# THE CITY OF NEWNAN, GEORGIA

## Comprehensive Annual Financial Report

**For The Year Ended December 31, 2011**

# 2011

# CITY OF NEWNAN, GEORGIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

PREPARED BY: DEPARTMENT OF FINANCE

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CITY OF NEWNAN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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# INTRODUCTORY SECTION

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Newnan
GEORGIA • 1828 • CITY OF HOMES

# City of Newnan, Georgia
**Finance Department**

June 2, 2012

Honorable Mayor, Members of the City Council, City Manager and Citizens of the City of Newnan:

In accordance with the laws of the State of Georgia and ordinances adopted by the governing authority of the City of Newnan, Georgia, I am pleased to present the City of Newnan's (the City's) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011. Both the City Ordinances and State statutes require that the City issue an annual report on its financial position and activity. State law requires that local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in conformance with Generally Accepted Accounting Standards (GAAS) by a firm of licensed certified public accountants.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's Management based upon a comprehensive framework of internal controls established to provide assurance that the financial statements are free of any material misstatements. However, since the costs of internal controls should not exceed the benefits gained, the City of Newnan's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that fairly represents the financial position and operating results of the various funds and component units of the City of Newnan.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, a listing of City Officials, an organization chart for the City of Newnan and the City's Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the basic financial statements, required supplementary information, Management's Discussion and Analysis (MD & A), independent auditor's report, and the combining and individual fund financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The Water, Sewerage and Light Commission (Newnan Utilities) and the Downtown Development Authority (DDA) are included as component units of the City of Newnan and are discretely presented within the City's annual financial statements.

## INDEPENDENT AUDIT

The City of Newnan's financial statements have been audited by the firm of Clifton, Lipford, Hardison and Parker, LLC of Macon, Georgia. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2011 are fairly represented in conformity with GAAP. The independent auditor's report is the first component of the financial section of this report.

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The independent audit of financial statements of the City is sometimes part of a broader, federal and state mandated "single audit" designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. A single audit was necessary in 2011. The requirement for a single audit is the expense of $500,000 or more in federal funds. A total of $607,099 was expended utilizing funds from the U.S. Department of Justice in the form of confiscated assets. Additionally, the City disbursed $176,454 from the Neighborhood Stabilization Program grant sponsored by the Georgia Department of Community Affairs. The information related to the single audit is included in a separately issued single audit report.

The financial statements included in this report conform with GAAP and those established by the Governmental Accounting Standards Board (GASB). This Comprehensive Annual Financial Report includes a narrative introduction from management that provides an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is meant to complement the MD & A and should be read in conjunction with it. The City of Newnan's MD & A can be found immediately following the Independent Auditor's Report.

## CITY OF NEWNAN PROFILE

Since 1960, the City of Newnan has operated under the Council-Manager form of government. The City Council sets policy and relies on the City Manager to implement policy direction. The City Council consists of a Mayor and six Council members. The Mayor is elected at large and serves a four-year term. Council members are elected by district and serve four-year staggered terms. The City Council represents the interests of citizens of Newnan by adopting public policies, determining the City's mission, scope of service, and tax levels, passing ordinances, approving new projects and programs and ratifying the budget. The City of Newnan financial statements include discretely presented data for its two component units: Newnan Utilities and the Downtown Development Authority.

The City currently employs 238 people and is organized into five (5) functions: General Government, Public Safety, Public Works, Community Development and Other Services. General Government consists of City Clerk, Human Resources, Finance, Information Technologies, and Miscellaneous. Public Safety includes the Police and Fire Departments. Public Works involves the Street, Garage, Engineering, and Cemetery departments. Community Development is comprised of Planning and Zoning, Building Inspection, Building Maintenance, and Beautification. Other Services include the Carnegie Building, Business Development and Special Events, and Main Street.

Also important in the operation of the city are the numerous boards and commissions. Preliminary issues are heard and considered before being presented to the Mayor and Council. Over one hundred citizen volunteers serve on the various Boards, Commissions, and Authorities for the City of Newnan including the Board of Zoning Appeals, Planning Commission, Downtown Development Authority, Ethics Commission, Housing Authority, Keep Newnan Beautiful Commission, Newnan Cultural Arts Commission, Newnan Convention Center Authority, Newnan Development Authority, Newnan Hospital Authority, Parks Commission, Retirement Board, Tree Commission, and Water and Light Commission. Members of these Boards, Commissions, and Authorities aid in the effectiveness of local government.

The City of Newnan prepares an annual budget document as the basis for the City's financial planning and control. All departments are required to submit appropriation requests, beginning with a zero-based budget, to the City Manager on or about August 15th. The City Manager utilizes these requests to develop a starting point for the proposed operating budget. The proposed budget is presented to the City Council for review prior to November 20th. The Council is required to hold a public hearing on the proposed budget, which is typically done mid-December, after all budget work sessions with Council are completed

but before adoption of the proposed budget by Council. The annual budget is presented by Fund, Function and Department. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted. For the general fund, this comparison extends to the department level. Budget to actual comparisons for all governmental funds are presented in the other Required Supplementary Information (RSI) section of the financial statements. The legal level of budgetary control is at the department level.

The City of Newnan, county seat of Coweta County, is located in the west central part of Georgia, approximately thirty-five miles southwest of Atlanta, with Interstate 85 running through the eastern part of the city. In 1828 eight streets were surveyed to form what would become downtown Newnan. The City was laid out in a grid pattern, and six of the streets still bear their original names, which honor famous Americans such as Jackson, Jefferson, Washington, and Madison. The new town was named in honor of General Daniel Newnan of Georgia. As one of the campaign leaders of the War of 1812, he survived severe wounds at Camp Defiance in 1813 to later become Georgia Adjutant General, Secretary of State, and a member of the United States Congress.

A century and a half ago the small city of Newnan was carved out of the homeland of the proud Creek Indian Nation. Newnan stands in the preserved natural beauty of its surroundings, while thriving as an independent commercial and industrial trade center. As a residential community, Newnan has become widely known for its shady tree-lined streets and a large number of historic homes. Victorian and Classical Revival styles are the most prevalent, along with Eclectic, Plantation Plain, and Plantation Variant. Local builders have strived to maintain this quality in Newnan's modern homes, creating an aesthetic balance of old and new in this tranquil city. The large number of recreational areas and the preservation of natural settings have been the finishing touches to the picture, adding completeness to its beauty.

Newnan's six historic districts, all on the national register, contain some of Georgia's most beautiful houses and commercial buildings. The houses are represented by the antebellum and Victorian style that dominated Newnan's early and mid-19$^{th}$ century development. Buildings that make up the Central Business District comprise several architectural styles, including Neoclassical, Italianate, Classical Revival, Romanesque, and Victorian. Newnan's six historic districts include Cole Town, College-Temple, Downtown, Greenville-LaGrange, Newnan Cotton Mill and Mill Village, and Platinum Pointe.

The City of Newnan has increased substantially in population over the past few years and has grown in total square miles, via the annexation of land. In 1990, it was estimated that the city consisted of 12.37 square miles. By the end of 2011, Newnan has grown to approximately 19.5 square miles.

The combination of the City's commitment to quality of life and attention to tax and infrastructure issues has brought many new businesses to the area and is a significant reason why so many businesses flourish in and around Newnan. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

## FACTORS AFFECTING FINANCIAL CONDITION

The City of Newnan enjoys a diverse economy and relatively stable unemployment rate which translates into a diverse portfolio of revenue streams and growth in population. The 2010 census indicates that the population for the City of Newnan has grown from 16,242 residents in 2000 to 33,039 residents in 2010, representing a 103% increase for the 10-year period. Governmental activities (or program revenues) are made up of revenues from property taxes, sales taxes, occupational taxes, fines and forfeitures, permits, impact fees, excise taxes and charges for services. The City currently has no business-type activities (enterprise funds) to report, since Sanitation services were privatized in 2004.

The City is financially stable. Targeted fund balance is 50% of budgeted expenditures. At the end of 2011, unassigned fund balance equaled approximately 110% of 2011 general fund expenditures. This percentage has remained fairly constant over the years. Based on excellent management of resources, assets and expenditures, and a very healthy fund balance, the City is well prepared to continue operations at the prescribed service levels in spite of the current economic conditions.

The City has a long history of operating within the annual adopted budget levels. Expenditures are controlled at the department level and budget amendments are rare. Therefore, fund balance typically remains constant or increases slightly each year.

## *Local Economy*

Textile mills began to dot the landscape in and around Newnan in the late 1800's. By the late 1920's the Newnan Hosiery Mill, Arnall Mills, Grantville Mills, and McIntosh Mills were among the ever-growing list of entrepreneurial undertakings. Over the last one hundred years the local economy has changed from textiles to a diverse manufacturing center. Farmland and rural southern villages in west central Georgia are being transformed into a business hub as international and national corporations expand and move into the area. Giants such as Kawasaki Corporation, Yokogawa Corporation of America, William L. Bonnell, Southern Mills and Yamaha Motor Manufacturing Corporation have all established in and around Newnan. Consequently, Newnan has developed into a business and industrial community that is growing and thriving. During the past decade, the City of Newnan has grown significantly to include many fine dining and retail establishments (with specialty shops) as part of the real estate development boom that has slowed some during the past couple of years.

Additionally, Cancer Treatment Centers of America (CTCA) selected Newnan as the location for a new facility. With more than two-thirds of its patients expected to come from outside the state of Georgia, patients and their families will contribute to the growth and vitality of the local economy. CTCA expects the new facility to generate 500 news jobs and $500 million in economic activity over the first five years of operation. The new facility projects opening in July 2012.

Piedmont-Newnan Hospital opened its brand new facility in May 2012. Along with these two new hospitals, several other physician offices and related businesses are planned for 2012. Both residential and commercial construction had significantly increased during the 1st quarter of 2012, as compared to the latest three years. Thus, the local economy is showing signs of growth and improvement once again.

## *Fiscal Policies*

The following fiscal policies are employed by the City of Newnan:

- The City shall strive to maintain a broad and diversified revenue base that will equitably distribute the burden of supporting City services and will protect the City from short-term fluctuations in any one revenue source.
- The City will actively support economic and industrial development, recruitment and retention efforts to expand the revenue base.
- The City will maintain timely collection systems and implement necessary enforcement strategies to collect revenues.
- The City will project revenues on a conservative basis so that actual revenues will consistently meet or exceed budgeted revenues.
- Basic and essential services provided by the City will receive priority funding.
- The City will provide access to medical, dental and life insurance for its employees. The cost for these benefits will be shared between the City and its employees.
- The City will provide access to appropriate retirement plans for its employees. The City will make contributions for eligible employees at the percentage defined.

### *Cash Management Policy and Practices*

The City adheres to treasury management practices permitted by Georgia statutes/code. The City, subsequently, limits its investments to the types of securities provided by statute/code, considering first the probable safety of capital and then the probable income to be derived. The City has limited its investments to the Georgia State Pool and several operating accounts at a local bank. Additionally, the City has a very small investment in Certificates of Deposit. The interest rate has been very sluggish during the past several years; therefore the City's stance is to simply conserve its investments rather than seek higher rates of return which would entail some risk.

### *Debt and Reserve Policy*

The City plans to fund all capital projects and capital improvements with pay-as-you-go financing, using current revenues when possible. The City has operated debt-free for many years and has no plans to utilize debt to purchase assets. Typically, capital funds are collected and maintained until the balance available is sufficient to complete a purchase or project. If a project or improvement cannot be purchased with current revenues, long-term debt might be considered, but only as a last resort. The City currently has no debt, other than compensated absences (sick, vacation, etc). However, Newnan Utilities, a component unit of the City, does utilize bonds and other types of debt to fund growth in operations.

The City strives to maintain a minimum reserve in Unassigned Fund Balance which equals 50% of the General Fund annual budgeted amount, however, the City does not have a formal fund balance policy at this time. If existing reserves exceed the desired level, such funds may be used to provide for non-recurring expenditures, capital assets and emergencies as approved by Council.

### *Employee Retirement and Health Insurance Plans*

The City of Newnan participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association (GMA). The City continues to pay 100% of the employee's portion of the retirement plan as a benefit to employees. In 2011, the City contributed $886,889 to the plan on behalf of its employees, compared to the 2010 contribution of $1,003,960. This contribution represents 10.44% of projected payroll expenditures for covered employees versus 13.19% in 2010.

Employees are eligible to participate in the retirement program after one (1) year of continued service and are vested in the program after ten (10) years of service. Additional information concerning the City's pension plan and its funding progress can be found in the Required Supplementary Information section. Currently, the City of Newnan offers no post-employment retirement benefits to its employees.

The City offers health and life insurance to all active employees. The City pays 100% of the life and health insurance premiums for employees who elect single coverage. Additionally, the City pays 84.9% of the cost of health insurance for employees choosing family coverage, along with 100% of their life insurance costs. Health insurance premiums increased by 3% for 2011. The City's contributions for employee health insurance increased by 1.03% in 2011; going from $1,831,593 in 2010 to $1,879,524. There is also a variety of optional insurances available to employees, which include additional life, dental, cancer, vision and disability insurance, all of which are paid solely by the employee if selected.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

The City has established the following long-term goals in support of the City's mission statement, which is "*to provide cost effective programs and services while continuously focusing on preserving and enhancing the quality of life that is enjoyed by all Newnan citizens.*" City goals are listed in no particular order.

- Maintain quality of life for citizens
- Provide consistent services levels
- Attract, employ, train and maintain a quality workforce
- Maintain competitive salary and benefit programs
- Provide a high level of customer service to businesses and citizens
- Provide and maintain a safe, secure and clean community
- Improve service delivery without increasing taxes
- Maintain strong police and fire protection
- Improve communication, efficiencies and effectiveness through technological investments
- Continue support for downtown revitalization and enhancements

## *2011 Accomplishments*

During fiscal year 2011, the City of Newnan began or completed many significant projects and objectives in connection with the City's overall goals. The following is a list of major accomplishments by the City's various departments, in no particular order.

- Received the Distinguished Budget Presentation Award from GFOA, the City's 22nd consecutive award!
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the City's 2010 Comprehensive Annual Financial Report (CAFR).
- Provided a 3.5% wage increase to all full-time employees, the first increase in three years.
- Over $2 million was awarded to the Newnan Housing Authority and Newnan-Coweta Habitat for Humanity to acquire and rehabilitate housing for purchase by eligible recipients through the Neighborhood Stabilization Program offered by the Department of Community Affairs.
- Completed full depth reclamation and paving of Belt Road.
- Purchased and implemented various eSuite software modules for Logos.NET, the City's operating system, enabling enhanced services to employees and customers. Modules purchased included eHR, ePermitting, eSupplier, eBids, and eLicensing; not all of which have been implemented.
- Completed improvements at Lynch Park.
- Completed downtown streetscapes sidewalk project.
- Completed resurfacing of various City streets.
- Completed implementation of the City's GIS system.
- Completed the Dewey Street Culvert project.
- Construction continues on the widening of the Highway 34 Bypass by GDOT, expected to be complete by July 31, 2012.
- Projects underway (CIP) at the end of 2011 included: Boone Drive facility improvements, a new Convention Center, Greenville Streetscapes Phase II, Lower Fayetteville Road widening, Jackson/Sprayberry Intersection improvements, Jefferson-Jackson corridor improvements, and miscellaneous street, sidewalk and drainage projects.

## *Strategic Financial Planning*

The City of Newnan has initiated processes to provide for the future and plan for services, programs and facilities to meet the needs of the citizens, visitors and businesses in the community. The most current budget process addresses both revenues and expenditures for its operating programs for the current year. The five-year capital plan is developed to address future needs and project financial trends in order to plan for the long-term needs of the City including personnel, equipment, facilities, operations and maintenance. This program establishes a continuing five-year look at facility and equipment needs. The City also maintains a twenty year Comprehensive Plan which provides a review of the issues and opportunities that will affect the future of the City, delineates and discusses character areas and areas of special concern, and provides a detailed analysis of existing conditions as well as future projections.

Financial analysis and planning is essentially a process to assess the future and determine what the needs of the City will be in the future years. The Mayor and City Council have recognized the need for this type

of planning effort, which will in turn provide the roadmap for future budgeting and capital planning efforts. Such a plan provides guidance to the legislative and administrative arms of city government, but also provides a guideline for residents and businesses of the community to act upon in the development of private programs and services.

## AWARDS AND ACKNOWLEDGEMENTS

### *GFOA Certificate of Achievement for Excellence in Financial Reporting*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newnan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This was the second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### *GFOA Distinguished Budget Presentation Award*

The City of Newnan was awarded, for the twenty-first consecutive year, the Government Finance Officers Association of the United States "Distinguished Budget Presentation Award" for its 2011 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device. Additionally, we have submitted our 2012 Budget document to GFOA for consideration of this award.




### *Acknowledgements*

The timely preparation and publication of this Comprehensive Annual Financial Report represents significant effort and accomplishment by the Finance department, as well as the cooperation and assistance of other City of Newnan departments and employees. The independent audit firm of Clifton, Lipford, Hardison and Parker, LLC is also to be commended for their cooperation and invaluable assistance in the preparation of this document. My sincere appreciation is expressed to the City Council, City Manager and Department Heads for assistance and leadership throughout the year as it pertains to the financial affairs of the City of Newnan. Last, but not least, I wish to express my sincere appreciation to the Finance department staff: Renee Phillips, Ronda Helton, Ginny Gibson and Kim Carroll, whose dedication and support made this report and the entire year such a success.

Respectfully submitted,

Katrina Cline

Katrina Cline
Finance Director, City of Newnan

# City of Newnan Organization Chart




25 LaGrange Street, Newnan, Georgia 30263
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www.ci.newnan.ga.us

# City of Newnan, Georgia
## OFFICIALS AND OFFICES

**City of Newnan**
P. O. Box 1193
25 LaGrange Street
Newnan, Georgia 30264
Fax: 770-254-2353

**City website:**
**www.ci.newnan.ga.us**

## MAYOR AND COUNCIL MEMBERS

| District | Council Member | Year Elected |
|---|---|---|
| Mayor | L. Keith Brady | 1994 |
| District A: | Clayton Hicks | 2006 |
| District B: | Rhodes Shell | 2006 |
| District C: | Cynthia Jenkins, Mayor Pro Tem | 2004 |
| District D: | Robert Coggin | 2008 |
| Super District E (Districts A and B): | Ray DuBose | 2006 |
| Super District F (Districts C and D): | George Alexander | 2003 |

## CITY ADMINISTRATIVE OFFICES

| Department | Physical Address | Phone Number |
|---|---|---|
| Beautification/Parks | 57 Boone Drive | 770-251-3455 |
| Building Inspection | 25 LaGrange Street | 770-254-2362 |
| Business Development | 6 First Avenue | 770-253-8283 |
| Carnegie Building | 1 LaGrange Street | 770-683-1347 |
| Cemetery | 25 LaGrange Street | 770-253-3744 |
| City Clerk | 25 LaGrange Street | 770-254-2358 |
| City Council | 25 LaGrange Street | 770-254-2358 |
| City Hall | 25 LaGrange Street | 770-253-2682 |
| City Manager | 25 LaGrange Street | 770-254-2358 |
| Engineering | 25 LaGrange Street | 770-254-2354 |
| Finance | 25 LaGrange Street | 770-254-2351 |
| Fire | 23 Jefferson Street | 770-253-1851 |
| Garage/City Shop | 55 Boone Drive | 770-253-0327 |
| Human Resources | 25 LaGrange Street | 770-254-2358 |
| Information Technology | 25 LaGrange Street | 770-254-2358 |
| Keep Newnan Beautiful | 6 First Avenue | 770-253-8283 |
| Main Street | 6 First Avenue | 770-253-8283 |
| Mayor | 25 LaGrange Street | 770-254-2358 |
| Newnan Utilities | 70 Sewell Road | 770-683-5516 |
| Planning & Zoning | 25 LaGrange Street | 770-254-2354 |
| Police | 25 Jefferson Street | 770-254-2355 |
| Public Information | 25 LaGrange Street | 770-254-2358 |
| Public Works | 55 Boone Drive | 770-253-0327 |
| Streets | 55 Boone Drive | 770-253-1823 |

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Newnan

## Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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




Linda C. Davidson

President

Jeffrey L. Esser

Executive Director

# FINANCIAL SECTION

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CLH&P CLIFTON, LIPFORD, HARDISON & PARKER, LLC

J. Russell Lipford, Jr., CPA
Mark O. Hardison, CPA
Terry I. Parker, CPA
Christopher S. Edwards, CPA
Lynn S. Hudson, CPA
Kevin E. Lipford, CPA

Member of
American Institute of
Certified Public Accountants
Truman W. Clifton (1902-1989)

## 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 year ended December 31, 2011, 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, 2011, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2012 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



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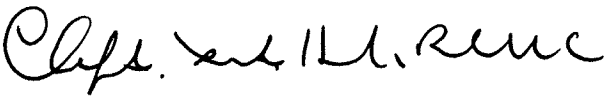
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internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages 13 through 27 and the schedule of funding progress on page 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newnan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical tables, the schedules of projects constructed with special purpose local option sales tax and the schedule of project expenditures with rental motor vehicle excise tax revenue are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of *States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the City of Newnan, Georgia. The combining and individual nonmajor fund financial statements and schedules, and the schedules of projects constructed with special purpose local option sales tax, the schedule of project expenditures with rental motor vehicle excise tax revenue and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Macon, Georgia
June 2, 2012



# MANAGEMENT'S DISCUSSION & ANALYSIS

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Newnan, Georgia's (the "City") comprehensive 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, 2011. The City's financial performance is discussed and analyzed within the context of the 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.

