688

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Cemetery				
Wages - Full Time	238,493	238,493	255,703	(17,210)
Wages - Part Time/Temp	11,130	11,130	-	11,130
Wages - Overtime	15,000	15,000	15,515	(515)
Employee Insurance	49,900	49,900	47,451	2,449
Social Security	20,244	20,244	19,989	255
Retirement	23,849	23,849	18,628	5,221
Unemployment Insurance	20	20	13	7
Worker's Compensation	21,252	21,252	19,858	1,394
Other Contractual Services	180	180	120	60
Repairs and Maintenance	1,000	1,000	695	305
Vehicle Insurance	5,840	5,840	5,212	628
Bldg & Pers Liability Insurance	4,003	4,003	3,572	431
Communications	1,230	1,230	1,132	98
Materials and Supplies	5,000	5,000	4,997	3
Office Supplies	800	800	318	482
Cleaning Supplies & Chemicals	350	350	266	84
Medical Supplies	100	100	56	44
Protective Equipment	200	200	168	32
Vehicle Gasoline/Diesel	8,750	8,750	8,423	327
Minor Equipment	3,000	3,000	1,922	1,078
Computer Hardware & Software	150	150	-	150
Other Supplies/Uniform Rental	2,496	2,496	2,390	106
Vehicle Maintenance	2,500	2,500	3,335	(835)
Landscaping Supplies	500	500	223	277
Total Cemetery	415,987	415,987	409,986	6,001
Total Public Works	2,575,985	2,825,389	2,713,491	111,898
Community Development				
Administration				
Wages - Full Time	111,318	111,318	115,484	(4,166)
Wages - Part Time/Temp	14,404	14,404	10,950	3,454
Employee Insurance	20,200	20,200	20,654	(454)
Social Security	9,618	9,618	9,239	379
Retirement	11,132	11,132	8,695	2,437
Unemployment Insurance	6	6	3	3
Worker's Compensation	434	434	406	28
Other Employee Benefits	3,600	3,600	3,600	-
Bldg & Pers Liability Insurance	900	900	803	97
Communications	660	660	462	198
Advertising	1,800	1,800	1,445	355
Printing & Binding	200	200	271	(71)
Travel	2,050	2,050	884	1,166
Dues and Fees	500	500	435	65
Training	850	850	745	105
Office Supplies	200	200	180	20
Books & Periodicals	250	250	221	29
Minor Equipment	500	500	503	(3)
Computer Hardware and Software	-	-	50	(50)
Chatt Flint RDC	19,897	19,897	19,897	-
Total Administration	198,519	198,519	194,927	3,592

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Planning and Zoning				
Wages - Full Time	145,695	145,695	149,288	(3,593)
Employee Insurance	25,000	25,000	24,657	343
Social Security	11,146	11,146	11,031	115
Retirement	14,569	14,569	11,379	3,190
Unemployment Insurance	6	6	4	2
Worker's Compensation	519	519	485	34
Professional Services	30,000	30,000	7,500	22,500
Vehicle Insurance	800	800	714	86
Bldg & Pers Liability Insurance	1,800	1,800	1,606	194
Communications	672	672	462	210
Advertising	-	-	1,208	(1,208)
Printing & Binding	1,000	1,000	112	888
Travel	9,900	9,900	4,424	5,476
Dues and Fees	750	750	784	(34)
Training	1,075	1,075	1,135	(60)
Materials and Supplies	1,900	1,900	660	1,240
Office Supplies	2,000	2,000	1,404	596
Vehicle Gasoline/Diesel	1,000	1,000	470	530
Books & Periodicals	150	150	47	103
Computer Hardware & Software	100	100	24	76
Vehicle Maintenance	250	250	111	139
Planning Commission	1,500	1,500	337	1,163
Total Planning and Zoning	249,832	249,832	217,842	31,990
Business Development and Special Events				
Wages - Full Time	87,500	87,500	90,945	(3,445)
Employee Insurance	15,000	15,000	9,958	5,042
Social Security	6,700	6,700	6,846	(146)
Retirement	8,800	8,800	6,873	1,927
Unemployment Insurance	4	4	3	1
Worker's Compensation	295	295	276	19
Other Employee Benefits	3,600	3,600	3,600	-
Public Relations	4,000	4,000	3,008	992
Repairs and Maintenance	5,700	5,700	4,500	1,200
Bldg & Pers Liability Insurance	775	775	692	83
Communications	1,000	1,000	775	225
Advertising	2,250	2,250	2,132	118
Printing & Binding	3,500	3,500	2,468	1,032
Travel	4,200	4,200	2,055	2,145
Dues and Fees	1,600	1,600	1,172	428
Training	2,250	2,250	60	2,190
Materials and Supplies	350	350	345	5
Office Supplies	1,400	1,400	826	574
Books & Periodicals	280	280	141	139
Minor Equipment	4,800	4,800	1,720	3,080
Computer Hardware & Software	4,300	4,300	3,377	923
Other Boards & Commissions	8,000	8,000	3,228	4,772
Payments to Other Agencies	4,000	4,000	4,000	-
Total Business Development & Special Events	170,304	170,304	149,000	21,304