**2011 Financial Highlights**

- The City of Newnan implemented GASB 54 during 2011. The most significant change was to fund balance classifications, previously classified as reserved or unreserved, now classified as restricted, assigned, nonspendable or unassigned.

- The assets of the City of Newnan exceeded its liabilities by $147,802,008 (net assets) at the close of the calendar year reported.

- The government's total net assets increased by $4,074,726, or 2.8%. Total capital outlay for 2011 was $4,832,012, with depreciation expenses of $3,214,838. Please see page 28 of this report for detail of the other items which make up the total increase in net assets.

- Total net assets are comprised of the following:
  (1) Capital assets totaling $113,432,298, includes property and equipment, net of accumulated depreciation.
  (2) Net assets of $16,488,833 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $17,880,877 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total combined ending fund balances of $34,392,016 this year. This compares to the prior year combined ending fund balances of $32,721,229, showing an increase of $1,670,787, or 5.1%, during the current year. The unassigned fund balance of $16,925,008 for calendar year 2011 shows a $1,199,701 increase when compared to the prior year's unreserved balance. This equates to a 7.6% increase.

- At the end of the current calendar year, fund balance for the General Fund totaled $17,547,950, which was an 18.0% increase from 2010. Unassigned fund balance for the General Fund, $16,925,008, equaled 110.5% of total General Fund expenditures of $15,306,412. In comparison, the General Fund unreserved fund balance for 2010 was 98% of General Fund expenditures.

- The City operates on a pay-as-you go basis and has not incurred any debt in the acquisition of capital assets. The only long-term debt is related to employee compensated absences (earned sick and vacation leave) in the amount of $497,074.

- Overall, the City continues to maintain a strong financial position. The ratio of current assets to current liabilities is 27.1 to 1, down from 33.7 to 1 in 2010. This decrease in ratio is mainly attributed to the increase in current liabilities.

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 (MD & A) document is intended to serve as an introduction to 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 at this time.

The government-wide financial statements are presented on pages 28 & 29 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 of Newnan uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

*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 City of Newnan adopts an annual appropriated budget for the general fund and all special revenue funds. Budgets are prepared for the capital project funds on a project basis, which usually covers two or more years. Fiduciary funds do not have budgets. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are presented on pages 30-35 of this report. Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

**Fiduciary Funds**

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 36 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 data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 37-57 of this report.

***Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required 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 $147,802,008. The largest portion of the City's net assets (77%) reflects its investment in capital assets, net of any related debt used to acquire the assets, which is consistent with 2010. Current liabilities increased from 66% of the total liabilities to 73% of the total for 2011, due to the increase in accounts payable related to construction in progress at the end of the year. The following table provides a summary of the City's net assets.

## Summary of Net Assets

| | FY 2010 | | FY 2011 | | Increase / (Decrease) from 2010 | % Increase / (Decrease) from 2010 |
|---|---|---|---|---|---|---|
| | Governmental Activities | Percentage of Total | Governmental Activities | Percentage of Total | | |
| Assets: | | | | | | |
| Current assets | $ 34,268,357 | 24% | $ 36,204,870 | 24% | $ 1,936,513 | 5.7% |
| Capital assets | 110,991,843 | 76% | 113,432,298 | 76% | 2,440,455 | 2.2% |
| Other Assets | 1,466 | N/A | - | 0% | (1,466) | 0.0% |
| **Total assets** | **145,261,666** | **100%** | **149,637,168** | **100%** | **4,375,502** | **3.0%** |
| Liabilities: | | | | | | |
| Current liabilities | 1,015,751 | 66% | 1,338,086 | 73% | 322,335 | 31.7% |
| Long-term liabilities | 518,633 | 34% | 497,074 | 27% | (21,559) | -4.2% |
| **Total Liabilities** | **1,534,384** | **100%** | **1,835,160** | **100%** | **300,776** | **19.6%** |
| Net assets: | | | | | | |
| Invested in capital assets, net of debt | 110,991,843 | 77% | 113,432,298 | 77% | 2,440,455 | 2.2% |
| Restricted | 16,917,262 | 12% | 16,488,833 | 11% | (428,429) | -2.5% |
| Unrestricted | 15,818,177 | 11% | 17,880,877 | 12% | 2,062,700 | 13.0% |
| **Total Net Assets** | **$ 143,727,282** | **100%** | **$ 147,802,008** | **100%** | **$ 4,074,726** | **2.8%** |

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 27.1 to 1, which is strong. The ratio for 2010 was 33.7 to 1. Current liabilities increased by 31.7%.

The City reported positive balances in the net assets; the same held true for the prior calendar year. Total assets increased by 3.0% over 2010, while the City's liabilities increased by 19.6%. Current assets increased by 5.7% during 2011 due to an increase in cash and investments of approximately $1.8 million. The majority of current liability increases are attributed to an increase in accounts payable of $272,171 related to construction in progress at year end. Overall, total net assets increased by 2.8%, which is a good indication of the City's overall financial position.

Note that approximately 77% of the governmental activities' net assets are tied up in capital. This has remained 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 $4,074,726. Key elements of this increase are detailed in the chart on the next page.

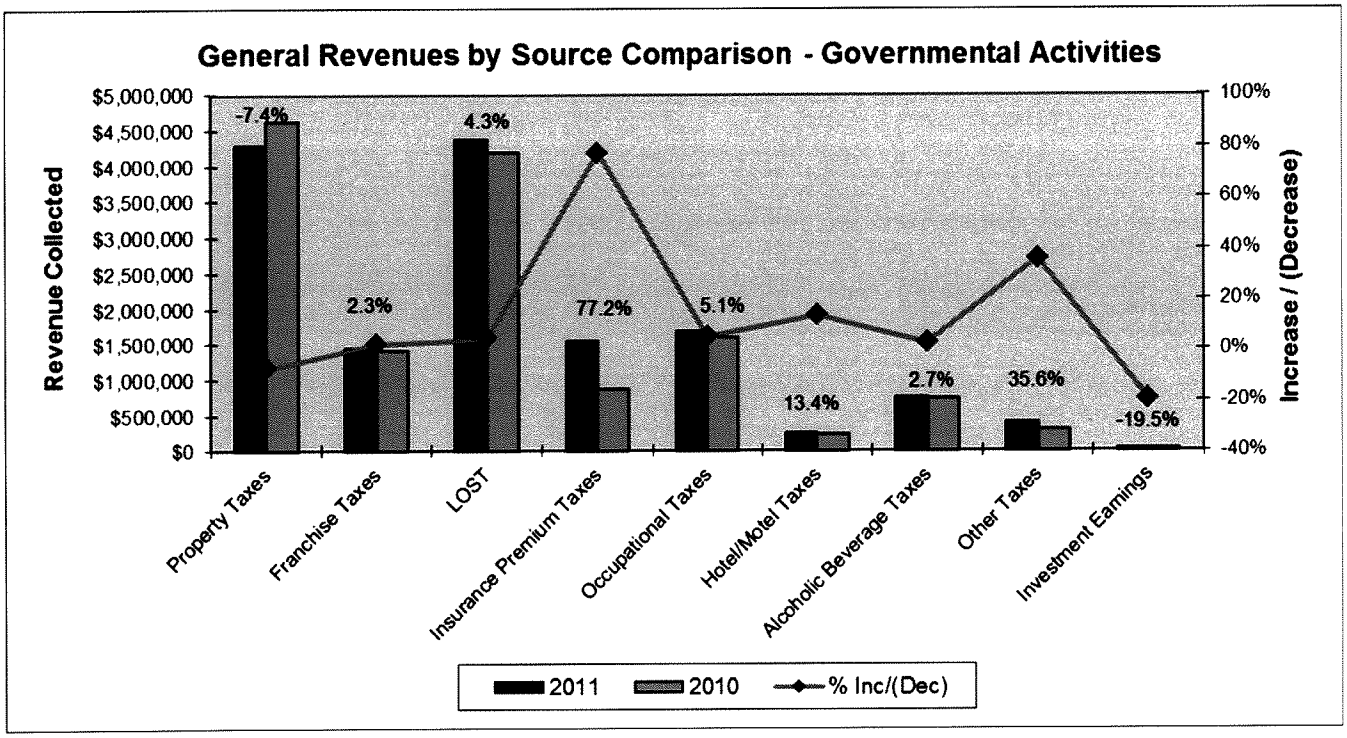
**City of Newnan's Changes in Net Assets**

| | Fiscal Year 2010 | | | Fiscal Year 2011 | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Total | Percentage of Total | Governmental Activities | Total | Percentage of Total |
| Revenues: | | | | | | |
| Program: | | | | | | |
| Charges for services | $ 5,073,045 | $ 5,073,045 | 19.5% | $ 3,325,524 | $ 3,325,524 | 13.9% |
| Operating grants | - | - | 0.0% | - | - | 0.0% |
| Capital grants | 6,970,299 | 6,970,299 | 26.8% | 5,802,964 | 5,802,964 | 24.3% |
| Total Program Revenues: | 12,043,344 | 12,043,344 | 46.2% | 9,128,488 | 9,128,488 | 38.2% |
| General: | | | | | | |
| Taxes | 13,966,940 | 13,966,940 | 53.6% | 14,746,612 | 14,746,612 | 61.7% |
| Other | 32,524 | 32,524 | 0.1% | 26,179 | 26,179 | 0.1% |
| Total General Revenues: | 13,999,464 | 13,999,464 | 53.8% | 14,772,791 | 14,772,791 | 61.8% |
| Total Revenues: | 26,042,808 | 26,042,808 | 100.0% | 23,901,279 | 23,901,279 | 100.0% |
| Program Expenses: | | | | | | |
| General government | 4,360,012 | 4,360,012 | 20.4% | 2,767,833 | 2,767,833 | 14.0% |
| Tourist development | 3,691 | 3,691 | 0.0% | 2,588 | 2,588 | 0.0% |
| Public safety | 9,634,856 | 9,634,856 | 45.2% | 9,626,896 | 9,626,896 | 48.6% |
| Public works | 4,723,863 | 4,723,863 | 22.2% | 4,333,648 | 4,333,648 | 21.9% |
| Community Development | 2,603,527 | 2,603,527 | 12.2% | 3,095,588 | 3,095,588 | 15.6% |
| Total Expenses: | 21,325,949 | 21,325,949 | 100.0% | 19,826,553 | 19,826,553 | 100.0% |
| Change in net assets | 4,716,859 | 4,716,859 | | 4,074,726 | 4,074,726 | |
| Beginning net assets | 139,010,423 | 139,010,423 | | 143,727,282 | 143,727,282 | |
| Ending net assets | $ 143,727,282 | $ 143,727,282 | | $ 147,802,008 | $ 147,802,008 | |

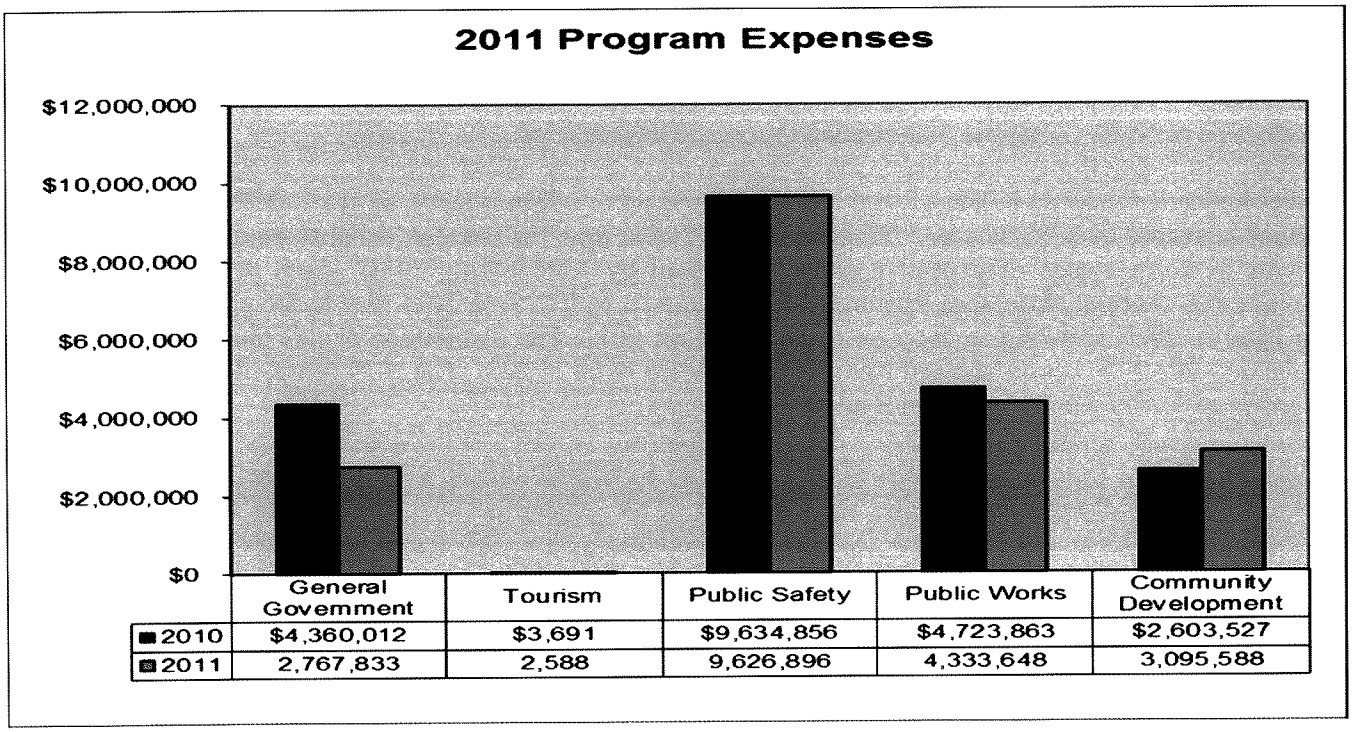
Program revenues represent 38.2% of total revenues in 2011, which is an 8.0% percentage point decrease from 2010. One of the most significant changes from 2010 to 2011 related to Charges for Services, where revenues decreased by $1,747,521, or 34.4%. This decrease is directly attributed to a reduction in confiscated assets (court condemnations) receipts for 2011. Additionally, Capital Grant revenues decreased by $1,167,335, mainly due to the reduction of NSP1 (Neighbor Stabilization Program) Grant receipts.

General Revenues make up 61.8% of total receipts, almost all of which is taxes, up from 53.8% in 2010. General revenues increased by $773,327, or 5.52%, for 2011. Notice from the chart on the next page that property taxes collected as a percentage of general revenues decreased by 7.4% during 2011, which was about $345,000. Offsetting this decrease, Insurance Premium Taxes increased by 77.2% in 2011, due to the growth in population from 2000 to 2010, showing an increase of $657,332 for 2011. The distribution of this tax is based solely on population. The 2000 census showed Newnan's population to be 16,242. The 2010 census showed that Newnan had grown to 33,039 people, an increase of 103%.

Additionally, Local Option Sales Taxes (LOST) were up by $180,266 from 2010 and Other Taxes increased by $104,838. These changes in revenues are indicative of the general economy in Newnan and nationally. Our population is increasing, but commercial growth is still relatively slow. We expect to see further improvements to revenue during 2012 due to changes in the population and the local economy in both the commercial and residential sectors.




Program Expenses decreased by 7.0%, or $1,499,396, in 2011. The decrease in General Government expenditures of $1,592,179 is attributed to a reduction in NSP1 Grant expenditures, from $1,827,754 in 2010 to $176,454 in 2011. Community Development expenses increased by approximately $492,000, mainly due to the donated properties (land and buildings) added during 2011. The Public Works function decrease was primarily due to higher depreciation expenses in 2011. The Tourism and Public Safety functions were consistent with 2010.




| | General Government | Tourism | Public Safety | Public Works | Community Development |
|---|---|---|---|---|---|
| 2010 | $4,360,012 | $3,691 | $9,634,856 | $4,723,863 | $2,603,527 |
| 2011 | 2,767,833 | 2,588 | 9,626,896 | 4,333,648 | 3,095,588 |

**Program Expenses**

| | General Government | Tourism | Public Safety | Public Works | Community Development | Total |
|---|---|---|---|---|---|---|
| 2010 | $ 4,360,012 | $ 3,691 | $ 9,634,856 | $ 4,723,863 | $ 2,603,527 | $ 21,325,949 |
| 2011 | 2,767,833 | 2,588 | 9,626,896 | 4,333,648 | 3,095,588 | 19,826,553 |
| Variance | (1,592,179) | (1,103) | (7,960) | (390,215) | 492,061 | $ (1,499,396) |
| **% Change** | **-36.52%** | **-29.89%** | **-0.08%** | **-8.26%** | **18.90%** | **-7.03%** |

## GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales tax, the largest general revenue source in 2011, provided 29.6% of the City's total general governmental revenues in 2011; by comparison, in 2010 sales taxes provided 29.9%. There was a 4.31% increase, or $180,266, in sales tax collections in 2011. Property taxes are the second largest general revenue source with approximately $4.3 million of revenues, or 29.0% of the total. The City realized approximately $344,903 less in 2011, due primarily to reassessments of existing properties.

Occupational taxes are the third largest general revenue source, producing $1,684,129 in 2011, up from $1,603,104 in 2010 mainly due to the increase in Financial Institution taxes. The fourth largest general revenue source is Insurance Premium Taxes, which increased by 77.2% due to the growth in population over the last decade, as defined by the US Census Bureau. Overall, taxes made up 99.8% of the total General Revenues for 2011, which was consistent with 2010.

Program revenues (excluding capital revenues) covered 16.8% of governmental operating expenses, down from 23.8% in 2010. This means that the government's taxpayers and the City's other general governmental revenues funded about 83.2% of the governmental activities in 2011, as compared to 76.2% in 2010. As a result, one can see how the general economy has a major impact on the City's revenue streams.

## GOVERNMENTAL FUNCTIONAL EXPENSES

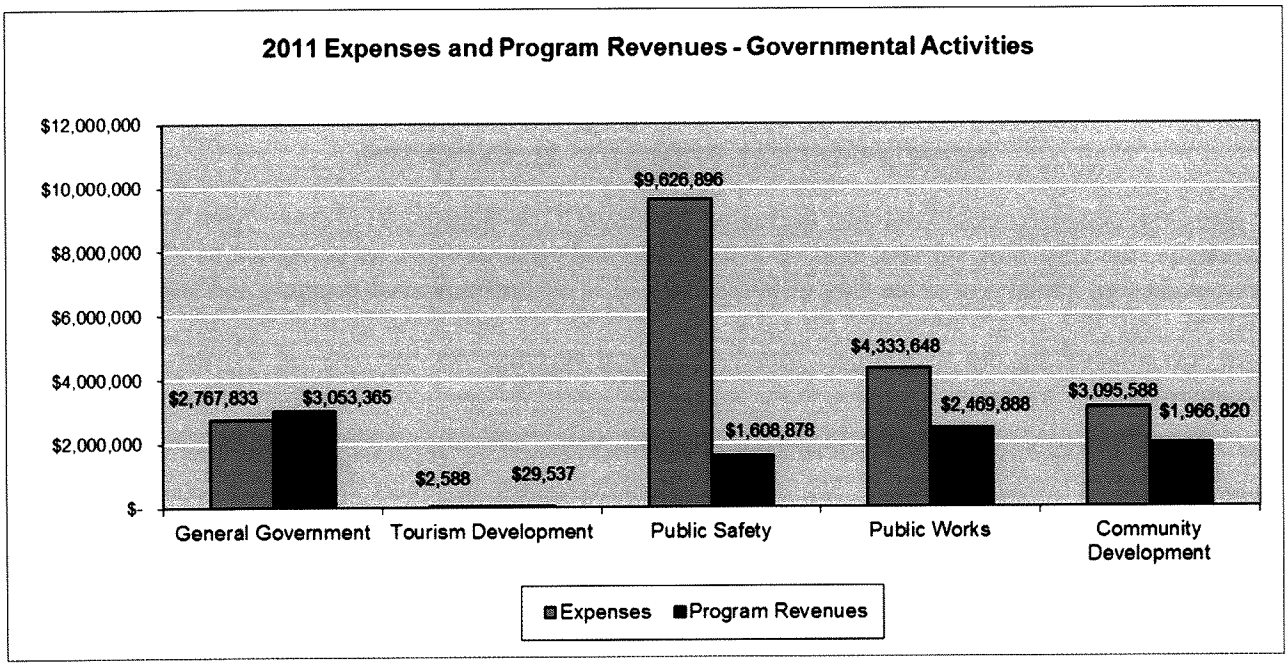
Overall, costs for Governmental Activities decreased by about 7.0% during 2011, down from $21,325,949 in 2010. However, the City shows a total cost of $10,698,065 for these services, as compared to 2010 where the same services showed a total cost to the City of $9,282,605. The dependency upon property and sales tax receipts is apparent as over 58% of governmental activities are supported through these general receipts. Property and sales taxes are consistently the two largest forms of general revenues for the City of Newnan, followed by Occupational taxes.

The table on the next page presents the cost of each of the City's functions, including the net costs (i.e., total cost less revenue generated by the activities). The net cost / benefit column illustrates the financial burden placed on the City's taxpayers by each of these functions. As shown, only Tourism and General Government covered 100% of their costs in 2011. The same was true in 2010. All other functions covered only a percentage of the costs required to provide the services.

| Governmental Activities | Total Cost of Services | % of Total | Net (Cost)/ Benefit of Services | % of Costs Covered |
|---|---|---|---|---|
| General Government | $ 2,767,833 | 13.96% | $ 285,532 | 110.32% |
| Tourist Development | 2,588 | 0.01% | 26,949 | 1141.31% |
| Public Safety | 9,626,896 | 48.56% | (8,018,018) | 16.71% |
| Public Works | 4,333,648 | 21.86% | (1,863,760) | 56.99% |
| Community Development | 3,095,588 | 15.61% | (1,128,768) | 63.54% |
| Total | $ 19,826,553 | 100.00% | $(10,698,065) | |

Public Safety function costs make up 48.6% of total governmental activities expenses. For 2010, Public Safety made up 45.2% of the total. Public Works makes up almost 22% and is consistent with 2010. Community Development is 15.6%, up from 12.2% in 2010. General Government is approximately 14% of the total, as compared to 20.4% last year. General Government showed the only significant decrease over 2010, due to the decrease in NSP1 Grant expenses. Please note that Other Services combined with Community Development in 2011.

The table below shows the 2011 Expenses and Program Revenues. Public Safety function program revenues covered only 16.7% of its total costs, down from 38.08% in 2010. This was due to a reduction in the receipt of confiscated asset funds for 2011. The Public Works function revenues covered approximately 57% of its total costs versus 55% in 2010, which is fairly consistent. Additionally, Community Development function revenues covered about 63% of its total costs, up from 43.8% in 2010, due to the addition of donated assets consisting of land and buildings from Piedmont Newnan Hospital during 2011. The increase in percentage of costs covered by most functions indicates that the rate of growth the City was experiencing in recent years has started to improve.



## 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 $34,392,016, an increase of 5.1% over the 2010 ending balance of $32,721,229. Of this 2011 year-end total, $16,925,008 is unassigned, indicating availability for continuing City service requirements. Therefore, unassigned fund balances increased by 13%, or $2,155,570, which is mainly due to the increase in the General Fund unassigned balance for 2011 as a result of operations.

Restricted fund balances total $16,488,833. This includes $14,498,443 for capital outlay in the SPLOST and Impact Fee funds, $1,254,411 in Confiscated Assets for Public Safety, and approximately $684,000 for Tourism in the Hotel/Motel and Rental Motor Vehicle Tax funds. Additionally, $974,797 was assigned to capital projects in the General and Street funds. Growth in the General Fund and SPLOST 2007 fund balances was the primary reason for the increase in fund balances, both unassigned and restricted, for 2011.

### *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 $14,872,441 to $17,547,950, which is an 18% increase from 2010. As indicated, 96.5% ($16,925,008) of this balance is unassigned and available for continuing City services at the designated levels, which is consistent with 2010 at 99%. This balance is considered very adequate, representing the equivalent of 114.6% of annual expenditures. In comparison, the ending fund balance for 2010 represented 98% of annual operating expenditures. The increase is attributed to very tight expenditure control and diligent revenue collections. The primary use of fund balance is to cover cash flow deficiencies during the year. During 2011, unassigned fund balance increased by approximately $2.6 million, with revenues totaling almost $18 million and expenditures totaling only $15.3 million, including transfers.

The Impact Fee Fund's ending balance was down from calendar year 2010 by $308,295, or approximately 15.6%. Ending fund balance was $1,669,308. This fund was established near the end of 2004 to account for impact fees collected by the City of Newnan. The funds have accumulated to cover estimated project expenditures as they occur, since the City operates debt-free. 2011 expenditures of $457,922 were recorded for a new fire truck and intersection improvements on Greenville and Spence Streets. As with other capital funds, all remaining balances are carried over to the next year for budgeting purposes. Approved capital projects for this fund included new roads and streets, new city parks, new fire and police precincts, four new fire trucks, and a new vehicle storage building for the Fire Department.

SPLOST 2002 Fund's ending balance decreased by 61.7%, or $2,083,821, as compared to 2010. The ending fund balance for 2011 was $1,294,618. Please note that this sales tax expired in December 2006 and a new special purpose local option sales tax (SPLOST 2007) was approved by the citizens of Newnan. Interest on investments totaled $4,145 for 2011 for this fund and expenditures of $2,087,966 related to the new Convention Center, Boone Drive facility improvements and street improvements. Remaining funds are carried over to next year for budgeting purposes. Approved capital projects for this fund included streets, drains, and sidewalks, new beautification facility, new convention center, city shop additions, fire equipment, downtown parking facility, and a new computer system.

SPLOST 2007 Fund's ending fund balance was $11,534,517. This is an increase of 25.4% over 2010, which ended with $9,197,657. Sales tax collected in 2011 was $4,674,722 and interest on investments was $13,922.

These amounts represented a 4.6% (or $205,386) increase in sales tax revenues and a 9.06% (or $1,387) reduction in interest earnings when compared to 2010. Sales tax collected is a reflection of the current economic conditions in Newnan.

SPLOST 2007 expenditures of $2,351,784 included a new track hoe with trailer and new dump truck for the Street department, improvements at Lynch Park and the Boone Drive Maintenance Facility, software and hardware upgrades for the new wireless system for Public Safety, eSuite modules for the City's operating system, and various street and intersection improvements. Remaining balances carry over to next year for budgeting purposes. Approved capital projects for this fund included a VOIP Phone System, new computers and upgrades, Parks Master Plan, new playground equipment, new park development, various street cleaning equipment, new addition to City Hall, new Oak Hill Cemetery Office building, improvements to City shop, new pool and pool house at Lynch Park, Carnegie Library renovation, new roofs for the Wesley Street Gym and Wadsworth Auditorium, new recreation center, and approximately $15 million in street and road improvements in the City.

***Revenue Category Comparisons***

**Local Option Sales Taxes**

Local option sales tax revenue actually increased by 4.3% when compared to calendar year 2010, from $4,187,040 to $4,367,306. 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 produce the same, or greater, proceeds. Sales taxes from all sources, including Special Purpose, showed a $385,651 increase, or 4.5%, from 2010. The total generated in 2011 for all sales tax was $9,042,028 as compared to $8,656,377 in 2010. Please note that the State required reporting changes in 2010 for municipalities who receive their Special Purpose sales tax (SPLOST) distribution from the County. This revenue is now classified as intergovernmental, rather than sales tax, in the financial statements for the City of Newnan. The City will renegotiate the distribution percentage with Coweta County in 2012 and expects to receive a slight increase due to growth in the City.

**Property Tax Revenues**

Property tax collections decreased by 7.5% from that of calendar year 2010. The 2010 digest was $1,104,459,815, decreasing to $1,052,208,077 in 2011, which is a 4.7% decrease in valuations. Property valuation reassessments reduced the 2011 digest by approximately $47.2 million and deletions and other changes to the digest resulted in a decrease of approximately $5.1 million in real property valuation, for a total reduction of $52.3 million. The City's millage rate remained the same as 2010, at 4.39 mills per thousand dollars of assessed value, and is projected to remain the same for 2012.

**Occupational Taxes (formerly Business Licenses)**

Occupational tax revenue increased by 5.1%, or $81,025, when compared to 2010. This increase is due to the commercial growth in the City and gross receipts reported for the businesses. Revenue receipts totaled $1,684,129 for 2011. The 2000 census population for the City of Newnan was 16,242; the estimated 2011 population for the City is 33,700. This represents an approximate 107.4% increase in population over the last eleven years! Therefore, the sluggish economy during 2011 was offset somewhat by the growth in population, which is continuing.

**Insurance Premium Taxes**

Insurance premium taxes is the fourth largest general revenue source for the City. In 2011, receipts totaled $1,549,668 as compared to 2010, where receipts were $874,336. The increase of $675,332 was based on the change in population in the City of Newnan from the 2000 census, per the note above under Occupational Taxes. The City expects this revenue source to remain fairly consistent over the next few years since the City's population is trending upward each year.

**Franchise (Excise) Taxes**
Franchise tax collections increased by 2.3% during 2011, from $1,416,636 to $1,449,554. Collection of excise taxes was basically consistent with 2010. Trend analysis and local economic activity is used to project collections of franchise taxes each year.

**Hotel/Motel Taxes**
Hotel/Motel tax collections for 2011 were $253,718. In 2010, we recorded collections of $223,694, showing an increase of $30,024, or 13.4%. The local economy is showing signs of recovering with this increase in occupancy rates during 2011.

**Interest Earned on Investments**
Interest on Investments (General Fund only) decreased by $4,312 in 2011, from $24,004 to $19,692, which is an 18% decrease when compared to 2010. Overall, all funds included, interest on investments decreased by $6,345 in 2011, which was a 19.5% decrease from 2010. Interest earnings have drastically reduced due to the state of the general economy. We do not expect to see any increased revenue from interest earnings in the next year.

**Licenses and Permits Revenue**
Building permits made up 65.5% of the total revenues for this category in 2011, up from 58.9% in 2010. Building permit revenues increased by 25.5% in 2011; going from $267,248 to $335,381. Building permit valuations, residential and commercial combined, increased by almost 152%, or $54.4 million, during 2011, from approximately $35 million in 2010 to about $90 million in 2011. The increase in building permit revenues is an indication of the economy in Newnan as it relates to housing and real estate investments. The City is starting to see an increase in the number of permits issued, however, growth remains slow. Trend analysis and anticipated construction starts are the primary forecasting tools for this revenue stream.

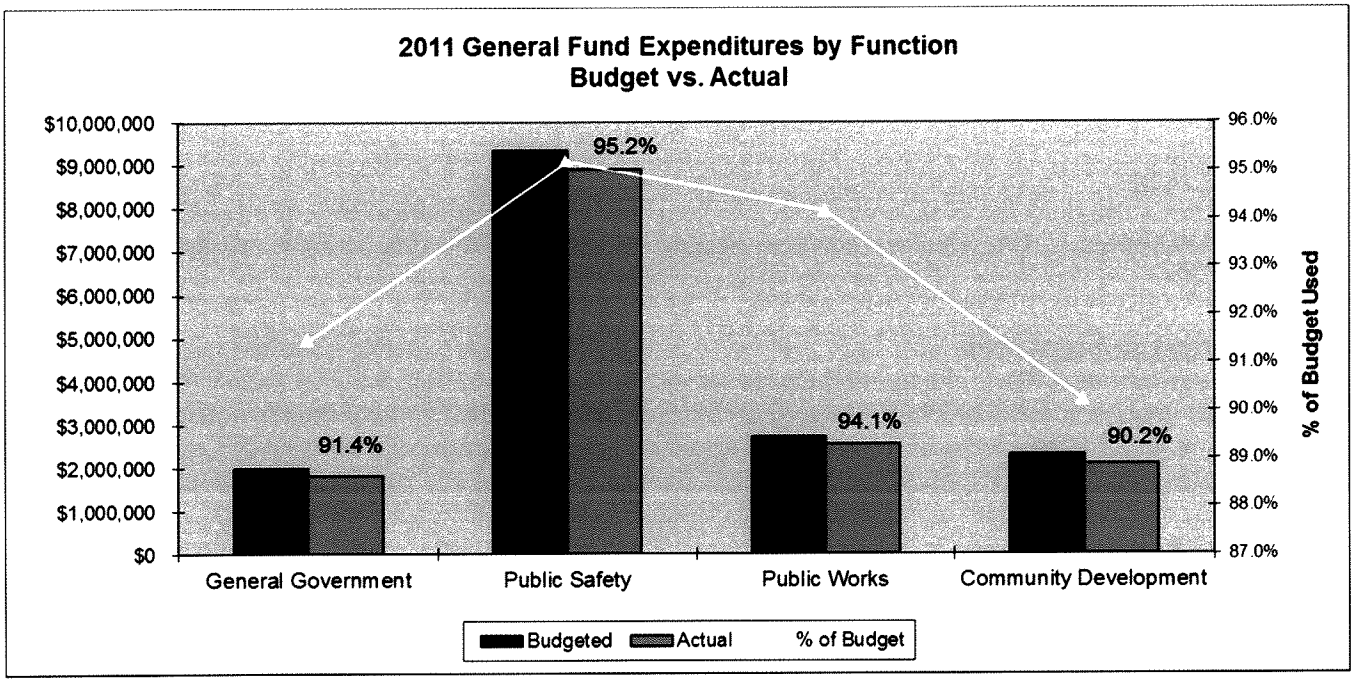
Alcoholic beverage licenses made up the remaining 34.5% of revenues for this category. This revenue stream was fairly consistent with 2010 at approximately $176,845, showing a 5.1%, or $9,510, decrease. This revenue stream has remained stable over the years and is generally projected using trend analysis and commercial growth.

**Fines & Forfeitures Revenue**
Police Fines decreased by 7.8%, or $48,457, from 2010; down from $624,181 to $575,724 in 2011. Collections of police fines are lagging behind previous years. Additionally, the 2-hour time limit restriction was lifted for downtown parking during 2011, which will eventually eliminate the collection of parking fines. The City of Newnan is pursuing more aggressive collection measures for police fines, including assigning a staff person to assist specifically with collections of police fines.

## Budgetary Highlights

***The General Fund*** – The 2011 revenue budget for the General Fund was $16,196,055, excluding a projected transfer in from the Tourism Fund of $144,000, representing 60% of budgeted hotel/motel tax collections retained by the General Fund. Actual revenue collections were $17,981,921, or 110% of budgeted collections. The actual transfer in from the Tourism fund was $152,230. Staff has been very aggressive in delinquent revenue collections, with an overall 98.8% collection rate for property taxes. The collection rate for 2011 was 92.3%.

The 2011 expenditure budget for the General Fund was $16,340,054. No interfund transfers were budgeted. Actual expenditures for 2011 were $15,332,801, or only 93.8% of the budgeted amount. Expenditures were tightly controlled and departmental budgeted levels maintained. The General Fund expenditure budget was amended to include an additional $60,155, mostly for municipal court operations. The charts below show a breakdown of the 2011 General Fund budgeted versus actual expenditures.




**2011 General Fund Expenditures by Function**
**(excluding Interfund Transfers)**

| | Budgeted | Actual | % of Budget | Budget less Actual Exp |
|---|---|---|---|---|
| General Government | $1,987,736 | $1,817,664 | 91.4% | $170,072 |
| Public Safety | 9,340,398 | 8,888,601 | 95.2% | 451,797 |
| Public Works | 2,702,125 | 2,543,401 | 94.1% | 158,724 |
| Community Development | 2,309,795 | 2,083,135 | 90.2% | 226,660 |
| | **$16,340,054** | **$15,332,801** | **93.8%** | **$1,007,253** |

## 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, 2011, was $113,432,298, up slightly from 2010. The total increase in this net investment was 2.2% for governmental activities. Construction in progress increased by 85% due to the start-up of several large projects during 2011, including various street and intersection improvements. Depreciation is calculated based on the actual acquisition date of the asset. Readers who desire more detailed information on capital asset activity during 2011 may refer to Note 3-B on pages 47-48 of this document. The table on the next page provides a summary of capital asset activity.

Major capital asset items acquired during the current calendar year included the following.

- Resurfaced various streets, including Belt Road, Anthony Drive, Bennet Street, Hull Street, Taliaferro Drive, Waterworks Road, West Street, Beavers Street, Colonial Drive, East Street, Fairmount Drive, Main Street, Mary Ann Street, Reynolds Street, Watson Drive and Wheat Street.
- Purchased and implemented Logos.NET eSuite modules for permitting, licensing, vendors, and human resources.
- Made improvements to Lynch Park totaling approximately $371,000.
- Completed the Downtown Streetscapes Sidewalk project.
- Added approximately eleven (11) new vehicles for Public Safety.
- Purchased a new 2012 Freightliner for the Street Department and a new KME Custom Pumper for the Fire Department.
- Purchased a new Kohler riding mower for Beautification and a new IBM Bladecenter Server System for Information Technology.
- Purchased a new Hydraulic Excavator and 25 Ton Trailer for the Street Department.
- Accepted a gift from Piedmont-Newnan Hospital consisting of several tracts of land (some with buildings), one of which is being renovated for use by the Historical Society as a museum and offices.