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Library				
Books & Periodicals	20,000	20,000	-	20,000
Other Improvements	7,500	7,500	7,199	301
Library Board	255,852	255,852	255,852	-
Total Library	283,352	283,352	263,051	20,301
Parks & ROW Beautification				
Wages - Full Time	382,900	382,900	389,051	(6,151)
Wages - Overtime	-	-	104	(104)
Employee Insurance	104,500	104,500	92,063	12,437
Social Security	29,300	29,300	28,610	690
Retirement	38,300	38,300	29,915	8,385
Unemployment	28	28	13	15
Worker's Compensation	28,400	28,400	26,537	1,863
Other Employee Benefits	2,880	2,880	-	2,880
Other Contractual Services	15,000	15,000	15,120	(120)
Repairs and Maintenance	3,500	3,500	3,371	129
Vehicle Insurance	5,410	5,410	4,828	582
Bldg & Pers Liability Insurance	1,825	1,825	1,983	(158)
Communications	3,225	3,225	2,268	957
Travel	600	600	-	600
Dues and Fees	850	850	853	(3)
Training	1,200	1,200	1,173	27
Office Supplies	500	500	489	11
Cleaning Supplies & Chemicals	2,900	2,900	2,869	31
Medical Supplies	300	300	222	78
Protective Equipment	700	700	702	(2)
Vehicle Gasoline/Diesel	15,000	15,000	15,394	(394)
Books & Periodicals	250	250	221	29
Minor Equipment	7,250	7,250	7,245	5
Other Supplies/Uniform Rental	2,880	2,880	2,539	341
Vehicle Maintenance	7,000	7,000	6,204	796
Landscaping Supplies	25,000	25,000	25,592	(592)
Total Parks & ROW Beautification	679,698	679,698	657,366	22,332

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Building Inspection				
Wages - Full Time	400,196	400,196	401,571	(1,375)
Wages - Overtime	500	500	-	500
Employee Insurance	60,000	60,000	56,395	3,605
Social Security	30,615	30,615	29,935	680
Retirement	40,020	40,020	31,258	8,762
Unemployment Insurance	18	18	10	8
Worker's Compensation	18,392	18,392	17,186	1,206
Repairs and Maintenance	500	500	-	500
Vehicle Insurance	6,000	6,000	5,355	645
Bldg & Pers Liability Insurance	4,000	4,000	3,570	430
Communications	4,000	4,000	2,953	1,047
Advertising	-	-	1,950	(1,950)
Printing & Binding	1,500	1,500	401	1,099
Travel	3,000	3,000	3,074	(74)
Dues and Fees	850	850	470	380
Training	6,750	6,750	4,428	2,322
Materials and Supplies	500	500	429	71
Office Supplies	2,000	2,000	1,507	493
Medical Supplies	50	50	-	50
Protective Equipment	50	50	-	50
Vehicle Gasoline/Diesel	12,000	12,000	13,884	(1,884)
Food Supplies	600	600	534	66
Books & Periodicals	830	830	786	44
Minor Equipment	1,600	1,600	1,147	453
Computer Hardware & Software	3,600	3,600	3,566	34
Other Supplies/Uniform Rental	694	694	720	(26)
Vehicle Maintenance	4,000	4,000	6,869	(2,869)
Total Building Inspection	602,265	602,265	587,998	14,267

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, 2007
(CONTINUED)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Building and Maintenance				
Wages - Full Time	97,385	97,385	101,720	(4,335)
Wages - Overtime	500	500	256	244
Employee Insurance	25,000	25,000	25,508	(508)
Social Security	7,488	7,488	7,417	71
Retirement	9,738	9,738	7,606	2,132
Unemployment Insurance	6	6	3	3
Worker's Compensation	5,589	5,589	5,222	367
Other Contractual Services	8,417	8,417	8,934	(517)
Repairs and Maintenance	70,000	70,000	52,548	17,452
Vehicle Insurance	1,500	1,500	1,339	161
Bldg & Pers Liability Insurance	30,000	30,000	26,773	3,227
Communications	1,176	1,176	759	417
Travel	200	200	-	200
Training	200	200	-	200
Office Supplies	100	100	94	6
Cleaning Supplies & Chemicals	2,000	2,000	2,351	(351)
Protective Equipment	250	250	-	250
Natural Gas	30,000	30,000	27,158	2,842
Vehicle Gasoline/Diesel	6,000	6,000	4,658	1,342
Minor Equipment	7,000	7,000	(5,033)	12,033
Other Supplies/Uniform Rental	600	600	456	144
Vehicle Maintenance	1,500	1,500	201	1,299
Land Purchases	-	-	1,200	(1,200)
Total Building and Maintenance	304,649	304,649	269,170	35,479
Total Community Development	2,488,619	2,488,619	2,339,354	149,265
Total Expenditures	15,738,900	16,414,234	15,180,507	1,233,727
Excess(deficiency) of revenues Over(under) expendituire	551,000	(139,334)	2,348,368	2,487,702
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	15,000	15,000	12,000	(3,000)
Transfer from Tourism Fund	140,000	140,000	197,940	57,940
Transfer to Capital Fund	(541,000)	(833,700)	(713,179)	120,521
Transfer to Street Fund	(150,000)	(450,000)	(439,771)	10,229
Total Other Financing Sources(Uses)	(536,000)	(1,128,700)	(943,010)	185,690
Net change in fund balances	$ -	$ (1,268,034)	$ 1,405,358	$ 2,673,392
Fund balances - beginning of year			13,059,908	
Fund balances - end of year			$ 14,465,266	

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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, 2007

	Special Revenue Funds					Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug	Miscellaneous Grants	Law Enforcement	Hotel/Motel Tourism Enhancement	Total	Street Improvement	Capital Equipment	SPLOST 1997	Total	
ASSETS										
Cash and cash equivalents	$ -	$ 83,020	$ 37	$ -	$ 83,057	$ 14,897	$ -	$ -	$ 14,897	$ 97,954
Taxes receivable	-	-	-	58,350	$ 58,350	-	-	-	-	$ 58,350
Accounts receivable	-	12,500	-		12,500	-	-	-	-	12,500
Investments	3,086	-	-	545,103	548,189	303,024	440,196	1,000,161	1,743,381	2,291,570
Total assets	$ 3,086	$ 95,520	$ 37	$ 603,453	$ 702,096	$ 317,921	$440,196	$1,000,161	$ 1,758,278	$ 2,460,374
LIABILITIES										
Accounts payable	$ -	$ 50,000	$ -	$ 455	$ 50,455	$ 3,600	$ 79	$ -	$ 3,679	$ 54,134
Interfund payable	-	-	-	35,010	35,010	-	-	-	-	35,010
Deferred revenue	-	15,520	-	-	15,520	8,381	-	-	8,381	23,901
Total liabilities	-	65,520	-	35,465	100,985	11,981	79	-	12,060	113,045
FUND BALANCES										
Reserved for encumbrances	1,377	30,000	-	-	31,377	-	87,966	-	87,966	119,343
Reserved for program purposes:										-
Tourism enhancement	-	-	-	567,988	567,988	-	-		-	567,988
Capital outlay	-	-	-	-	-	-	-	1,000,161	1,000,161	1,000,161
Unreserved	1,709	-	37	-	1,746	305,940	352,151	-	658,091	659,837
Total fund balances	3,086	30,000	37	567,988	601,111	305,940	440,117	1,000,161	1,746,218	2,347,329
TOTAL LIABILITIES AND FUND BALANCES	$ 3,086	$ 95,520	$ 37	$ 603,453	$ 702,096	$ 317,921	$440,196	$1,000,161	$ 1,758,278	$ 2,460,374