Additionally, several projects were under construction as of December 31, 2011, including a new convention center, Greenville Streetscapes Phase II, Jefferson/Jackson Corridor improvements, Sprayberry/Jackson/Roscoe Road Intersection improvements, City shop improvements, and various other street and sidewalk improvement projects. Construction in progress project expenses are capitalized in full upon completion of the project. The total construction in progress (CIP) at December 31, 2011 was $4,434,867. At the end of 2010, construction in progress totaled $2,397,615. The chart below shows the changes by category for capital assets from 2010 to 2011.

**City of Newnan's Capital Assets**

| | Governmental Activities | | Total | | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | Increase/ Decrease % |
| Non-depreciable assets: | | | | | |
| Land | $ 20,708,994 | $ 19,925,697 | $ 20,708,994 | $ 19,925,697 | 3.9% |
| Construction in progress | 4,434,867 | 2,397,615 | 4,434,867 | 2,397,615 | 85.0% |
| Total non-depreciable | 25,143,861 | 22,323,312 | 25,143,861 | 22,323,312 | 12.6% |
| Depreciable assets: | | | | | |
| Buildings and Parks | 19,198,361 | 18,973,361 | 19,198,361 | 18,973,361 | 1.2% |
| Other improvements | 8,583,987 | 7,820,421 | 8,583,987 | 7,820,421 | 9.8% |
| Machinery and equipment | 10,452,544 | 9,339,020 | 10,452,544 | 9,339,020 | 11.9% |
| Infrastructure | 78,300,157 | 77,454,463 | 78,300,157 | 77,454,463 | 1.1% |
| Total depreciable assets | 116,535,049 | 113,587,265 | 116,535,049 | 113,587,265 | 2.6% |
| Less accumulated depreciation | (28,246,612) | (24,918,734) | (28,246,612) | (24,918,734) | 13.4% |
| Book value - depreciable assets | 88,288,437 | 88,668,531 | 88,288,437 | 88,668,531 | -0.4% |
| Percentage depreciated | -24% | -22% | -24% | -22% | 10.5% |
| **Book value - all assets** | **$ 113,432,298** | **$ 110,991,843** | **$ 113,432,298** | **$ 110,991,843** | **2.2%** |

At December 31, 2011, the depreciable capital assets for governmental activities were 24% depreciated. This compares to 22% at December 31, 2010. 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 construction in progress accounted for the primary increase in the value of capital assets. Additionally, machinery and equipment increased by 11.9% due to the acquisition of the capital assets listed above.

***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 and deferred holidays for Public Safety personnel. The City pays 10% of earned sick leave and 100% of earned vacation upon employee termination, with deferred holidays payable within six (6) months of accrual date. The 2011 amount payable totals $497,074, as compared to $518,633 at the end of 2010. Short-term debt (payable within one year) is $320,557, with the remaining $176,517 booked as long-term debt. Please refer to pages 49 to 51 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 relatively strong financial position, in spite of a sluggish economy. Fuel costs are rising again and interest earnings have remained stagnant over the past few years. However, Newnan continues to experience some growth in the commercial sector and residential growth is slowly rebounding. The City is proactively managing resources and service strategies and infrastructure costs are being passed on to developers to minimize the impact on the citizens of Newnan. Additionally, all departments are charged with controlling expenditures based on budgeted amounts.

As this audit will show, the City's overall financial position improved significantly during 2011. 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, while protecting the interests of the citizens in the City of Newnan.

**Next Year's Budget**

As of December 31, 2011, unassigned fund balance in the General Fund was $16,925,008. Next year's budgeted revenues are projected to be made up of Property Taxes (26%), Sales Taxes (25.6%), Excise (Franchise) Taxes (21.4%), Occupational Taxes and Alcohol Licenses (10.7%), with the remaining 16.3% expected to be generated by Inspections and Permits, Service Charges, Fines and Forfeitures, Other Local and Intergovernmental Revenues.

Budgeted revenues are projected to increase by 2.7%, from $16,340,055 in 2011 to $16,790,600, in 2012, including interfund transfers. The primary reason for the increase is insurance premium taxes, which are distributed based on population percentage, as discussed earlier in this document. During the first quarter of 2012, we saw a slight increase in inspection and permitting revenue and are optimistic that growth is continuing, although at a slow rate. The City's population was 16,242 in 2000. The 2010 census showed a 103% increase; we now have over 33,039 residents! Additionally, the new Cancer Treatment Centers of America hospital will have a significant and positive impact on the local economy, with the opening scheduled for July 2012.

Departmental expenditures increased by $450,545, from $16,340,054 to 16,790,600. The following chart shows the *major* changes in budgeted expenditures from 2011 to 2012, along with 2011 actual expenditures. The most significant changes related to salaries and benefits, with employees receiving a 3.5% salary increase, various personnel changes and an increase in health insurance premiums for 2012. City employees had not received a pay raise since 2009. Additionally, some new categories of use were added during 2012, therefore, the $100,000

decrease shown for major street maintenance and repairs is offset by the funding allocated to the new categories, which are not shown. The Capital Equipment Fund was eliminated for 2011, resulting in those purchases being budgeted within the General Fund. In the past, capital equipment acquisitions were funded through an interfund transfer from the General Fund to the Capital Equipment Fund.

**General Fund Budget and Expenditures by Use**
**Major Changes from 2011 to 2012**

| Description | 2011 Adopted Budget | 2011 Actual Expenditures | 2012 Adopted Budget | 2011 - 2012 Budget Variance | 2011 - 2012 Budget % Change |
|---|---|---|---|---|---|
| Salaries | $9,143,288 | $8,790,140 | $9,216,316 | $73,028 | 0.80% |
| Benefits | 4,210,663 | 3,860,068 | 4,316,208 | 105,545 | 2.51% |
| Other Contractual | 60,982 | 56,102 | 114,669 | 53,687 | 88.04% |
| Repairs and Maintenance | 182,614 | 160,911 | 237,544 | 54,930 | 30.08% |
| Bldg & Pers Liability Insurance | 435,078 | 246,569 | 391,460 | (43,618) | -10.03% |
| Minor Street Repairs/Maintenance | 0 | 0 | 50,000 | 50,000 | 0.00% |
| Concrete Repairs, SW, Curb & Gutter | 0 | 0 | 60,000 | 60,000 | 0.00% |
| Traffic Signs & Devices | 0 | 0 | 47,000 | 47,000 | 0.00% |
| Vehicle Fuel | 304,000 | 422,831 | 367,500 | 63,500 | 20.89% |
| Computer Hardware/Software | 2,450 | 10,394 | 32,326 | 29,876 | 1219.43% |
| Major Street Maintenance/Repairs | 100,000 | 15,999 | 0 | (100,000) | -100.00% |
| Vehicles | 165,000 | 160,331 | 140,000 | (25,000) | -15.15% |
| Computers | 0 | 0 | 45,000 | 45,000 | 0.00% |
| Major Protective Equipment | 10,000 | 11,112 | 32,500 | 22,500 | 225.00% |

## Contacting the City's Financial Management

This financial report is designed to provide 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. This comprehensive annual financial report (CAFR), along with the City's annual budget documents, is available on the City's website at www.ci.newnan.ga.us on the Finance Department page.

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# BASIC FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

| | Primary Government | Component Units | |
|---|---|---|---|
| | Governmental Activities | Water Sewerage and Light Commission | Downtown Development Authority |
| ASSETS | | | |
| Cash and cash equivalents | $ 30,126,586 | $ 2,491,568 | $ 39,524 |
| Investments | 3,615,532 | 26,093,771 | - |
| Receivables, net of allowance | 2,459,374 | 4,452,623 | 1,983 |
| Inventory | 3,378 | 1,467,618 | - |
| Prepaid items | - | 379,217 | - |
| Restricted assets | - | 6,721,109 | - |
| Capital assets not being depreciated: | | | |
| Land | 20,708,994 | 7,797,571 | - |
| Construction in progress | 4,434,867 | 3,587,010 | - |
| Capital assets net of accumulated depreciation: | | | |
| Buildings and parks | 13,714,134 | - | - |
| Structures, lines and improvements | - | 105,547,994 | - |
| Other improvements | 5,444,660 | - | - |
| Machinery and equipment | 3,801,220 | 5,020,892 | - |
| Infrastructure | 65,328,423 | - | - |
| Other assets: | | | |
| Deferred compensation funding arrangements | - | 2,206,587 | - |
| Debt issue costs-unamortized | - | 613,843 | - |
| Total assets | 149,637,168 | 166,379,803 | 41,507 |
| LIABILITIES | | | |
| Accounts payable | 1,039,840 | 2,725,170 | 755 |
| Accrued expenses | 265,570 | 273,569 | - |
| Accrued interest payable | - | 642,590 | - |
| Unearned revenues | 32,676 | - | - |
| Customer deposits | - | 1,392,798 | - |
| Noncurrent liabilities: | | | |
| Due within one year | 320,557 | 1,398,215 | - |
| Due in more than one year | 176,517 | 36,417,251 | - |
| Total liabilities | 1,835,160 | 42,849,593 | 755 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 113,432,298 | 86,121,402 | - |
| Restricted for: | | | |
| Capital outlay | 14,498,443 | - | - |
| Capital improvements and debt service | - | 6,721,109 | - |
| Public safety | 1,254,411 | - | - |
| Tourism | 684,334 | - | - |
| Economic development | 51,645 | - | - |
| Unrestricted | 17,880,877 | 30,687,699 | 40,752 |
| Total net assets | $ 147,802,008 | $ 123,530,210 | $ 40,752 |

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, 2011

| 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 | $ 2,767,833 | $ 2,109,634 | $ - | $ 943,731 | $ 285,532 | | |
| Tourism development | 2,588 | 29,537 | - | - | 26,949 | | |
| Public safety | 9,626,896 | 850,972 | - | 757,906 | (8,018,019) | | |
| Public works | 4,333,648 | - | - | 2,469,888 | (1,863,759) | | |
| Community development | 3,095,588 | 335,381 | - | 1,631,439 | (1,128,768) | | |
| Total governmental activities | $19,826,553 | $ 3,325,524 | $ - | $ 5,802,964 | (10,698,065) | | |
| Component Units | | | | | | | |
| Water, Sewerage & Light Commission | $45,969,904 | $ 45,963,294 | $ - | $ - | | $ (6,610) | $ - |
| Downtown Development Authority | 106,677 | 133,553 | - | - | | - | 26,876 |
| Total component units | $46,076,581 | $ 46,096,847 | $ - | $ - | | (6,610) | 26,876 |
| General revenues: | | | | | | | |
| Property taxes | | | | | 4,285,530 | - | - |
| Sales taxes | | | | | 4,367,306 | 795,504 | - |
| Occupational taxes | | | | | 1,684,129 | - | - |
| Franchise taxes | | | | | 1,449,554 | - | - |
| Insurance premium taxes | | | | | 1,549,668 | - | - |
| Hotel/Motel taxes | | | | | 253,718 | - | - |
| Alcoholic beverage taxes | | | | | 757,381 | - | - |
| Other taxes | | | | | 399,326 | - | - |
| Investment earnings | | | | | 26,179 | 280,815 | 44 |
| Total General Revenues | | | | | 14,772,791 | 1,076,319 | 44 |
| Change in net assets | | | | | 4,074,726 | 1,069,709 | 26,920 |
| Net assets - beginning of year | | | | | 143,727,282 | 122,460,501 | 13,832 |
| Net assets - ending of year | | | | | $ 147,802,008 | $ 123,530,210 | $ 40,752 |

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

| | General | Impact Fees | 2002 SPLOST | 2007 SPLOST | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | $ 15,780,987 | $ 1,669,308 | $ 1,664,616 | $ 10,991,485 | $ 20,190 | $ 30,126,586 |
| Investments | 1,300,666 | - | - | - | 2,314,866 | 3,615,532 |
| Taxes receivable | 557,929 | - | - | - | 62,708 | 620,637 |
| Intergovernmental | - | - | - | 871,015 | 33,813 | 904,828 |
| Other receivables | 916,182 | - | - | - | 17,727 | 933,909 |
| Inventories | 3,378 | - | - | - | - | 3,378 |
| Total assets | $ 18,559,142 | $ 1,669,308 | $ 1,664,616 | $ 11,862,500 | $ 2,449,304 | $ 36,204,870 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 270,854 | $ - | $ 369,998 | $ 327,983 | $ 71,005 | $ 1,039,840 |
| Accrued expenditures | 265,570 | - | - | - | - | 265,570 |
| Unearned revenues | - | - | - | - | 32,676 | 32,676 |
| Deferred revenues | 474,768 | - | - | - | - | 474,768 |
| Total liabilities | 1,011,192 | - | 369,998 | 327,983 | 103,681 | 1,812,854 |
| Fund balances: | | | | | | |
| Nonspendable | 3,378 | - | - | - | - | 3,378 |
| Restricted | 51,645 | 1,669,308 | 1,294,618 | 11,534,517 | 1,938,745 | 16,488,833 |
| Assigned | 567,919 | - | - | - | 406,878 | 974,797 |
| Unassigned | 16,925,008 | - | - | - | - | 16,925,008 |
| Total fund balances | 17,547,950 | 1,669,308 | 1,294,618 | 11,534,517 | 2,345,623 | 34,392,016 |
| Total liabilities and fund balances | $ 18,559,142 | $ 1,669,308 | $ 1,664,616 | $ 11,862,500 | $ 2,449,304 | $ 36,204,870 |

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, 2011

| | | |
|---|---|---|
| Total fund balances per balance sheet of governmental funds | | $ 34,392,016 |
| Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following: | | |
| Capital Assets | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Cost of the assets | $ 141,678,910 | |
| Accumulated depreciation | (28,246,612) | |
| | | 113,432,298 |
| 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. | | 474,768 |
| Long-term Liabilities | | |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following: | | |
| Compensated absences | | (497,074) |
| Total net assets of governmental activities | | $ 147,802,008 |

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, 2011

| | General | Impact Fees | 2002 SPLOST | 2007 SPLOST | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property | $ 4,342,139 | $ - | $ - | $ - | $ - | $ 4,342,139 |
| Franchise | 1,449,554 | - | - | - | - | 1,449,554 |
| Sales | 4,367,306 | - | - | - | - | 4,367,306 |
| Insurance premium | 1,549,668 | - | - | - | - | 1,549,668 |
| Occupational | 1,684,129 | - | - | - | - | 1,684,129 |
| Hotel/motel | - | - | - | - | 253,718 | 253,718 |
| Alcoholic Beverage | 757,381 | - | - | - | - | 757,381 |
| Other taxes | 322,538 | - | - | - | 76,788 | 399,326 |
| License and permits | 512,226 | - | - | - | - | 512,226 |
| Impact fees | - | 146,934 | - | - | - | 146,934 |
| Court condemnations | - | - | - | - | 179,123 | 179,123 |
| Intergovernmental | 200,609 | - | - | 4,674,722 | 278,852 | 5,154,183 |
| Intergovernmental-utility | 1,415,620 | - | - | - | - | 1,415,620 |
| Fines and forfeitures | 575,724 | - | - | - | - | 575,724 |
| Investment earnings | 19,692 | 2,693 | 4,145 | 13,922 | 3,794 | 44,246 |
| Program revenue | - | - | - | - | 30,925 | 30,925 |
| Miscellaneous | 272,389 | - | - | - | - | 272,389 |
| Total revenues | 17,468,975 | 149,627 | 4,145 | 4,688,644 | 823,200 | 23,134,591 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 1,817,664 | - | - | 100,385 | 274,159 | 2,192,208 |
| Tourism development | - | - | - | - | 2,588 | 2,588 |
| Public safety | 8,889,202 | - | - | - | 300,561 | 9,189,763 |
| Public works | 2,535,452 | - | - | - | - | 2,535,452 |
| Community development | 2,064,094 | - | - | 78,643 | - | 2,142,737 |
| Intergovernmental | - | - | - | 747,955 | - | 747,955 |
| Capital outlay | - | 457,922 | 2,087,966 | 1,424,801 | 694,654 | 4,665,343 |
| Total expenditures | 15,306,412 | 457,922 | 2,087,966 | 2,351,784 | 1,271,962 | 21,476,046 |
| Excess (deficiency) of revenues over (under) expenditures | 2,162,563 | (308,295) | (2,083,821) | 2,336,860 | (448,762) | 1,658,545 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of capital assets | 12,242 | - | - | - | - | 12,242 |
| Transfers in | 500,704 | - | - | - | - | 500,704 |
| Transfers out | - | - | - | - | (500,704) | (500,704) |
| Total other financing sources (uses) | 512,946 | - | - | - | (500,704) | 12,242 |
| Net change in fund balances | 2,675,509 | (308,295) | (2,083,821) | 2,336,860 | (949,466) | 1,670,787 |
| Fund balances - beginning of year | 14,872,441 | 1,977,603 | 3,378,439 | 9,197,657 | 3,295,089 | 32,721,229 |
| Fund balances - end of year | $ 17,547,950 | $ 1,669,308 | $ 1,294,618 | $ 11,534,517 | $ 2,345,623 | $ 34,392,016 |

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, 2011

| | | |
|---|---|---|
| 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 | | $ 1,670,787 |
| 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: | | |
| Net pension asset is not available during the current period and therefore is not reported in in the funds | | |
| Change in net pension asset | | (1,466) |
| 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 | $ 4,832,012 | |
| Total depreciation | (3,214,838) | 1,617,174 |
| The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net assets. | | 823,281 |
| 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 | | 21,559 |
| 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 year. | | (56,609) |
| Change in net assets of governmental activities | | $ 4,074,726 |

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, 2011

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | $ 4,262,100 | $ 4,262,100 | $ 4,342,139 | $ 80,039 |
| Franchise | 1,387,000 | 1,387,000 | 1,449,554 | 62,554 |
| Sales | 4,300,000 | 4,300,000 | 4,367,306 | 67,306 |
| Insurance premium | 900,000 | 960,155 | 1,549,668 | 589,513 |
| Occupational | 1,593,000 | 1,593,000 | 1,684,129 | 91,129 |
| Alcoholic beverage | 732,000 | 732,000 | 757,381 | 25,381 |
| Other taxes | 255,000 | 255,000 | 322,538 | 67,538 |
| License and permits | 430,400 | 430,400 | 512,226 | 81,826 |
| Intergovernmental | 142,000 | 142,000 | 200,609 | 58,609 |
| Intergovernmental-utility | 1,260,000 | 1,260,000 | 1,415,620 | 155,620 |
| Fines and forfeitures | 690,000 | 690,000 | 575,724 | (114,276) |
| Interest earnings | 20,000 | 20,000 | 19,692 | (308) |
| Miscellaneous | 164,400 | 164,400 | 272,389 | 107,989 |
| Total revenues | 16,135,900 | 16,196,055 | 17,468,975 | 1,272,920 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Council | 145,163 | 145,163 | 129,293 | 15,870 |
| Manager | 247,351 | 247,351 | 239,068 | 8,283 |
| Public information officer | 83,229 | 83,229 | 82,116 | 1,113 |
| Attorney | 92,000 | 92,000 | 84,868 | 7,132 |
| Clerk | 78,693 | 78,693 | 76,333 | 2,360 |
| Finance | 361,819 | 361,819 | 360,191 | 1,628 |
| Human resources | 156,425 | 156,425 | 146,007 | 10,418 |
| Information technologies | 140,412 | 140,412 | 139,056 | 1,356 |
| Municipal court | 135,330 | 175,679 | 175,478 | 201 |
| Other - unclassified | 506,965 | 506,965 | 385,254 | 121,711 |
| Total general government | 1,947,387 | 1,987,736 | 1,817,664 | 170,072 |
| Public safety: | | | | |
| Police | 5,585,307 | 5,585,307 | 5,203,104 | 382,203 |
| School resources officer | 317,100 | 325,467 | 322,001 | 3,466 |
| Animal services | 61,264 | 61,264 | 57,407 | 3,857 |
| Fire | 3,368,360 | 3,368,360 | 3,306,089 | 62,271 |
| Total public safety | 9,332,031 | 9,340,398 | 8,888,601 | 451,797 |

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, 2011
(CONTINUED)

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| Public works: | | | | |
| Administration | $ 206,717 | $ 206,717 | $ 202,821 | $ 3,896 |
| Engineer | 190,624 | 202,062 | 201,188 | 874 |
| Streets | 1,487,529 | 1,487,529 | 1,370,821 | 116,708 |
| Garage | 376,332 | 376,332 | 358,798 | 17,534 |
| Cemetery | 429,485 | 429,485 | 409,773 | 19,712 |
| Total public works | 2,690,687 | 2,702,125 | 2,543,401 | 158,724 |
| Community development: | | | | |
| Administration | 221,398 | 221,398 | 119,986 | 101,412 |
| Planning and zoning | 228,310 | 228,310 | 214,563 | 13,747 |
| Business development and special events | 150,351 | 150,351 | 105,407 | 44,944 |
| Library | 100,000 | 100,000 | 96,779 | 3,221 |
| Parks & ROW beautification | 735,239 | 735,239 | 722,841 | 12,398 |
| Building inspection | 586,782 | 586,782 | 585,528 | 1,254 |
| Building maintenance | 287,715 | 287,715 | 238,031 | 49,684 |
| Total community development | 2,309,795 | 2,309,795 | 2,083,135 | 226,660 |
| Total expenditures | 16,279,900 | 16,340,054 | 15,332,801 | 1,007,253 |
| Excess (deficiency) of revenue over (under) expenditure | (144,000) | (143,999) | 2,136,174 | 2,280,173 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | - | 12,242 | 12,242 |
| Transfers in | 144,000 | 144,000 | 500,704 | 356,704 |
| Total other financing sources (uses) | 144,000 | 144,000 | 512,946 | 368,946 |
| Net change in fund balances | $ - | $ 1 | 2,649,120 | $ 2,649,119 |
| Fund balances - beginning of year | | | 14,802,085 | |
| Fund balances - end of year | | | $ 17,451,205 | |

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITY
FIDUCIARY FUND
DECEMBER 31, 2011

| | Agency Fund |
|---|---|
| ASSETS | |
| Cash | $ 98,951 |
| Total assets | $ 98,951 |
| LIABILITY | |
| Payable from Assets | |
| Confiscated assets pending disposition | $ 98,951 |

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

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

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

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

1. Ability to impose will on an organization by being able to significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.
2. Financial benefit to or burden on the primary government including responsibility for financing debts, entitlements to surpluses and guarantees or moral responsibility for debt.
3. Fiscal dependency for matters including authority over funds and budgetary appropriations.
4. Ability of the primary government to appoint a voting majority of an organization's governing body.