CITY OF NEWNAN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds					Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug	Miscellaneous Grants	Law Enforcement	Hotel/Motel Tourism Enhancement	Total	Street Improvement	Capital Equipment	SPLOST 1997	Total	
REVENUES										
Hotel/motel taxes	$ -	$ -	$ -	$ 329,900	$ 329,900	$ -	$ -	$ -	$ -	$ 329,900
Court condemnations	6,251	-	-	-	6,251	-	-	-	-	6,251
Intergovernmental	-	153,621	2,240	-	155,861	127,823	-	-	127,823	283,684
Investment earnings	151	-	460	25,620	26,231	7,910	26,763	53,001	87,674	113,905
Total revenues	6,402	153,621	2,700	355,520	518,243	135,733	26,763	53,001	215,497	733,740
EXPENDITURES										
Current										
Tourism development	-	-	-	2,292	2,292	-	-	-	-	2,292
Parks and recreation	-	11,000	-	-	11,000	-	-	-	-	11,000
Public safety	4,467	33,621	-	-	38,088	-	-	-	-	38,088
Miscellaneous	-	-	-	-	-	1,910	40,109	-	42,019	42,019
Capital outlay	784	79,000	2,663	-	82,447	267,655	527,834	84,090	879,579	962,026
Total expenditures	5,251	123,621	2,663	2,292	133,827	269,565	567,943	84,090	921,598	1,055,425
Excess (deficiency) of revenues over (under) expenditures	1,151	30,000	37	353,228	384,416	(133,832)	(541,180)	(31,089)	(706,101)	(321,685)
Other financing sources (uses)										
Transfers in/out										
General Fund	-	-	-	(197,940)	(197,940)	439,772	713,178	-	1,152,950	955,010
Net change in fund balances	1,151	30,000	37	155,288	186,476	305,940	171,998	(31,089)	446,849	633,325
Fund balances - beginning of year	1,935	-	-	412,700	414,635	-	268,119	1,031,250	1,299,369	1,714,004
Fund balances - end of year	$ 3,086	$ 30,000	$ 37	$ 567,988	$ 601,111	$ 305,940	$ 440,117	$ 1,000,161	$ 1,746,218	$ 2,347,329

CITY OF NEWNAN, GEORGIA

DRUG SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance
REVENUES			
Court condemnations	$ 5,000	$ 6,251	$ 1,251
Investment earnings	100	151	51
Total Revenues	5,100	6,402	1,302
EXPENDITURES			
Current			
Public safety	6,116	5,844	272
Capital outlay	784	784	-
Total Expenditures	6,900	6,628	272
Excess (deficiency) of revenues over (under) expenditures	$ (1,800)	(226)	$ 1,574
Fund balances - beginning of year		1,935	
Fund balances - end of year		$ 1,709	

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 49,000	$ 153,621	$ 104,621
Total Revenues	49,000	153,621	104,621
EXPENDITURES			
Current			
Parks and recreation	50,000	41,000	9,000
Public safety	34,621	33,621	1,000
Capital outlay	105,000	79,000	26,000
Total Expenditures	189,621	153,621	36,000
Excess (deficiency) of revenues over (under) expenditures	$ (140,621)	-	$ 140,621
Fund balances - beginning of year		-	
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(NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental revenue	$ -	$ 2,240	$ 2,240
Investment earnings	75	460	385
Total Revenues	75	2,700	2,625
EXPENDITURES			
Current			
Capital outlay	2,725	2,663	62
Total Expenditures	2,725	2,663	62
Excess (deficiency) of revenues over (under) expenditures	$ (2,650)	37	$ 2,687
Fund balances - beginning of year		-	
Fund balances - end of year		$ 37	

CITY OF NEWNAN, GEORGIA

HOTEL/MOTEL TOURISM ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance
REVENUES			
Hotel/motel taxes	$ 230,000	$ 329,900	$ 99,900
Investment earnings	18,000	25,620	7,620
Total Revenues	248,000	355,520	107,520
EXPENDITURES			
Current			
Tourism development	97,000	2,292	94,708
Total Expenditures	97,000	2,292	94,708
Excess (deficiency) of revenues over (under) expenditures	151,000	353,228	202,228
Other Financing Use			
Transfer out	(197,940)	(197,940)	-
Net change in fund balances	$ (46,940)	155,288	$ 202,228
Fund balances - beginning of year		412,700	
Fund balances - end of year		$ 567,988	

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STATISTICAL SECTION

Schedule 1
City of Newnan, Georgia
Net Assets by Component
Last Four Calendar Years
(accrual basis of accounting)

	2004	2005	2006	2007
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	$ 36,870,914	$ 48,202,095	$ 59,950,866	$ 99,720,483
Restricted	7,370,329	10,247,870	10,017,489	12,310,604
Unrestricted	9,536,630	11,056,237	14,484,797	16,050,074
Total Governmental Activities Net Assets	$ 53,777,873	$ 69,506,202	$ 84,453,152	$ 128,081,161
Primary Government				
Invested in Capital Assets, Net of Related Debt	$ 36,870,914	$ 48,202,095	$ 59,950,866	$ 99,720,483
Restricted	7,370,329	10,247,870	10,017,489	12,310,604
Unrestricted	9,536,630	11,056,237	14,484,797	16,050,074
Total Primary Government Net Assets	$ 53,777,873	$ 69,506,202	$ 84,453,152	$ 128,081,161

Note: The City began to report accrual information when it implemented GASB Statement 34 in calendar year 2003. The net beginning balance of capital assets has been increased by $33 million to retroactively record the City's infrasture purchased or constructed prior to the adoption of GASB 34.

Schedule 2
City of Newnan, Georgia
Changes in Net Assets
Last Four Calendar Years
(accrual basis of accounting)

	2004	2005	2006	2007
Expenses:				
Governmental Activities:				
General Government	$ 1,499,242	$ 1,692,563	$ 2,164,887	$ 2,823,373
Public Safety	7,081,640	7,522,020	8,076,362	8,638,598
Public Works	1,892,188	3,364,415	3,535,165	4,405,650
Community Development	1,785,109	1,761,614	2,233,473	2,697,243
Tourist Development	658	20,511	14,955	2,292
Other Services	484,281	801,434	-	-
Total Governmental Activities Expenses	12,743,118	15,162,557	16,024,842	18,567,156
Total Primary Government Expenses	$12,743,118	$15,162,557	$16,024,842	$ 18,567,156
Program Revenues:				
Governmental Activities:				
Charges for Services	$ 1,649,701	$ 3,442,589	$ 5,093,961	$ 4,528,973
Operating Grants and Contributions	1,181,639	1,204,398	74,084	103,045
Capital Grants and Contributions	9,817,232	10,840,515	8,626,666	4,238,389
Total Governmental Activities Program Revenues	12,648,572	15,487,502	13,794,711	8,870,407
Total Primary Government Program Revenues	$12,648,572	$15,487,502	$13,794,711	$ 8,870,407
Net (Expenses) / Revenues				
Governmental Activities	$ (94,546)	$ 324,945	$(2,230,131)	$ (9,696,749)
Total Primary Government Net (Expense)/Revenue	$ (94,546)	$ 324,945	$(2,230,131)	$ (9,696,749)
General Revenue and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	$ 2,971,012	$ 3,436,171	$ 3,832,526	$ 4,203,214
Sales Taxes	6,411,198	6,658,437	7,517,296	9,552,987
Occupational Taxes	1,206,741	1,321,047	1,472,479	1,732,989
Franchise Taxes	977,592	935,535	1,004,528	1,226,762
Insurance Premium Taxes	756,092	813,456	851,078	887,770
Hotel/Motel Taxes	174,947	200,101	211,120	329,900
Alcoholic Beverage Taxes	584,315	636,993	700,717	733,406
Other Taxes	29,340	236,725	222,331	280,303
Interest Revenue	189,916	540,821	1,008,500	1,170,885
Miscellaneous	220,441	329,590	-	-
Special Item - Dissolution of Sanitation Fund	(375,436)	-	-	-
Total Governmental Activities	$13,146,159	$15,108,876	$16,820,575	$ 20,118,216
Changes in Net Assets				
Governmental Activities	$13,051,613	$15,433,821	$14,590,444	$ 10,421,467
Total Primary Government	$13,051,613	$15,433,821	$14,590,444	$ 10,421,467

Note: The City began to report accrual information when it implemented GASB Statement 34 in calendar year 2003.