***Discretely Presented Component Units***

The Newnan Water, Sewerage and Light Commission (hereinafter the NWSL Commission) governing board is appointed by the City Council. The City Council also approves bond issue authorizations. By letter of agreement dated September 14, 1993 between the NWSL Commission and the City, the method of calculating cash contributions from the NWSL Commission was established. The NWSL Commission makes monthly transfers equal to 5% of the prior month's billing for electrical energy, excluding sales tax, fuel costs adjustments, special rates and streetlights. Additionally, the NWSL Commission remits monthly an additional 3% of the prior month's billing for water and sewer revenues. 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, with a general fund only, 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 statements. Fiduciary funds are reported using the accrual basis of accounting and have no measurement focus. 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.

*Fiduciary Fund* – accounts for money confiscated and held pending disposition by courts.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed for the government-wide financial statements to the extent

that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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. Exceptions to this general rule are administrative charges between the City's Impact Fee Capital Projects Fund and the General Fund. Eliminations of these charges would distort the direct costs and program revenues for the various functions concerned.

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. Restricted Assets and Reserves

Encumbrances, inventories, public safety, program 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."

## I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and other similar items), 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. 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.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City's recording of these assets was through historical costs and city records. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of donation.

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.

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 |

## J. 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.

## K. 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.

## L. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Mayor and Council approves committed resources through a motion and vote during the voting session of Board meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the Mayor and Council.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of December 31, 2011:

| | General Fund | Impact Fees | 2002 SPLOST | 2007 SPLOST | Nonmajor Governmental | Total |
|---|---|---|---|---|---|---|
| Fund Balances: | | | | | | |
| Nonspendable | | | | | | |
| Inventories | $ 3,378 | $ - | $ - | $ - | $ - | $ 3,378 |
| Restricted for: | | | | | | |
| Capital outlay | - | 1,669,308 | 1,294,618 | 11,534,517 | - | 14,498,443 |
| Economic development | 51,645 | - | - | - | - | 51,645 |
| Public safety | - | - | - | - | 1,254,411 | 1,254,411 |
| Tourism | - | - | - | - | 684,334 | 684,334 |
| Assigned to: | | | | | | |
| Capital projects | 567,919 | - | - | - | 406,878 | 974,797 |
| Unassigned | 16,925,008 | - | - | - | - | 16,925,008 |
| Total fund balances | $ 17,547,950 | $ 1,669,308 | $ 1,294,618 | $ 11,534,517 | $ 2,345,623 | $ 34,392,016 |

## NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Process

An annual operating budget is prepared for the general fund and all special revenue funds. The general fund is subject to budgetary control on a departmental basis, while the special revenue funds are subject to budgetary control on an individual fund basis. Budgets are prepared for the capital projects funds on a project basis, which usually covers two or more years. Fiduciary funds do not have budgets. 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 charged against the budget include outstanding encumbrances at year-end. Revenues are reported on a GAAP basis.

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 | $ 2,649,120 |
| Add: Current year encumbrances | 30,984 |
| Deduct: Prior year encumbrances paid in the current year | (4,595) |
| Generally accepted accounting principles basis-excess revenues and other financing sources over expenditures and other financing uses | $ 2,675,509 |
| Budgetary basis-fund balance, ending | $ 17,451,205 |
| Add: Current year encumbrances | 30,984 |
| Add: Prior year encumbrances outstanding at year-end | 57,481 |
| Add: Prior year encumbrances voided | 8,280 |
| Generally accepted accounting principles basis-fund balance, ending | $ 17,547,950 |

# NOTE 3 – DETAILED NOTES ON ALL FUNDS

## A. Deposits and Investments

### *Custodial Credit Risk - Deposits*

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

The City's bank balances of deposits as of December 31, 2011, are entirely insured or collateralized with securities held by the City's agent in the City's name.

State statute require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

At December 31, 2011, the Newnan Water, Sewerage and Light Commission, a discretely presented component unit's bank balances were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

***Investments - Primary Government***

| Investment Type | Credit Rating | Investment Value Value | Weighted Average Maturity |
|---|---|---|---|
| Office of State Treasurer | AAAm rated | $ 3,615,532 | 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. The Office of State Treasurer is not required to disclose custodial credit risk. The City has no such investments with such risks as of December 31, 2011.

*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 Office of State Treasurer. The Office of State Treasurer is not registered with the SEC. The State of Georgia Office of Treasury operates this fund in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Shares sold and redeemed are based on $1.00 per share. The reported value of the pool is the same as the fair value of the pool shares. The Office of State Treasurer 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, 2011, the Commission had the following investments:

| Investment | Maturities in Years | | | | |
|---|---|---|---|---|---|
| | Under One | One-Three | Three-Seven | Over Ten | Total |
| U.S. Government securities | $ 739,853 | $ 7,189,548 | $ 892,265 | $ - | $ 8,821,666 |
| U.S. Government agency notes and bonds | 3,143,626 | 4,625,135 | 722,629 | - | 8,491,390 |
| Money market mutual funds and certificates of deposit | 7,266,721 | 945,102 | 316,516 | - | 8,528,339 |
| MEAG Mutual Funds Portfolio | 184,818 | 42,082 | 22,179 | 3,297 | 252,376 |
| Total investments | $ 11,335,018 | $ 12,801,867 | $ 1,953,589 | $ 3,297 | $ 26,093,771 |

*Interest Rate Risk* – The Commission's formal investment policy limits investment maturities as a means of managing exposure to fair value losses arising from interest rates. The investment policy limits the maturity of individual securities to 7 years or less. In addition, the overall weighted average duration of principal return for the entire portfolio shall be maintained at 3 years or less. The investment policy also prohibits investments in reverse purchase agreements and derivative instruments.

*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 investment policy implemented by the Commission further restricts the types, amounts, and allocation of assets, as defined in the investment policy.

*Concentration of Credit Risk* – The Commission's investment policy limits the exposure to credit risk by placing maximum exposure restrictions by security type. External investments with one issuer that comprised 5% or more of the Commissions investments portfolio (excluding those issued or explicitly guaranteed by the U.S. Government as well as mutual funds) as of December 31, 2011 are Federal Home Loan Bank 9.5%, Fannie Mae 6.4%, and Freddie Mac 5.0%.

## B. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

***Primary Government***

| | Restated Beginning Balance | Increases | Decreases | Reclassifications | Ending Balance |
|---|---|---|---|---|---|
| Governmental Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 19,925,697 | $ 783,297 | $ - | $ - | $ 20,708,994 |
| Construction in progress | 2,397,615 | 3,861,690 | - | (1,824,438) | 4,434,867 |
| Total capital assets, not being depreciated | 22,323,312 | 4,644,987 | - | (1,824,438) | 25,143,861 |
| Capital assets, being depreciated: | | | | | |
| Buildings and parks | 19,198,361 | - | - | - | 19,198,361 |
| Other improvements | 7,820,421 | 21,500 | - | 742,066 | 8,583,987 |
| Machinery and equipment | 9,339,020 | 988,822 | (111,976) | 236,678 | 10,452,544 |
| Infrastructure | 77,454,463 | - | - | 845,694 | 78,300,157 |
| Total capital assets being depreciated | 113,812,265 | 1,010,322 | (111,976) | 1,824,438 | 116,535,049 |
| Less accumulated depreciation for: | | | | | |
| Buildings and parks | (5,072,580) | (411,647) | - | - | (5,484,227) |
| Other improvements | (2,787,132) | (352,195) | - | - | (3,139,327) |
| Machinery and equipment | (5,989,447) | (773,837) | 111,960 | - | (6,651,324) |
| Infrastructure | (11,294,575) | (1,677,159) | - | - | (12,971,734) |
| Total accumulated depreciation | (25,143,734) | (3,214,838) | 111,960 | - | (28,246,612) |
| Total capital assets, being depreciated, net | 88,668,531 | (2,204,516) | (16) | 1,824,438 | 88,288,437 |
| Governmental activities capital assets, net | $ 110,991,843 | $ 2,440,471 | $ (16) | $ - | $ 113,432,298 |

Note: The beginning balance for Buildings and Parks and the related accumulated depreciation has been restated in the amount of $225,000 to account for a property erroneously removed from the depreciation schedule.

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

| | |
|---|---|
| General government | $ 7,255 |
| Public safety | 445,757 |
| Public works | 2,590,116 |
| Community development and leisure services | 171,710 |
| Total governmental activities depreciation expense | $ 3,214,838 |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Component Unit | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 7,797,571 | $ - | $ - | $ 7,797,571 |
| Construction in progress | 2,287,979 | 3,883,844 | (2,584,813) | 3,587,010 |
| Total capital assets, not being depreciated | 10,085,550 | 3,883,844 | (2,584,813) | 11,384,581 |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | 12,071,503 | 1,271,556 | (240,788) | 13,102,271 |
| Structures, lines and improvements | 154,661,247 | 2,676,609 | (10,278) | 157,327,578 |
| Total capital assets, being depreciated | 166,732,750 | 3,948,165 | (251,066) | 170,429,849 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (7,342,751) | (974,053) | 235,425 | (8,081,379) |
| Structures, lines and improvements | (47,036,672) | (4,742,912) | - | (51,779,584) |
| Total accumulated depreciation | (54,379,423) | (5,716,965) | 235,425 | (59,860,963) |
| Total capital assets, being depreciated, net | 112,353,327 | (1,768,800) | (15,641) | 110,568,886 |
| Component unit, capital assets, net | $ 122,438,877 | $ 2,115,044 | $ (2,600,454) | $ 121,953,467 |

## C. Interfund Receivables, Payables and Transfers

As of December 31, 2011, there were no interfund receivables or payables.

Interfund transfers for the year ended December 31, 2011, are as follows:

| | Transfers in: | | |
|---|---|---|---|
| Transfer out: | General | Nonmajor Governmental | Total |
| General fund | $ - | $ - | $ - |
| Nonmajor governmental funds | 500,704 | - | 500,704 |
| Total | $ 500,704 | $ - | $ 500,704 |

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, 2011, the City's governmental activities had no outstanding long-term debt other than compensated absences in the amount of $497,074.

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Compensated absences | $ 518,633 | $ 219,755 | $ 241,314 | $ 497,074 | $ 320,557 |

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 two types of long-term debt outstanding at December 31, 2011, notes payable and revenue bonds.

**Notes Payable** – The Newnan Water, Sewerage and Light Commission has arrangements with the Georgia Environmental Facilities Authority to lease assets as capital leases.

**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 accrued during the construction period at the rate of 3 percent per annum. On March 1, 2010, the loan converted to permanent status with the total outstanding balance of $9,046,798 due in 240 monthly payments of $50,173 consisting of principal and interest at 3 percent until maturity on March 1, 2030. As of December 31, 2011, the outstanding loan balance was $8,454,370, plus accrued interest of $21,541.

Total debt service requirements to maturity are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ 353,216 | $ 248,864 | $ 602,080 |
| 2013 | 364,092 | 237,988 | 602,080 |
| 2014 | 375,108 | 226,972 | 602,080 |
| 2015 | 386,518 | 215,562 | 602,080 |
| 2016 | 398,209 | 203,871 | 602,080 |
| 2017-2021 | 2,180,639 | 829,761 | 3,010,400 |
| 2021-2026 | 2,533,014 | 477,386 | 3,010,400 |
| 2027-2030 | 1,863,574 | 94,712 | 1,958,286 |
| | $ 8,454,370 | $ 2,535,116 | $ 10,989,486 |

**Revenue Bonds**

***Series 2006 Bonds***

During the year, 2006, the NWSL Commission issued revenue bonds, Series A 2006 for the purpose of refinancing the 1998 and 2001 revenue bonds and Series B for the purpose of capital improvements. The bonds are dated December 1, 2006 with a face value of $28,080,000 and bear interest from 4.5% to 5.125%.

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 2006 bonds excluding, premiums, discounts and deferred refunding losses of $889,668, ($10,565) and $(781,408), respectively, are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2012 | $ 820,000 | $ 1,227,500 | $ 2,047,500 |
| 2013 | 850,000 | 1,197,525 | 2,047,525 |
| 2014 | 885,000 | 1,166,663 | 2,051,663 |
| 2015 | 1,220,000 | 1,120,675 | 2,340,675 |
| 2016 | 1,395,000 | 1,062,406 | 2,457,406 |
| 2017-2021 | 8,030,000 | 4,210,190 | 12,240,190 |
| 2022-2026 | 7,095,000 | 2,305,077 | 9,400,077 |
| 2027-2031 | 3,120,000 | 1,219,557 | 4,339,557 |
| 2032-2036 | 3,865,000 | 450,339 | 4,315,339 |
| Total | $ 27,280,000 | $ 13,959,932 | $ 41,239,932 |

***Component Unit***

The changes in long-term debt are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Deferred Compensation | $ 2,057,464 | $ - | $ (74,063) | $ 1,983,401 | $ 225,000 |
| Notes payable | 8,797,232 | - | (342,862) | 8,454,370 | 820,000 |
| Revenue bonds | 27,901,650 | - | (523,955) | 27,377,695 | 353,215 |
| Total | $ 38,756,346 | $ - | $ (940,880) | $ 37,815,466 | $ 1,398,215 |

## E. Property Taxes

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

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

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

The property tax calendar is as follows:

| | Real/Personal Property (Excluding Vehicles) | Motor Vehicles |
|---|---|---|
| Assessment date | January 1 | January 1 |
| Levy date | August 23 | January 1 |
| Due date and collection date | October 31 | Staggered |

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

## F. Hotel/Motel Taxes

The City levies and collects a 5% lodging tax which is reported in the Hotel/Motel Tourism Enhancement Fund. The City retains 60% of the funds collected. Tax receipts for the year were $253,718. Of the current year expenditures $2,586 was relative to repairs and maintenance for the Newnan Male Academy Museum, and $122,079 were for professional and legal fees for construction of a new Convention Center. As of December 31, 2011, the balance of funds not expended was $607,528. These funds are restricted for the construction and operations of the Convention Center.

## G. Risk Management

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

The City has joined together with other municipalities in the state as part of GIRMA and the Workers' Compensation Self-Insurance Fund, a public entity risk pool operating as a common risk management and insurance program for member local governments. As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with the any coverage descriptions issued, all incidents, which could result in the funds being required to pay any claim or loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protections furnished by the funds. The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

The City joined the program by ordinance and participation is effectively perpetual unless the City initiates a termination. The premiums that are paid to GMEBS cover the cost of

all eligible claims incurred while the City is a participating employer and the cost of the services of GMEBS.

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

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

The basis for estimating the liabilities for unpaid claims is "IBNR" or "incurred but not reported" established by an actuary. As of December 31, 2011, the City is not aware of any deductible amounts which were outstanding and unpaid. No provisions have been made in the financial statements for the year ended relative to estimates for unpaid claims.

## H. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the ten county RC membership, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RC in Georgia. The RC 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 RC. Separate financial statements may be obtained from the Three Rivers Regional Commission, P.O. Box 818, Griffin, Georgia 30224.

## I. 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.

## J. 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.

### Pension Plan

#### *Plan Description*

The City's defined benefit pension plan, City of Newnan Retirement Plan, (the Plan) provides retirement, disability and death benefits to plan members and beneficiaries. These retirement provisions were established by an adoption agreement executed by City Council. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS) an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association issues a publicly available financial report on GMEBS that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street, Atlanta, Georgia, 30303-3606.

#### *Significant Accounting Policies*

*Basis of Accounting.* The City of Newnan financial statements are prepared using the modified accrual basis. Employer contributions are recognized in the period that the contributions are due.

#### *Funding Policy*

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 10.44% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

#### *Annual Pension Cost*

For the plan year, the City's annual pension cost was $886,889 and the required contribution was $885,423.

Three-Year Trend Information for the Plan

| Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|---|---|---|---|
| 12/31/2011 | $ 886,889 | 100.2% | $ - |
| 12/31/2010 | 1,108,909 | 90.5% | (1,466) |
| 12/31/2009 | 752,015 | 114.2% | (107,255) |

The required contribution was determined as part of the July 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), and (b) projected salary increases of 3.5% per year and (c) 0% cost of living adjustments. The Plan's unfunded actuarial accrued liability is being amortized (closed level dollar method) over 30 years from 1990 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods.

***Funded Status and Funding Progress***

The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date, is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 7/1/2011 | $11,466,127 | $ 13,966,277 | $ 2,500,150 | 82.10% | $ 8,170,398 | 30.60% |

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2011.

***Additional Information***

Additional information as of the latest actuarial valuation follows:

| | | |
|---|---|---|
| Valuation date | 7/1/2011 | |
| Actuarial cost method | Projected unit credit | |
| Amortization method | Closed level dollar for remaining unfunded liability | |
| Remaining amortization period | Remaining amortization period varies for the bases, with a net effective amortization period of 10 years. | |
| Asset valuation method | Sum of actuarial value at the beginning of the year and the cash flows 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 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years. | |
| Actuarial assumptions: | | |
| Investment rate-of-return | 7.75% | |
| Projected salaries increases | 3.50% | plus age and service based merit increases |
| COLAs | 0.00% | |
| Membership of the plan: | | |
| Retirees and beneficiaries | 61 | |
| Terminated plan members entitiled to, but not yet receiving benefits | 61 | |
| Active plan members | 210 | |
| Total | 332 | |

***There were no changes in methods or assumption from the prior year.***

The City's annual pension costs and net pension obligation (asset) for the current year were determined as follows:

| | | |
|---|---|---|
| Normal Costs | $ | 438,304 |
| Adjustments to fiscal year | | 31,024 |
| Payment on unfunded actuarial accrued liability | | 416,095 |
| Annual required contribution | | 885,423 |
| Contribution made | | 886,889 |
| Increase (decrease) in net pension obligation | | 1,466 |
| Net pension obligation (asset) December 31, 2010 | | (1,466) |
| Net pension obligation (asset) December 31, 2011 | $ | - |

# REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA

RETIREMENT PLAN

## SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ration (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| 7/1/2011 | $ 11,466,127 | $ 13,966,277 | $ 2,500,150 | 82.10% | $ 8,170,398 | 30.60% |
| 7/1/2010 | 10,368,620 | 13,299,795 | 2,931,175 | 77.96% | 8,352,005 | 35.10% |
| 7/1/2009 | 7,753,820 | 12,815,730 | 5,061,910 | 60.50% | 8,408,381 | 60.20% |

## SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

| Year Ended | Annual Required Contribution | Percentage Contributed |
|---|---|---|
| 12/31/2011 | $ 885,423 | 100.2% |
| 12/31/2010 | 1,108,909 | 90.5% |
| 12/31/2009 | 752,015 | 114.2% |

# SUPPLEMENTARY INFORMATION

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# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Confiscated Assets 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.

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

NSP Grant Fund – This fund accounts for funds received from the Georgia Department of Community Affairs Neighborhood Stabilization Program which are passed-through to the Newnan Housing Authority and Newnan-Coweta Habitat for Humanity, Inc.

Rental Motor Vehicle Excise Tax – This fund accounts for rental excise taxes collected as allowed from rental car agencies and the expenditures relative to tourism.

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

CITY OF NEWNAN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

| | Special Revenue Funds | | | | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|---|
| | Confiscated Assets | Miscellaneous Grants | Hotel/Motel Tourism Enhancement | NSP Grant | Rental Motor Vehicle Excise Tax | Total | Street Improvement | Capital Equipment | Total | |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | $ 5,183 | $ 12,337 | $ - | $ 2,670 | $ - | $ 20,190 | $ - | $ - | $ - | $ 20,190 |
| Investments | 1,262,262 | - | 551,053 | 1 | 70,573 | 1,883,889 | 430,977 | - | 430,977 | 2,314,866 |
| Taxes receivable | - | - | 56,475 | - | 6,233 | 62,708 | - | - | - | 62,708 |
| Intergovernmental receivable | - | - | - | 33,813 | - | 33,813 | - | - | - | 33,813 |
| Other receivables | - | - | - | 17,727 | - | 17,727 | - | - | - | 17,727 |
| Total assets | $1,267,445 | $ 12,337 | $ 607,528 | $ 54,211 | $ 76,806 | $2,018,327 | $ 430,977 | $ - | $ 430,977 | $ 2,449,304 |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | $ 13,034 | $ 59 | $ - | $ 33,813 | $ - | $ 46,906 | $ 24,099 | $ - | $ 24,099 | $ 71,005 |
| Due to other funds | - | - | - | - | - | - | - | - | - | - |
| Unearned revenue | - | 12,278 | - | 20,398 | - | 32,676 | - | - | - | 32,676 |
| Total liabilities | 13,034 | 12,337 | - | 54,211 | - | 79,582 | 24,099 | - | 24,099 | 103,681 |
| FUND BALANCES | | | | | | | | | | |
| Restricted | 1,254,411 | - | 607,528 | - | 76,806 | 1,938,745 | - | - | - | 1,938,745 |
| Assigned | - | - | - | - | | - | 406,878 | - | 406,878 | 406,878 |
| Total fund balances | 1,254,411 | - | 607,528 | - | 76,806 | 1,938,745 | 406,878 | - | 406,878 | 2,345,623 |
| TOTAL LIABILITIES AND FUND BALANCES | $1,267,445 | $ 12,337 | $ 607,528 | $ 54,211 | $ 76,806 | $2,018,327 | $ 430,977 | $ - | $ 430,977 | $ 2,449,304 |

CITY OF NEWNAN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Special Revenue Funds | | | | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|---|---|---|---|
| | Confiscated Assets | Miscellaneous Grants | Hotel/Motel Tourism Enhancement | NSP Grant | Rental Motor Vehicle Excise Tax | Total | Street Improvement | Capital Equipment | Total | |
| REVENUES | | | | | | | | | | |
| Hotel/motel taxes | $ - | $ - | $ 253,718 | $ - | $ - | $ 253,718 | $ - | $ - | $ - | $ 253,718 |
| Court condemnations | 179,123 | - | - | - | - | 179,123 | - | - | - | 179,123 |
| Intergovernmental | - | 5,437 | - | 145,528 | - | 150,965 | 127,887 | - | 127,887 | 278,852 |
| Excise taxes | - | - | - | - | 76,788 | 76,788 | - | - | - | 76,788 |
| Program revenues | - | - | - | 30,925 | - | 30,925 | - | - | - | 30,925 |
| Investment earnings | 2,011 | - | 740 | 1 | 18 | 2,770 | 697 | 327 | 1,024 | 3,794 |
| Total revenues | 181,134 | 5,437 | 254,458 | 176,454 | 76,806 | 694,289 | 128,584 | 327 | 128,911 | 823,200 |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | - | 5,437 | - | 176,454 | - | 181,891 | 49,008 | 43,260 | 92,268 | 274,159 |
| Tourism development | - | - | 2,588 | - | - | 2,588 | - | - | - | 2,588 |
| Public safety | 300,561 | - | - | - | - | 300,561 | - | - | - | 300,561 |
| Capital outlay | 312,482 | - | 122,079 | - | - | 434,561 | 260,093 | - | 260,093 | 694,654 |
| Total expenditures | 613,043 | 5,437 | 124,667 | 176,454 | - | 919,601 | 309,101 | 43,260 | 352,361 | 1,271,962 |
| Excess (deficiency) of revenues over (under) expenditures | (431,909) | - | 129,791 | - | 76,806 | (225,312) | (180,517) | (42,933) | (223,450) | (448,762) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers out | - | - | (152,230) | - | - | (152,230) | - | (348,474) | (348,474) | (500,704) |
| Total other financing sources (uses) | - | - | (152,230) | - | - | (152,230) | - | (348,474) | (348,474) | (500,704) |
| Net change in fund balances | (431,909) | - | (22,439) | - | 76,806 | (377,542) | (180,517) | (391,407) | (571,924) | (949,466) |
| Fund balances - beginning of year | 1,686,320 | - | 629,967 | - | - | 2,316,287 | 587,395 | 391,407 | 978,802 | 3,295,089 |
| Fund balances - end of year | $ 1,254,411 | $ - | $ 607,528 | $ - | $ 76,806 | $ 1,938,745 | $ 406,878 | $ - | $ 406,878 | $ 2,345,623 |

CITY OF NEWNAN, GEORGIA

CONFISCATED ASSETS 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, 2011

| | Final Budget | Actual | Variance |
|---|---|---|---|
| REVENUES | | | |
| Court condemnations | $ 157,500 | $ 179,123 | $ 21,623 |
| Investment earnings | 712 | 2,011 | 1,299 |
| Total Revenues | 158,212 | 181,134 | 22,922 |
| EXPENDITURES | | | |
| Current | | | |
| Public safety | 355,600 | 300,561 | 55,039 |
| Capital outlay | 710,000 | 312,482 | 397,518 |
| Total Expenditures | 1,065,600 | 613,043 | 452,557 |
| Net change in fund balance | (907,388) | (431,909) | 475,479 |
| Fund balances - beginning of year | 1,686,320 | 1,686,320 | - |
| Fund balances - end of year | $ 778,932 | $ 1,254,411 | $ 475,479 |

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, 2011

| | Final Budget | Actual | Variance |
|---|---|---|---|
| REVENUES | | | |
| Intergovernmental | $ 25,000 | $ 5,437 | $ (19,563) |
| Total Revenues | 25,000 | 5,437 | (19,563) |
| EXPENDITURES | | | |
| Current | | | |
| General government | 25,000 | 5,437 | 19,563 |
| Capital outlay | - | - | - |
| Total Expenditures | 25,000 | 5,437 | 19,563 |
| Net change in fund balance | - | - | - |
| Fund balances - beginning of year | - | - | - |
| Fund balances - end of year | $ - | $ - | $ - |

CITY OF NEWNAN, GEORGIA

HOTEL/MOTEL TOURISM ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Final Budget | Actual | Variance |
|---|---|---|---|
| REVENUES | | | |
| Hotel/motel taxes | $ 240,000 | $ 253,718 | $ 13,718 |
| Investment earnings | 1,000 | 740 | (260) |
| Total Revenues | 241,000 | 254,458 | 13,458 |
| EXPENDITURES | | | |
| Current | | | |
| Tourism development | 41,000 | 2,588 | 38,412 |
| Capital outlay | 650,000 | 122,079 | 527,921 |
| Total Expenditures | 691,000 | 124,667 | 566,333 |
| Excess (deficiency) of revenues over (under) expenditures | (450,000) | 129,791 | 579,791 |
| Other Financing Use | | | |
| Transfer out | (154,000) | (152,230) | 1,770 |
| Net change in fund balances | (604,000) | (22,439) | 581,561 |
| Fund balances - beginning of year | 629,967 | 629,967 | - |
| Fund balances - end of year | $ 25,967 | $ 607,528 | $ 581,561 |

CITY OF NEWNAN, GEORGIA

NSP GRANT 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, 2011

| | Final Budget | Actual | Variance |
|---|---|---|---|
| REVENUES | | | |
| Intergovernmental | $ 145,528 | $ 145,528 | $ - |
| Program income | 30,925 | 30,925 | - |
| Investment earnings | 1 | 1 | - |
| Total Revenues | 176,454 | 176,454 | - |
| EXPENDITURES | | | |
| Current | | | |
| General government | 176,454 | 176,454 | - |
| Total Expenditures | 176,454 | 176,454 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - |
| Other Financing Use | | | |
| Transfer out | - | - | - |
| Net change in fund balances | - | - | - |
| Fund balances - beginning of year | - | - | - |
| Fund balances - end of year | $ - | $ - | $ - |

CITY OF NEWNAN, GEORGIA

RENTAL MOTOR VEHICLE EXCISE TAX 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, 2011

| | Final Budget | Actual | Variance |
|---|---|---|---|
| REVENUES | | | |
| Excise tax | $ 76,788 | $ 76,788 | $ - |
| Investment earnings | 18 | 18 | - |
| Total Revenues | 76,806 | 76,806 | - |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | - | - |
| Capital outlay | - | - | - |
| Total Expenditures | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | 76,806 | 76,806 | - |
| Other Financing Use | | | |
| Transfer out | - | - | - |
| Net change in fund balances | 76,806 | 76,806 | - |
| Fund balances - beginning of year | - | - | - |
| Fund balances - end of year | $ 76,806 | $ 76,806 | $ - |

CITY OF NEWNAN, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITY
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

| | December 31, 2010 | Additions | Deletions | December 31, 2011 |
|---|---|---|---|---|
| Police Pre-Confiscated Assets Fund | | | | |
| ASSETS | | | | |
| Cash | $ 74,251 | $ 67,057 | $ 42,357 | $ 98,951 |
| Total assets | $ 74,251 | $ 67,057 | $ 42,357 | $ 98,951 |
| LIABILITY | | | | |
| Payable from assets | | | | |
| Confiscated assets pending disposition | $ 74,251 | $ 67,057 | $ 42,357 | $ 98,951 |

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# STATISTICAL SECTION

This part of the City of Newnan's comprehensive annual financial reports presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.


| Contents | Page |
|---|---|
| **Financial Trends**<br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 67 - 73 |
| **Revenue Capacity**<br>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. | 74 - 80 |
| **Debt Capacity**<br>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 81 - 82 |
| **Demographic and Economic Information**<br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | 83 - 85 |
| **Operating Information**<br>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | 86 - 87 |


Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

**City of Newnan, Georgia**
**Net Assets by Component**
**Last Eight Calendar Years**
**(accrual basis of accounting)**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| **Governmental activities** | | | | | | | | |
| Invested in capital assets, net of related debt | $ 36,870,914 | $ 48,202,095 | $ 59,950,866 | $ 99,720,483 | $ 107,970,772 | $ 111,049,663 | $ 110,991,843 | $ 113,432,298 |
| Restricted | 7,370,329 | 10,247,870 | 10,017,489 | 12,310,604 | 11,890,374 | 12,341,221 | 16,917,262 | 16,488,833 |
| Unrestricted | 9,536,630 | 11,056,237 | 14,484,797 | 16,050,074 | 17,202,620 | 15,619,539 | 15,818,177 | 17,880,877 |
| Total governmental activities net assets | $ 53,777,873 | $ 69,506,202 | $ 84,453,152 | $128,081,161 | $ 137,063,766 | $ 139,010,423 | $ 143,727,282 | $ 147,802,008 |
| **Change in Net Assets** | | | | | | | | |
| Governmental Activities | $ 13,051,613 | $ 15,728,329 | $ 14,946,950 | $ 43,628,009 | $ 8,982,605 | $ 1,946,657 | $ 4,716,859 | $ 4,074,726 |

**Note:** Information above has been presented as of the date of GASB 34 Implementation.
The City of Newnan has no business-type activities, therefore the Governmental activities totals and the Primary government totals are the same.

**City of Newnan, Georgia**
**Changes in Net Assets, Last Eight Calendar Years**
**(Accrual Basis of Accounting)**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| **Expenses:** | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General Government | $ 1,499,242 | $ 1,692,563 | $ 2,164,887 | $ 2,823,373 | $ 2,747,236 | $ 2,771,020 | $ 4,360,012 | $ 2,767,833 |
| Community Development | 1,785,109 | 1,761,614 | 2,233,473 | 2,697,243 | 2,610,332 | 2,505,682 | 2,603,527 | 3,095,588 |
| Public Safety | 7,081,640 | 7,522,020 | 8,076,362 | 8,638,598 | 9,341,701 | 9,272,838 | 9,634,856 | 9,626,896 |
| Public Works | 1,892,188 | 3,364,415 | 3,535,165 | 4,405,650 | 4,285,367 | 4,679,400 | 4,723,863 | 4,333,648 |
| Tourist Development | 658 | 20,511 | 14,955 | 2,292 | 4,274 | 9,304 | 3,691 | 2,588 |
| Other Services | 484,281 | 801,434 | - | - | - | - | - | - |
| Total governmental activities expenses | 12,743,118 | 15,162,557 | 16,024,842 | 18,567,156 | 18,988,910 | 19,238,244 | 21,325,949 | 19,826,553 |
| Total primary government expenses | $ 12,743,118 | $ 15,162,557 | $ 16,024,842 | $ 18,567,156 | $ 18,988,910 | $ 19,238,244 | $ 21,325,949 | $ 19,826,553 |
| **Program Revenues:** | | | | | | | | |
| Governmental activities | | | | | | | | |
| Charges for Services | | | | | | | | |
| General Government | $ 1,213,279 | $ 1,566,857 | $ 1,654,084 | $ 1,939,390 | $ 1,921,215 | $ 1,730,602 | $ 1,863,821 | $ 2,109,634 |
| Tourism Development | - | - | - | - | 21,504 | 17,560 | 23,104 | 29,537 |
| Public Safety | 436,422 | 448,967 | 588,846 | 632,359 | 835,169 | 855,249 | 2,918,872 | 850,972 |
| Public Works | - | 1,426,765 | - | - | - | - | - | - |
| Community Development | - | - | 2,851,031 | 1,957,224 | 1,015,521 | 375,840 | 267,248 | 335,381 |
| Operating grants and contributions | 1,181,639 | 1,204,398 | 74,084 | 103,045 | 91,128 | 96,152 | - | - |
| Capital grants and contributions | 9,817,232 | 10,840,515 | 8,626,666 | 4,238,389 | 4,198,787 | 4,260,001 | 6,970,299 | 5,802,964 |
| Total governmental activities program revenues | 12,648,572 | 15,487,502 | 13,794,711 | 8,870,407 | 8,083,324 | 7,335,404 | 12,043,344 | 9,128,488 |
| Total primary government program revenues | $ 12,648,572 | $ 15,487,502 | $ 13,794,711 | $ 8,870,407 | $ 8,083,324 | $ 7,335,404 | $ 12,043,344 | $ 9,128,488 |
| **Net (Expenses)/Revenue** | | | | | | | | |
| Governmental activities | $ (94,546) | $ 324,945 | $ (2,230,131) | $ (9,696,749) | $(10,905,586) | $ (11,902,840) | $ (9,282,605) | $ (10,698,065) |
| Total primary government net (expense)/revenue | $ (94,546) | $ 324,945 | $ (2,230,131) | $ (9,696,749) | $(10,905,586) | $ (11,902,840) | $ (9,282,605) | $ (10,698,065) |

City of Newnan, Georgia
Changes in Net Assets, Last Eight Calendar Years (Continued)
(accrual basis of accounting)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| **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 | $ 4,398,384 | $ 4,501,655 | $ 4,630,433 | $ 4,285,530 |
| Sales Taxes | 6,411,198 | 6,658,437 | 7,517,296 | 9,552,987 | 9,576,131 | 3,860,258 | 4,187,040 | 4,367,306 |
| Occupational Taxes | 1,206,741 | 1,321,047 | 1,472,479 | 1,732,989 | 1,838,252 | 1,792,961 | 1,603,104 | 1,684,129 |
| Franchise Taxes | 977,592 | 935,535 | 1,004,528 | 1,226,762 | 1,324,724 | 1,420,597 | 1,416,636 | 1,449,554 |
| Insurance Premium Taxes | 756,092 | 813,456 | 851,078 | 887,770 | 909,036 | 900,507 | 874,336 | 1,549,668 |
| Hotel Motel Taxes | 174,947 | 200,101 | 211,120 | 329,900 | 258,001 | 240,642 | 223,694 | 253,718 |
| Alcoholic Beverage Taxes | 584,315 | 636,993 | 700,717 | 733,406 | 731,681 | 742,731 | 737,209 | 757,381 |
| Other Taxes | 29,340 | 236,725 | 222,331 | 280,303 | 304,305 | 284,475 | 294,488 | 399,326 |
| Interest Revenue | 189,916 | 540,821 | 1,008,500 | 1,170,885 | 547,677 | 105,671 | 32,524 | 26,179 |
| Miscellaneous | 220,441 | 329,590 | - | - | - | - | - | - |
| Special items - Dissolution of Sanitation Fund | (375,436) | - | - | - | - | - | - | - |
| Total governmental activities | 13,146,159 | 15,108,876 | 16,820,575 | 20,118,216 | 19,888,191 | 13,849,497 | 13,999,464 | 14,772,791 |
| Total Primary Government | $ 13,146,159 | $ 15,108,876 | $ 16,820,575 | $ 20,118,216 | $ 19,888,191 | $ 13,849,497 | $ 13,999,464 | $ 14,772,791 |
| **Change in Net Assets** | | | | | | | | |
| Governmental Activities | $ 13,051,613 | $ 15,433,821 | $ 14,590,444 | $ 10,421,467 | $ 8,982,605 | $ 1,946,657 | $ 4,716,859 | $ 4,074,726 |
| Total Primary Government | $ 13,051,613 | $ 15,433,821 | $ 14,590,444 | $ 10,421,467 | $ 8,982,605 | $ 1,946,657 | $ 4,716,859 | $ 4,074,726 |

**Notes:** Information above has been presented as of the date of GASB 34 Implementation.
Special Purpose Local Option Sales Tax (SPLOST) was reported as sales taxes prior to 2009, the State now requires the taxes and earning thereof to be reported as intergovernmental revenue by cities who receive their disbursements from the County.