Schedule 3
City of Newnan, Georgia
Program Revenues by Function/Program
Last Four Calendar Years
(accrual basis of accounting)

	2004	2005	2006	2007
Function/Program				
Governmental Activities:				
General Government	$ 2,156,208	$ 2,994,494	$ 1,654,084	$ 1,939,390
Public Safety	492,764	472,358	669,170	741,655
Public Works	9,958,000	12,020,650	8,597,644	4,202,138
Community Development	-	-	2,851,031	1,987,224
Other Services	41,600	-	-	-
Tourist Development	-	-	22,782	-
Subtotal Governmental Activities	12,648,572	15,487,502	13,794,711	8,870,407
Total Primary Government	$12,648,572	$15,487,502	$13,794,711	$ 8,870,407

Note: The City began to report accrual information when it implemented GASB Statement 34 in calendar year 2003.

Schedule 4
City of Newnan, Georgia
Fund Balances, Governmental Funds
Last Four Calendar Years
(modified accrual basis of accounting)

	2004	2005	2006	2007
General Fund				
Reserved	$ 148,146	$ 255,509	$ 273,734	$ 458,929
Unreserved	9,673,201	10,983,435	12,848,952	14,168,420
Total General Fund (1)	$ 9,821,347	$ 11,238,944	$ 13,122,686	$ 14,627,349
All Other Governmental Funds				
Reserved (2)	$ 830,759	$ 3,182,981	$ 10,038,294	$ 13,090,613
Unreserved				
Special Revenue Funds	(248,504)	(54,378)	1,935	1,746
Capital Projects Funds (2)	6,788,074	6,947,242	1,278,564	658,091
Total All Other Governmental Funds	$ 7,370,329	$ 10,075,845	$ 11,318,793	$ 13,750,450
Total Fund Balances / (Deficits)	**$ 17,191,676**	**$ 21,314,789**	**$ 24,441,479**	**$ 28,377,799**

Notes:

(1) The General Fund Balance has increased by an approximate average of 14% annually mainly due to control of expenditures and increased revenues due to the growth in the City.

(2) In 2004/2005 the Capital Projects Fund Balances were included in Unreserved. Beginning in 2006, the Capital Projects Fund Balances were included in Reserved Balance.

Schedule 5
City of Newnan, Georgia
Changes in Fund Balances, Governmental Funds
Last Four Calendar Years
(modified accrual basis of accounting)

	2004	2005	2006	2007
Revenues				
Property taxes	$ 3,068,690	$ 3,194,225	$ 3,751,885	$ 4,145,848
Sales taxes	6,411,197	6,658,437	7,517,296	9,552,987
Other taxes	3,453,383	4,227,312	4,462,253	5,191,130
Licenses and permits	1,213,279	1,566,857	1,520,283	1,018,668
Impact fees	291,496	1,414,933	1,505,448	1,118,593
Court condemnations	5,596	11,832	6,240	6,251
Intergovernmental	328,517	461,148	848,571	476,377
Grants received	27,065	23,391	2,253	-
Intergovernmental-utility	853,126	966,488	1,094,453	1,161,112
Fines and forfeitures	436,422	448,967	588,846	632,359
Investment earnings	189,916	540,821	1,008,923	1,170,885
Indirect cost allocations	1,028,938	1,139,329	-	-
Other revenues	220,440	208,604	268,163	370,732
Total revenue	17,528,066	20,862,344	22,574,614	24,844,942
Expenditures				
General Government	1,543,473	1,639,077	2,088,268	2,675,463
Public Safety	7,249,855	7,809,982	7,697,555	8,314,508
Public Works	1,870,359	2,469,203	2,371,824	2,637,747
Tourism Development	658	20,511	14,955	2,292
Community Development	1,842,623	1,893,971	2,615,532	2,337,153
Other Services	483,375	831,102	-	-
Intergovernmental	-	-	-	-
Capital Outlay	1,878,426	2,397,282	5,016,296	4,953,459
Total expenditures	14,868,769	17,061,128	19,804,430	20,920,622
Excess of Revenues over/ (under) Expenditures	2,659,297	3,801,216	2,770,184	3,924,320
Other Financing Sources (Uses)				
Transfers from Other Funds	349,652	1,107,770	1,110,359	1,350,890
Transfers to Other Funds	(725,088)	(1,107,770)	(1,110,359)	(1,350,890)
Sales of Capital Assets	81,500	27,390	-	12,000
Total Other Financing Sources (Uses)	(293,936)	27,390	-	12,000
Net Change in Fund Balances	**$ 2,365,361**	**$ 3,828,606**	**$ 2,770,184**	**$ 3,936,320**

* Impact Fees started being assessed in October 2004.