**City of Newnan, Georgia**
**Program Revenues by Function/Program**
**Last Eight Calendar Years**
**(accrual basis of accounting)**

| | Program Revenues | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **Function/Program** | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General Government | $ 2,156,208 | $ 2,994,494 | $ 1,654,084 | $ 1,939,390 | $ 3,086,953 | $ 3,503,579 | $ 4,598,122 | $ 3,053,365 |
| Community Development | - | - | 2,851,031 | 1,987,224 | 1,025,521 | 568,304 | 1,141,230 | 1,966,820 |
| Public Safety | 492,764 | 472,358 | 669,170 | 741,655 | 958,454 | 1,281,257 | 3,669,424 | 1,608,878 |
| Public Works | 9,958,000 | 12,020,650 | 8,597,644 | 4,202,138 | 2,990,892 | 1,964,704 | 2,611,464 | 2,469,888 |
| Tourist Development | - | - | 22,782 | - | 21,504 | 17,560 | 23,104 | 29,537 |
| Other Services | 41,600 | - | - | - | - | - | - | - |
| Subtotal governmental activities | 12,648,572 | 15,487,502 | 13,794,711 | 8,870,407 | 8,083,324 | 7,335,404 | 12,043,344 | 9,128,488 |
| Total primary government | $ 12,648,572 | $ 15,487,502 | $ 13,794,711 | $ 8,870,407 | $ 8,083,324 | $ 7,335,404 | $ 12,043,344 | $ 9,128,488 |

**Note:** Information above has been presented as of the date of GASB 34 Implementation.

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

| | Calendar Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **General Fund** | | | | | | | | |
| Reserved | $ 148,146 | $ 255,509 | $ 273,734 | $ 458,929 | $ 227,287 | $ 135,435 | $ 125,936 | $ - |
| Unreserved | 9,673,201 | 10,983,435 | 12,848,952 | 14,168,420 | 14,885,077 | 13,315,495 | 14,746,505 | - |
| Nonspendable | - | - | - | - | - | - | - | 3,378 |
| Restricted | - | - | - | - | - | - | - | 51,645 |
| Assigned | - | - | - | - | - | - | - | 567,919 |
| Unassigned | - | - | - | - | - | - | - | 16,925,008 |
| **Total General Fund** | $ 9,821,347 | $ 11,238,944 | $ 13,122,686 | $ 14,627,349 | $ 15,112,364 | $ 13,450,930 | $ 14,872,441 | $ 17,547,950 |
| **All Other Governmental Funds** | | | | | | | | |
| Reserved | $ 830,759 | $ 3,182,981 | $ 10,038,294 | $ 13,090,613 | $ 13,211,566 | $ 13,683,686 | $ 16,869,986 | $ - |
| Unreserved: | | | | | | | | |
| Special Revenue Funds | (248,504) | (54,378) | 1,935 | 1,746 | 120,612 | - | - | - |
| Capital Projects Funds | 6,788,074 | 6,947,242 | 1,278,564 | 658,091 | 519,701 | 820,018 | 978,802 | - |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted: | | | | | | | | |
| Special Revenue Funds | - | - | - | - | - | - | - | 1,938,745 |
| Capital Projects Funds | - | - | - | - | - | - | - | 14,498,443 |
| Assigned | - | - | - | - | - | - | - | 406,878 |
| Unassigned | - | - | - | - | - | - | - | - |
| **Total all other governmental funds** | $ 7,370,329 | $ 10,075,845 | $ 11,318,793 | $ 13,750,450 | $ 13,851,879 | $ 14,503,704 | $ 17,848,788 | $ 16,844,066 |
| **Total Fund Balances** | **$ 17,191,676** | **$ 21,314,789** | **$ 24,441,479** | **$ 28,377,799** | **$ 28,964,243** | **$ 27,954,634** | **$ 32,721,229** | **$ 34,392,016** |

**Note:** Information above has been presented as of the date of GASB 34 Implementation.
The City implemented GASB 54 during 2011; prior years have not been restated

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

| | Calendar Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **Revenues** | | | | | | | | |
| Taxes: | | | | | | | | |
| Alcohol Taxes | $584,316 | $636,993 | $700,717 | $733,406 | $731,681 | $742,731 | $737,209 | 757,381 |
| Excise (Franchise) Taxes | 977,592 | 935,536 | 1,004,528 | 1,226,762 | 1,324,724 | 1,420,597 | 1,416,636 | 1,449,554 |
| Hotel/Motel Taxes | 174,947 | 200,101 | 211,120 | 329,900 | 258,001 | 240,642 | 223,694 | 253,718 |
| Insurance Premium Taxes | 756,092 | 813,456 | 851,078 | 887,770 | 909,036 | 900,507 | 874,336 | 1,549,668 |
| Occupational Taxes | 1,206,741 | 1,321,047 | 1,472,479 | 1,732,989 | 1,838,252 | 1,792,961 | 1,603,104 | 1,684,129 |
| Other Taxes | 107,912 | 199,194 | 222,331 | 280,303 | 304,305 | 284,475 | 294,488 | 322,538 |
| Property Taxes | 3,038,631 | 3,194,225 | 3,751,885 | 4,145,848 | 4,141,896 | 4,592,154 | 4,630,498 | 4,342,139 |
| Rental Motor Vehicle Taxes (2) | - | - | - | - | - | - | - | 76,788 |
| Sales Taxes | 6,411,197 | 6,658,437 | 7,517,296 | 9,552,987 | 9,576,131 | 3,860,258 | 4,187,040 | 4,367,306 |
| Court Condemnations | 5,596 | 11,832 | 6,240 | 6,251 | 165,240 | 163,338 | 2,204,972 | 179,123 |
| Fines and Forfeitures | 430,826 | 448,967 | 588,846 | 632,359 | 669,929 | 691,911 | 624,181 | 575,724 |
| Grants/Private Donations | 2,961 | 23,391 | 2,253 | - | 150,000 | - | - | - |
| Impact Fees (1) | 291,546 | 1,414,933 | 1,505,448 | 1,118,593 | 529,396 | 115,945 | 203,581 | 146,934 |
| Indirect Cost Allocations | 1,028,939 | 1,139,329 | - | - | - | - | - | - |
| Intergovernmental | 328,517 | 461,148 | 848,571 | 476,377 | 499,968 | 4,300,078 | 6,602,500 | 5,154,183 |
| Intergovernmental - Utility | 853,126 | 966,488 | 1,094,453 | 1,161,112 | 1,165,377 | 1,172,781 | 1,389,848 | 1,415,620 |
| Investment Earnings | 189,916 | 540,821 | 1,008,923 | 1,170,885 | 547,677 | 105,671 | 55,409 | 44,246 |
| Alcohol Licenses | 152,425 | 236,183 | 174,700 | 180,038 | 183,775 | 179,050 | 186,354 | 176,845 |
| Other Revenues | 220,440 | 329,589 | 268,163 | 370,732 | 185,955 | 315,606 | 243,361 | 272,389 |
| Program Revenue | - | - | - | - | - | - | - | 30,925 |
| Permits & Inspections | 1,060,854 | 1,330,674 | 1,345,583 | 838,630 | 486,125 | 259,895 | 267,249 | 335,381 |
| Total Revenues | 17,822,574 | 20,862,344 | 22,574,614 | 24,844,942 | 23,667,468 | 21,138,600 | 25,744,460 | 23,134,591 |
| **Expenditures** | | | | | | | | |
| General government | 1,543,473 | 1,639,077 | 2,088,268 | 2,675,463 | 2,179,436 | 4,238,749 | 3,650,174 | 2,025,539 |
| Community Development | 2,325,998 | 2,725,073 | 2,615,532 | 2,337,153 | 2,365,981 | 2,335,471 | 2,190,419 | 2,142,737 |
| Public Safety | 7,249,855 | 7,809,982 | 7,697,555 | 8,314,508 | 8,910,093 | 8,858,915 | 9,215,617 | 9,189,763 |
| Public Works | 1,870,359 | 2,469,203 | 2,371,824 | 2,637,747 | 2,722,862 | 2,561,396 | 2,508,168 | 2,535,452 |
| Tourist Development | 658 | 20,511 | 14,955 | 2,292 | 4,274 | 9,304 | 3,691 | 2,588 |
| Intergovernmental | - | - | - | - | 793,530 | 659,712 | 715,094 | 747,955 |
| Capital Outlay | 1,878,426 | 2,397,282 | 5,016,296 | 4,953,459 | 6,104,848 | 3,484,662 | 2,712,177 | 4,832,012 |
| Total Expenditures | 14,868,769 | 17,061,128 | 19,804,430 | 20,920,622 | 23,081,024 | 22,148,209 | 20,995,340 | 21,476,046 |
| Excess of revenues over (under) expenditures | 2,953,805 | 3,801,216 | 2,770,184 | 3,924,320 | 586,444 | (1,009,609) | 4,749,120 | 1,658,545 |

## City of Newnan, Georgia
## Changes in Fund Balances, Governmental Funds (Continued)
## Last Eight Calendar Years
## (modified accrual basis of accounting)

| | Calendar Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
| **Other Financing Sources (Uses)** | | | | | | | | |
| Transfers from other Funds | 349,652 | 1,107,770 | 1,110,359 | 1,350,890 | 861,413 | 867,985 | 453,216 | 500,704 |
| Transfers to other Funds | (725,088) | (1,107,770) | (1,110,359) | (1,350,890) | (861,413) | (867,985) | (453,216) | (500,704) |
| Sale of Capital Assets | 81,500 | 27,390 | - | 12,000 | - | - | 17,475 | 12,242 |
| Total Other Financing Sources (Uses) | (293,936) | 27,390 | - | 12,000 | - | - | 17,475 | 12,242 |
| Net Change in Fund Balances | **$2,659,869** | **$3,828,606** | **$2,770,184** | **$3,936,320** | **$586,444** | **($1,009,609)** | **$4,766,595** | **$1,670,787** |
| Debt Service as a Percentage of Noncapital Expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

**Note:** Information above has been presented as of the date of GASB 34 Implementation.

(1) Impact fee assessment was implemented during the last quarter of 2004.

(2) Rental motor vehicle tax collections began in 2011.

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

| Calendar Year | Tax Revenues | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Property [1] | Franchise [4] | Insurance Premium [2] | Occupational [4] | Alcoholic Beverage | Hotel/ Motel [4] | Sales Tax [3] | Other [5] | Total |
| 2004 | $ 3,038,631 | $ 977,592 | $ 756,092 | $ 1,206,741 | $ 584,315 | $ 174,947 | $ 6,411,198 | $ 107,912 | $ 13,257,428 |
| 2005 | 3,194,225 | 935,536 | 813,456 | 1,321,047 | 636,993 | 200,101 | 6,658,437 | 199,194 | 13,958,989 |
| 2006 | 3,751,885 | 1,004,528 | 851,078 | 1,472,479 | 700,717 | 211,120 | 7,517,296 | 222,331 | 15,731,434 |
| 2007 | 4,145,848 | 1,226,762 | 887,770 | 1,732,989 | 733,406 | 329,900 | 9,552,987 | 280,303 | 18,889,965 |
| 2008 | 4,141,896 | 1,324,724 | 909,036 | 1,838,252 | 731,681 | 258,001 | 9,576,131 | 304,305 | 19,084,026 |
| 2009 | 4,592,154 | 1,420,597 | 900,507 | 1,792,961 | 742,731 | 240,642 | 3,860,258 | 284,475 | 13,834,325 |
| 2010 | 4,630,498 | 1,416,636 | 874,336 | 1,603,104 | 737,209 | 223,694 | 4,187,040 | 294,488 | 13,967,005 |
| 2011 | 4,342,139 | 1,449,554 | 1,549,668 | 1,684,129 | 757,381 | 253,718 | 4,367,306 | 399,326 | 14,803,221 |
| % Change 2004 - 2011 | 42.9% | 48.3% | 105.0% | 39.6% | 29.6% | 45.0% | -31.9% | 270.0% | 11.7% |

**Note:** Information above has been presented as of the date of GASB 34 Implementation.

[1] Includes motor vehicle and property taxes. The City was able to keep its property tax rates very stable for the last seven years due mainly to the growth in property tax values and population increases. See the table on the next page for more information.

[2] Insurance premium taxes based on US Census Bureau population. Newnan's population increased by approximately 103% from 2000 to 2010.

[3] Special Purpose Local Option Sales Tax (SPLOST) was reported in this category until 2009; the State requires that it now be reported as Intergovernmental revenue by those cities who receive their disbursement from the County.

[4] The increases are primarily attributed to the growth in population and commercial businesses in Newnan over the past 8 - 10 years.

[5] This category includes a new tax, Rental Motor Vehicle Taxes, for 2011. The increase is primarily attributed to the growth in population and commericial businesses in Newnan over the past 8 - 10 years.

**City of Newnan, Georgia**
**Assessed Value and Estimated Actual Value of Taxable Property**
**Last Ten Calendar Years**

| Calendar Year Ended December 31, | Real Property | Personal Property | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|---|---|---|---|---|---|---|---|
| 2002 | $ 407,483,256 | $ 73,098,452 | $ 57,814,296 | $ 422,767,412 | 3.78 | $ 1,341,922,274 | 31.50% |
| 2003 | 483,938,998 | 67,053,380 | 56,877,150 | 494,115,228 | 4.50 | 1,519,504,229 | 32.52% |
| 2004 | 543,812,319 | 70,378,615 | 60,293,937 | 553,896,997 | 4.50 | 1,536,961,091 | 36.04% |
| 2005 | 646,586,820 | 74,698,651 | 62,774,553 | 658,510,918 | 4.40 | 1,804,495,817 | 36.49% |
| 2006 | 746,226,460 | 78,323,568 | 64,763,547 | 759,786,481 | 4.34 | 2,068,050,397 | 36.74% |
| 2007 | 840,838,199 | 93,716,664 | 65,963,681 | 868,591,182 | 4.32 | 2,338,359,915 | 37.15% |
| 2008 | 928,082,597 | 91,674,717 | 62,073,670 | 957,683,644 | 4.32 | 2,565,220,948 | 37.33% |
| 2009 | 949,769,939 | 95,116,548 | 66,807,005 | 978,079,482 | 4.32 | 2,636,081,482 | 37.10% |
| 2010 | 953,353,123 | 92,771,473 | 66,643,892 | 979,480,704 | 4.39 | 2,621,838,417 | 37.36% |
| 2011 | 900,523,872 | 91,837,145 | 66,584,340 | 925,776,677 | 4.39 | 2,494,906,419 | 37.11% |

**Source:** Coweta County Tax Commissioner and Assessor's Offices.

**Notes:** The City assesses property at 40 percent of actual value.

## City of Newnan, Georgia
## Direct and Overlapping Property Tax Rates
## Last Ten Calendar Years

| | City Direct Rates | | | Overlapping Rates | | | | |
|---|---|---|---|---|---|---|---|---|
| Calendar Year | Basic Rate | General Obligation Debt Service | Total Direct Rate | State of Georgia | Coweta County | School System | School Bond | Total |
| 2002 | 3.78 | 0.00 | 3.78 | 0.25 | 5.02 | 15.61 | 1.60 | 26.26 |
| 2003 | 4.50 | 0.00 | 4.50 | 0.25 | 5.00 | 17.94 | - | 27.69 |
| 2004 | 4.50 | 0.00 | 4.50 | 0.25 | 5.13 | 18.61 | - | 28.49 |
| 2005 | 4.40 | 0.00 | 4.40 | 0.25 | 5.12 | 18.59 | - | 28.36 |
| 2006 | 4.34 | 0.00 | 4.34 | 0.25 | 6.31 | 18.59 | - | 29.49 |
| 2007 | 4.32 | 0.00 | 4.32 | 0.25 | 6.74 | 18.59 | - | 29.90 |
| 2008 | 4.32 | 0.00 | 4.32 | 0.25 | 7.76 | 18.59 | - | 30.92 |
| 2009 | 4.32 | 0.00 | 4.32 | 0.25 | 7.66 | 18.59 | - | 30.82 |
| 2010 | 4.39 | 0.00 | 4.39 | 0.25 | 7.79 | 18.59 | - | 31.02 |
| 2011 | 4.39 | 0.00 | 4.39 | 0.25 | 7.79 | 18.59 | - | 31.02 |

**Source:** Coweta County Tax Commissioner's Office; data reported by Calendar Year.

**Notes:** The City's basic property tax rate is established by the City Council each year in July/August.
The overlapping rates are those of State and County governments that apply to property owners within the City.

**City of Newnan, Georgia**
**Principal Property Tax Payers**
**Current Year and Eight Years Ago**

| Taxpayer | 2004 Taxable Assessed Value | 2004 Rank | 2004 Percentage of Total City Tax Levy | 2011 Taxable Assessed Value | 2011 Rank | 2011 Percentage of Total City Tax Levy |
|---|---|---|---|---|---|---|
| Fourth Quarter Properties | $ 11,235,310 | 1 | 1.83% | $ 33,168,507 | 1 | 3.32% |
| Peachtree City Holdings | 9,003,555 | 2 | 1.46% | | | |
| Inland Southeast Newnan LLC | 7,167,218 | 3 | 1.17% | 14,992,680 | 2 | 1.50% |
| BellSouth Telecommunications | 6,985,040 | 4 | 1.14% | 5,995,787 | 10 | 0.60% |
| Lullwater Apartments LLC | 5,713,418 | 5 | 0.93% | | | |
| Wal-Mart | 5,132,135 | 6 | 0.83% | 8,245,754 | 6 | 0.83% |
| S.G. Preston Mill | 4,801,604 | 7 | 0.78% | | | |
| JDN Realty Corporation | 4,765,717 | 8 | 0.78% | | | |
| Newnan Crossing LLP | 3,946,052 | 9 | 0.64% | | | |
| Out Med LLC | 2,998,488 | 10 | 0.49% | | | |
| EGO Products | - | | - | 11,695,016 | 3 | 1.17% |
| Bon L Manufacturing | - | | - | 9,037,050 | 4 | 0.91% |
| WPRE | - | | - | 8,849,380 | 5 | 0.89% |
| HC Cable (NuLink) | - | | - | 7,469,734 | 7 | 0.75% |
| Newnan Development Partners | - | | - | 7,206,900 | 8 | 0.72% |
| Stillwood Farms Venture LLC | - | | - | 6,784,077 | 9 | 0.68% |
| **Total** | **$ 61,748,537** | | **10.05%** | **$ 113,444,885** | | **11.37%** |

**Source:** Based on information obtained from the Coweta County Tax Assessor's Office.
**Note:** Information above is presented with a comparison to 2004, information for years prior to 2004 is unavailable.