Schedule 6
City of Newnan, Georgia
Tax Revenues by Source, Governmental Funds
Last Four Calendar Years
(modified accrual basis of accounting)

	Tax Revenues										
Calendar Year	General Property (1)	Local Option (LOST) Sales	Special Local Option (SPLOST) Sales (2)	Occupational (3)	Intangible	Franchise (4)	Insurance Premium	Real Estate Transfer (3)	Alcoholic Beverage	Hotel/Motel (3)	Total
2004	$3,068,690	$ 4,063,820	$ 2,347,378	$ 1,206,741	$ 77,853	$ 977,592	$756,092	$57,383	$584,316	$ 174,946	$13,314,811
2005	3,194,225	4,037,621	2,620,816	1,321,047	199,194	935,536	813,456	93,961	636,993	200,101	14,052,950
2006	3,812,530	4,459,896	3,057,400	1,472,479	153,671	1,004,528	851,078	85,136	700,717	211,120	15,808,554
2007	4,336,396	4,599,472	4,953,515	1,732,989	89,582	1,226,762	887,770	88,369	733,406	329,900	18,978,162
% Change 2004 - 2007	41.31%	13.18%	111.02%	43.61%	15.07%	25.49%	17.42%	54.00%	25.52%	88.57%	42.53%

Notes: (1) The City's millage rate declined from 4.50 to 4.32 from 2004 to 2007, however, the County has reassessed existing properties during this period. Additionally, the population has increased by approximately 6,200 people (or 30%) in the past five years, resulting in new properties being added.

(2) Special Purpose Local Option Sales tax has increased over the years mainly due to the growth in the City and the resulting population explosion over the past five years.

(3) Increase mainly due to the growth in the City and new commercial/residential property added in the past five years. Additionally, in 2007 the hotel/motel fund was reported on an accrual basis, consistent with all other governmental revenues.

(4) Franchise tax increases are mainly the result of an increase in the Utility excise taxes of approximately 88%, which is indicative of the growth in the City also.

Schedule 10
City of Newnan, Georgia
Property Tax Levies and Collections
Last Four Calendar Years

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Year	Taxes Levied for the Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2004	$ 2,766,530	$2,541,109	91.85%	$ 222,397	$2,763,506	99.89%
2005	3,175,913	2,778,148	87.48%	384,505	3,162,653	99.58%
2006	3,596,135	3,224,897	89.68%	300,594	3,525,491	98.04%
2007	4,040,685	3,710,009	91.82%	-	3,710,009	91.82%

Source: Coweta County Tax Assessor's Office and City of Newnan Finance Department

Schedule 8
City of Newnan, Georgia
Direct and Overlapping Property Tax Rates
Last Four Calendar Years

	City Direct Rates			Overlapping Rates			
Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	County of Coweta	School System	**Total***
2004	4.50	-	4.50	0.25	5.13	18.61	**28.49**
2005	4.40	-	4.40	0.25	6.31	18.59	**29.55**
2006	4.34	-	4.34	0.25	6.74	18.59	**29.92**
2007	4.32	-	4.32	0.25	7.76	18.59	**30.92**

Source: Coweta County Tax Assessor's Office

Notes: * Grand total for City Residents includes County Taxes

The City's basic property tax rate is established by the City Council each year.

The overlapping rates are those of State and County governments that apply to property owners within the City.

Schedule 9
City of Newnan, Georgia
Principal Property Taxpayers
Current Year and Three Years Ago

	2004		2007	
Taxpayer	Total Assessed Value	Percentage of Total City Tax Levy	Total Assessed Value	Percentage of Total City Tax Levy
Fourth Quarter Properties	$ 11,235,310	1.83%	$ 13,191,700	1.41%
Peachtree City Holdings	9,003,555	1.46%		
Inland Southeast Newnan LLC	7,167,218	1.17%	13,083,702	1.40%
BellSouth Telecommunications	6,985,040	1.14%	7,319,533	0.78%
Newnan Development Partners			6,267,592	0.67%
Lullwater Apartments LLC	5,713,418	0.93%	5,713,418	0.61%
Wal-Mart	5,132,135	0.83%	5,132,135	0.55%
JDN Realth Corporation	4,765,717	0.78%	4,724,995	0.51%
S.G. Preston Mill	4,801,604	0.78%	4,720,000	0.50%
Newnan Crossing LLP	3,946,052	0.64%		
Out Med LLC	2,998,488	0.49%		
DR Horton Inc.			4,119,840	0.44%
Coweta-Fayette EMC			4,119,310	0.44%
Total	$ 61,748,537	10.05%	$ 68,392,224	7.31%

Source: Coweta County Tax Assessor's Office

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, 2007

Project	Original Estimated Cost	Current Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years Costs	Current Year	Total	
Municipal buildings (includes land)	$ 4,300,000	$ 5,426,833	$ 5,422,385	$ -	$ 5,422,385	100%
Streets, bridges and transportation	2,000,000	3,163,749	2,094,020	84,090	2,178,110	69%
Fire	539,204	925,075	928,807	-	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	$ 15,568,133	$ 14,483,880	$ 84,090	$ 14,567,970	

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2002)
FOR THE YEAR ENDED DECEMBER 31, 2007

Project	Original Estimated Cost	Current Estimated Costs	Expenditures			Estimated Percentage of Completion
			Prior Years Costs	Current Year	Total	
Streets, drains, and sidewalks	$ 3,800,000	$ 3,300,000	$ 1,112,291	$ 253,254	$ 1,365,545	41%
Park acquisition and development	2,500,000	2,500,000	1,695,456	579,913	2,275,369	91%
Convention Center	2,500,000	2,000,000	867,405	-	867,405	43%
Construction of downtown parking facilities	1,760,000	1,319,731	209,176	-	209,176	16%
Fire equipment (serial and pumper)	800,000	800,000	460,543	-	460,543	58%
Additions to shop	1,120,000	415,000	5,000	26,675	31,675	8%
Storage facility (Lower Fayetteville Road)	350,000	-	-	-	-	0%
New facility or renovation (beaut. Facility)	200,000	555,000	-	528,208	528,208	95%
Computers	200,000	200,000	198,500	-	198,500	99%
Transfer to Water, Sewerage and Light Commission	2,520,000	1,960,022	1,960,022	-	1,960,022	100%
	$ 15,750,000	$ 13,049,753	$ 6,508,393	$ 1,388,050	$ 7,896,443	

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2007)
FOR THE YEAR ENDED DECEMBER 31, 2007

Project	Original Estimated Cost	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
Public Safety	$ 580,000	$ -	$ -	0%
Information System	325,000	14,043	14,043	4%
Building Maintenances/Structure	6,650,000	399,357	399,357	6%
Parks and Recreation	1,200,000	-	-	0%
Streets	14,925,333	229,787	229,787	2%
Equipment	1,625,000	-	-	0%
Transfer to Water, Sewerage and Light Commission	4,820,063	792,562	792,562	16%
	$ 30,125,396	$ 1,435,749	$ 1,435,749	

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 year ended December 31, 2007, which collectively comprise the City of Newnan, Georgia's basic financial statements and have issued our report thereon dated May 28, 2008. 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.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. (2007-1)

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

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*.

We noted certain matters that we reported to management of the City in a separate letter dated May 28, 2008.

The City of Newnan, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, City Council and management; and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
May 28, 2008

FINANCIAL STATEMENT FINDINGS

Findings noted on the 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*.

2007-1 Accounting for Special Local Option Sales Tax Proceeds

CRITERIA
State Law (48-8-121) requires that SPLOST proceeds be kept in a separate bank account from other resources and not commingled with other funds prior to expenditure.

CONDITION
The City utilized one bank account (Georgia Fund I) for the proceeds of the 2007 SPLOST, 2002 SPLOST and the 1997 SPLOST. Furthermore, activities of other governmental funds were also maintained in the Georgia Fund I account along with the proceeds of three SPLOST funds. The City did not keep SPLOST proceeds for the 2007 SPLOST, 2002 SPLOST and the 1997 SPLOST in separate bank accounts as required by State Law.

EFFECT
The City was not in compliance with State Law (48-8-121) as of December 31, 2007.

CAUSE
The City misinterpreted the State Law requiring a separate bank account for the proceeds of each SPLOST fund.

RECOMMENDATION
We recommend that management open a separate bank account for each SPLOST fund as required by State Law.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION
The City has taken immediate action to address this issue. Separate bank accounts have been opened for all SPLOST funds.

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