City of Newnan, Georgia
Property Tax Levies and Collections
Last Ten Calendar Years

| Year | Taxes Levied for the Calendar Year | Collected within the Calendar Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2002 | $ 1,731,972 | $ 1,573,831 | 90.87% | $ 158,141 | $ 1,731,972 | 100.00% |
| 2003 | 2,372,354 | 2,011,336 | 84.78% | 361,018 | 2,372,354 | 100.00% |
| 2004 | 2,766,530 | 2,541,109 | 91.85% | 225,421 | 2,766,530 | 100.00% |
| 2005 | 3,175,913 | 2,778,148 | 87.48% | 397,415 | 3,175,563 | 99.99% |
| 2006 | 3,596,135 | 3,224,897 | 89.68% | 370,702 | 3,595,599 | 99.99% |
| 2007 | 4,040,685 | 3,710,009 | 91.82% | 327,463 | 4,037,472 | 99.92% |
| 2008 | 4,432,702 | 4,036,118 | 91.05% | 377,541 | 4,413,659 | 99.57% |
| 2009 | 4,507,635 | 4,090,388 | 90.74% | 400,188 | 4,490,576 | 99.62% |
| 2010 | 4,597,973 | 4,191,653 | 91.16% | 313,435 | 4,505,088 | 97.98% |
| 2011 | 4,339,097 | 4,004,319 | 92.28% | - | 4,004,319 | 92.28% |

**Source:** Coweta County Tax Assessors' Office and the City of Newnan Finance Department.

**City of Newnan, Georgia**
**Taxable Sales by Category**
**Last Eight Calendar Years**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Accommodations [1] | $ - | $ - | $ - | $ - | $ - | $ 53,972 | $ 83,090 | $ 108,870 |
| Apparel | 461,044 | 533,442 | 588,132 | 526,930 | 499,819 | 234,779 | - | - |
| Automotive | 2,454,885 | 2,659,181 | 3,198,730 | 3,488,306 | 4,392,034 | 2,816,514 | 2,198,045 | 2,136,427 |
| Construction [1] | - | - | - | - | - | 31,972 | 94,584 | 102,177 |
| Food | 2,962,989 | 3,503,092 | 4,087,686 | 4,604,069 | 4,057,615 | 3,351,960 | 3,118,289 | 3,155,028 |
| General | 2,144,151 | 2,313,315 | 2,430,145 | 2,599,136 | 2,533,278 | 2,792,283 | 2,809,106 | 3,108,903 |
| Home | 882,624 | 1,027,193 | 1,267,542 | 1,224,669 | 1,023,933 | 1,305,365 | 1,305,236 | 1,226,607 |
| Lumber | 1,744,453 | 1,934,414 | 2,306,011 | 1,987,379 | 1,277,892 | 391,677 | - | - |
| Manufacturing | 636,663 | 629,316 | 819,626 | 1,013,401 | 931,172 | 1,059,659 | 762,408 | 772,057 |
| Miscellaneous | 853,233 | 969,429 | 1,328,957 | 1,299,463 | 1,408,688 | 472,311 | - | - |
| Miscellaneous Service | 775,472 | 834,674 | 772,407 | 811,870 | 965,907 | 1,088,761 | 1,185,083 | 1,318,039 |
| Other Retail [1] | - | - | - | - | - | 1,471,919 | 2,448,746 | 2,705,070 |
| Other Services [1] | - | - | - | - | - | 151,802 | 226,837 | 357,111 |
| Utilities | 2,250,243 | 2,620,842 | 3,211,321 | 3,356,457 | 3,808,788 | 3,255,225 | 3,010,243 | 2,807,056 |
| Wholesale [1] | - | - | - | - | - | 922,109 | 1,651,568 | 1,896,594 |
| Total | $ 15,165,757 | $ 17,024,898 | $ 20,010,557 | $ 20,911,680 | $ 20,899,126 | $ 19,400,308 | $ 18,893,235 | $19,693,940 |

**Source:** Georgia Department of Revenue, Local Government Services Division

**Note:** Information prior to 2004 is unavailable. Since the City of Newnan does not have a City sales tax, all sales tax reported to the Georgia Department of Revenue is accumulated by commodity as Coweta County. The above numbers are taken from commodity reports issued by the Georgia Department of Revenue for Coweta County and represent the County as a whole.

[1] The data was reported utilizing SIC codes until mid-2009, when the Georgia Department of Revenue implemented the NAICS system, which supports a greater number of categories than does the SIC system.

**City of Newnan, Georgia**
**Direct and Overlapping Sales Tax Rates**
**Last Ten Calendar Years**

| Calendar Year | City Direct Rate | Coweta County |
|---|---|---|
| 2002 | 0.00% | 7.00% |
| 2003 | 0.00% | 7.00% |
| 2004 | 0.00% | 7.00% |
| 2005 | 0.00% | 7.00% |
| 2006 | 0.00% | 7.00% |
| 2007 | 0.00% | 7.00% |
| 2008 | 0.00% | 7.00% |
| 2009 | 0.00% | 7.00% |
| 2010 | 0.00% | 7.00% |
| 2011 | 0.00% | 7.00% |

**Source:** Local sales tax is imposed countywide (Coweta County)

**Note:** In 2006, the citizens voted to impose a 1% SPLOST. A portion of this 1% is shared by all the cities in Coweta County.

**City of Newnan, Georgia**
**Direct and Overlapping Governmental Activities Debt**
**As of December 31, 2011**

| Category of Debt | Amount of Outstanding Debt | Percentage Applicable To Government |
|---|---|---|
| Direct | | |
| City of Newnan General Obligation Bonds | $ - | |
| Capital Leases | - | |
| Total Direct Debt | - | |
| Overlapping | | |
| General Obligation Debt: | | |
| City of Newnan [1] | $ 149,696,170 | 100% |
| Coweta County School District | 25,075,000 | 100% |
| Total Overlapping Debt | 174,771,170 | 100% |
| Total Direct and Overlapping Debt | $ 174,771,170 | |

**Source:** Coweta County School System, Newnan Utilities and Coweta County Finance Department.

(1) This amount represents Newnan's portion of the Municipal Electric Authority of Georgia's (MEAG) debt. Newnan has never levied taxes to make payments under its Intergovernmental Contract.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's taxable assessed value.

**City of Newnan, Georgia**
**Legal Debt Margin Information**
**Last Ten Calendar Years**

| | Calendar Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Net Assessed Value | $478,933,559 | $550,924,541 | $614,784,436 | $721,798,327 | $827,220,159 | $935,343,966 | $1,026,088,379 | $1,054,432,593 | $1,048,735,367 | $ 997,962,568 |
| Debt Limit - 10% of Assessed Value | 47,893,356 | 55,092,454 | 61,478,444 | 72,179,833 | 82,722,016 | 93,534,397 | 102,608,838 | 105,443,259 | 104,873,537 | 99,796,257 |
| Debt Applicable to Debt Limit: General obligation bonds | - | - | - | - | - | - | - | - | - | - |
| Net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal Debt Margin | $ 47,893,356 | $ 55,092,454 | $ 61,478,444 | $ 72,179,833 | $ 82,722,016 | $ 93,534,397 | $ 102,608,838 | $ 105,443,259 | $ 104,873,537 | $ 99,796,257 |
| Legal debt margin as a percentage of the debt limit | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**City of Newnan, Georgia**
**Demographic and Economic Statistics**
**Last Ten Calendar Years**

| Calendar Year | Population[1] | Personal Income (amounts expressed in thousands) | Per Capita Personal Income[2,5] | Median Age[1,2,6] | School Enrollment[2,4] | Unemployment Rate[2,3] |
|---|---|---|---|---|---|---|
| 2003 | 20,546 | $ 577,918 | $ 28,128 | N/A | 18,389 | 4.4% |
| 2004 | 22,525 | 645,476 | 28,656 | 33.7 | 19,035 | 4.1% |
| 2005 | 25,392 | 750,359 | 29,551 | 34.4 | 19,685 | 4.8% |
| 2006 | 27,704 | 836,605 | 30,198 | 33.9 | 20,519 | 4.1% |
| 2007 | 29,885 | 954,557 | 31,941 | 34.2 | 21,352 | 4.0% |
| 2008 | 30,349 | 969,074 | 31,931 | 33.4 | 21,790 | 5.7% |
| 2009 | 31,732 | 1,032,182 | 32,528 | 33.1 | 22,151 | 9.5% |
| 2010 | 33,039 | 1,094,912 | 33,140 | 32.3 | 22,464 | 9.8% |
| 2011 | 33,700 | 1,112,774 | 33,020 | 34.5 | 22,517 | 9.7% |

[1] Per 2000 Census and the City's estimate; N/A indicates no data available from any source we found

[2] Information available at the county level only (Coweta County)

[3] Georgia Department of Labor

[4] Coweta County Board of Education

[5] BEA Regional Economic Analysis

[6] Georgia Statistics System, Georgia County Guide, and The University of Georgia

**Note:** Personal income information is a total for the year and was estimated for 2009-2011 since data was not available.

**City of Newnan, Georgia**
**Principal Employers**
**Current and Ten Years Ago**

| 2011 Employers | 2001 Employers |
|---|---|
| Bon L Manufacturing | Bon L Manufacturing |
| Cargill Meat Solutions | Cargill Meat Solutions |
| Coweta County School System | Coweta County School System |
| Coweta County, Georgia | Coweta County, Georgia |
| Dan Rivers | Dan Rivers |
| Eckerd Drug | Eckerd Drug |
| EGO North America, Inc. | Georgia Power - Plant Yates |
| Georgia Power - Plant Yates | Kason Industries |
| Kason Industries | K-Mart Distribution Center |
| K-Mart Distribution Center | Yamaha Motor Manufacturing |
| Pet Smart Distribution Center | Yokogawa Corporation |
| Piedmont Newnan Hospital | |
| Tencate | |
| Wal-Mart Supercenter | |
| Winpak Films | |
| Yamaha Motor Manufacturing | |
| Yokogawa Corporation | |

| | | |
|---|---|---|
| County Unemployment Rate | 9.30% | 3.30% |
| Georgia Unemployment Rate | 10.30% | 4.00% |
| US Unemployment Rate | 9.00% | 5.00% |

**Source**: Newnan-Coweta Chamber of Commerce, Georgia Dept. of Labor, Coweta Development Authority

**Notes**: Employers are listed in alphabetical order only and not ranked in any way.
Information available at county level only (Coweta County).
2002 figures not available; used 2001 as nearest comparison.

**City of Newnan, Georgia**
**Full-Time Equivalent City Government Employees by Function/Program**
**Last Ten Years**

| Function/Program | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Government** | | | | | | | | | | |
| City Manager [2] | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| City Attorney | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Administrative | | | | | | | | | | |
| Finance [1] | 0 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| City Clerk [1] | 5 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Human Resources | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Information Technology | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Information [2] | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Municipal Court [3] | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Public Safety** | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 66 | 66 | 65 | 69 | 71 | 75 | 75 | 75 | 75 | 75 |
| Civilians | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 |
| Administrative | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire Department | | | | | | | | | | |
| Firefighters [8] | 41 | 41 | 41 | 44 | 44 | 47 | 49 | 49 | 49 | 50 |
| Administrative | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Community Development** | | | | | | | | | | |
| Administration [4][8] | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 0 |
| Planning & Zoning | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Parks & ROW Beautification | 10 | 10 | 10 | 10 | 13 | 14 | 14 | 14 | 14 | 14 |
| Building Inspection | 9 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 8 | 8 |
| Building Maintenance | 3 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| **Public Works** | | | | | | | | | | |
| Administration [4] | 0 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Streets [7][8] | 15 | 14 | 16 | 21 | 23 | 23 | 23 | 22 | 22 | 20 |
| Garage | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Cemetery | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Engineering [7][8] | 0 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 3 |
| **Other Services** | | | | | | | | | | |
| Carnegie Building [5] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 |
| Business Development & Main Street (& Special Events) | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **Sanitation** [6] | 42 | 42 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Full-Time Employees** | **225** | **229** | **189** | **203** | **211** | **221** | **224** | **224** | **223** | **220** |

**Source:** City of Newnan Payroll records and Human Resources Department.

**Notes:** A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

(1) Finance Department established in 2002; split from City Clerk.

(2) Assistant to City Manager eliminated in 2005; PIO added.

(3) Added a Municipal Court Clerk in 2006.

(4) Function established in 2003.

(5) Building renovated & reopened in 2009.

(6) Sanitation privatized in 2003.

(7) Two vacant positions in Street Department and one vacant position in Engineering deleted in 2010.

(8) Added Lieutenant in Fire Dept., eliminated Comm Dev Admin Dept; eliminated 2 positions in Streets & 1 in Engineering.

City of Newnan, Georgia
Operating Indicators by Function/Program
Last Ten Calendar Years

| Function/Program | Calendar Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **General Government** | | | | | | | | | | |
| Occupational Tax Certificates Issued | 1,551 | 1,618 | 1,709 | 1,792 | 1,951 | 2,122 | 2,186 | 1,819 | 1,807 | 1,890 |
| Alcohol Licenses Issued | 94 | 89 | 87 | 94 | 95 | 90 | 91 | 92 | 99 | 102 |
| Property Tax Bills Issued | 8,816 | 9,191 | 9,735 | 11,058 | 12,456 | 13,298 | 13,714 | 13,856 | 13,896 | 13,857 |
| **Community Development** | | | | | | | | | | |
| Building Permits Issued - Commercial | 15 | 17 | 32 | 27 | 48 | 32 | 14 | 3 | 6 | 7 |
| Building Permits Issued - Residential | 566 | 643 | 799 | 1,023 | 802 | 350 | 188 | 69 | 122 | 88 |
| **Police** | | | | | | | | | | |
| Physical Arrests | 577 | 602 | 599 | 625 | 615 | 631 | 698 | 804 | 1,352 | 1,508 |
| Parking Violations | 1,592 | 1,433 | 2,258 | 2,101 | 1,435 | 1,889 | 1,691 | 1,545 | 1,254 | 375 |
| Traffic Violations | 4,090 | 4,499 | 4,476 | 5,640 | 5,922 | 6,461 | 5,921 | 6,216 | 6,191 | 5,379 |
| **Fire** | | | | | | | | | | |
| Emergency Responses | 1,837 | 2,201 | 2,253 | 2,231 | 1,858 | 2,415 | 3,308 | 2,631 | 3,590 | 3,715 |
| Fires Extinguished | 123 | 100 | 99 | 107 | 95 | 95 | 98 | 69 | 101 | 137 |
| **Public Works** | | | | | | | | | | |
| Streets Resurfaced (Miles) | | | | | | | | | | |
| -- Full Depth Reclamation (FDR) | - | - | - | - | - | 1.0169 | 0.6750 | 3.6565 | 0.9130 | 0.0000 |
| -- LARP Resurfacing | - | - | - | 5.0000 | 2.3600 | 0.0000 | 2.5270 | 3.4750 | 0.0000 | 0.0000 |
| -- LMIG Resurfacing | - | - | - | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| -- Other Resurfacing | - | - | - | 0.2400 | 0.0000 | 0.3500 | 0.6938 | 0.8269 | 2.3450 | 2.3700 |

**Note:** During 2011, the City removed the parking meters and eliminated the 2-hour parking restrictions.
**Source:** Various City Departments.

City of Newnan, Georgia
Capital Asset Statistics by Function/Program
Last Ten Calendar Years

| | Calendar Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
| **Public Safety** | | | | | | | | | | |
| **Police** | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Patrol Cars | 58 | 63 | 60 | 62 | 64 | 66 | 66 | 66 | 68 | 68 |
| **Fire** | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Trucks | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Fire Hydrants | 1,387 | 1,462 | 1,711 | 1,857 | 1,937 | 1,963 | 1,963 | 1,964 | 2,005 | 2,010 |
| **Community Development** | | | | | | | | | | |
| **Recreation** | | | | | | | | | | |
| Community Centers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| Parks | 8 | 8 | 8 | 8 | 8 | 9 | 10 | 10 | 10 | 10 |
| Park Acreage | 27 | 27 | 27 | 27 | 27 | 31 | 33 | 33 | 33 | 33 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| **Public Works** | | | | | | | | | | |
| **Streets** | | | | | | | | | | |
| Streets (miles) | 136 | 143 | 155 | 168 | 177 | 182 | 185 | 185 | 172 | 176 |
| Sidewalks (miles) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 3.26 | 3.94 |
| Number of Streets | 452 | 484 | 527 | 586 | 624 | 641 | 651 | 651 | 618 | 620 |
| Number of Streets Lights | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| New Sidewalk Construction (LF) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 3,806 | 3,616 |

**Source**: Various City Departments and Newnan Utilities

# GOVERNMENTAL REPORTS

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2002)
FOR THE YEAR ENDED DECEMBER 31, 2011

| 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 | $ 3,920,056 | $ 3,246,644 | $ 673,412 | $ 3,920,056 | 100% |
| Park acquisition and development | 2,500,000 | 2,500,000 | 2,276,307 | - | 2,276,307 | 91% |
| Convention Center | 2,500,000 | 2,500,000 | 867,405 | 1,051,187 | 1,918,592 | 77% |
| Construction of downtown parking facilities | 1,760,000 | 499,694 | 209,176 | - | 209,176 | 42% |
| Fire equipment (serial and pumper) | 800,000 | 460,543 | 460,543 | - | 460,543 | 100% |
| Additions to shop | 1,120,000 | 428,167 | 64,800 | 363,367 | 428,167 | 100% |
| Storage facility (Lower Fayetteville Road) | 350,000 | 350,000 | - | - | - | 0% |
| New facility or renovation (beaut. Facility) | 200,000 | 528,208 | 528,208 | - | 528,208 | 100% |
| Computers | 200,000 | 198,500 | 198,500 | - | 198,500 | 100% |
| Transfer to Water, Sewerage and Light Commission | 2,520,000 | 1,960,022 | 1,960,022 | - | 1,960,022 | 100% |
| | $ 15,750,000 | $ 13,345,190 | $ 9,811,605 | $ 2,087,966 | $ 11,899,571 | |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2007)
FOR THE YEAR ENDED DECEMBER 31, 2011

| Project | Original Estimated Cost | Current Estimated Costs | Expenditures | | | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| | | | Restated Prior Years | Current Year | Total | |
| Public Safety - Equipment | $ 580,000 | $ 575,000 | $ 164,861 | $ 162,088 | $ 326,949 | 57% |
| Information System | 325,000 | 315,000 | 68,725 | 109,587 | 178,312 | 57% |
| Building Maintenances/Structure | 6,650,000 | 6,500,000 | 1,772,400 | 270,363 | 2,042,763 | 31% |
| Parks and Recreation | 1,200,000 | 1,200,000 | 90,593 | 371,222 | 461,815 | 38% |
| Streets | 14,925,333 | 13,810,000 | 3,968,961 | 415,764 | 4,384,725 | 32% |
| Equipment | 1,625,000 | 1,365,000 | 645,162 | 274,805 | 919,967 | 67% |
| Transfer to Water, Sewerage and Light Commission | 4,820,063 | 4,450,000 | 2,960,898 | 747,955 | 3,708,853 | 83% |
| | $ 30,125,396 | $ 28,215,000 | $ 9,671,600 | $ 2,351,784 | $ 12,023,384 | |

Note: The prior years costs for Information Systems and Streets has been restated to reclassify $19,884 from Information Systems to Streets to agree with the original referendum.

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2011

| Project | Current Expenditures |
|---|---|
| Tourism | |
| Construction of Convention Center | $ - |
| | $ - |

# SINGLE AUDIT SECTION

CITY OF NEWNAN, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| Federal/Grantor/Pass-Through Grantor/Program Title | Pass-Through Entity Identifying Number | Federal CFDA Number | Program or Award Amount | Federal Expenditures |
|---|---|---|---|---|
| **U.S. Department of Justice** | | | | |
| Direct Programs | | | | |
| Federal Forfeiture Program | GA 0380100 | 16.000 | N/A | $ 607,099 |
| Total U.S. Department of Justice | | | | 607,099 |
| **U.S. Department of Housing and Urban Development** | | | | |
| Pass-Through Program from: | | | | |
| Georgia Department of Community Affairs | | | | |
| Neighborhood Stabilization Program | 08-NS-5067 | 14.228 | 2,184,039 | 176,454 |
| Total U.S. Department of Housing and Urban Development | | | | 176,454 |
| Total Expenditures of Federal Awards | | | | $ 783,553 |

The accompanying notes are an integral part of these financial statements

CITY OF NEWNAN, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

## NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Newnan, Georgia under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Newnan, Georgia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Newnan, Georgia.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

## NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of Newnan, Georgia provided federal awards to subrecipients as follows:

| CFDA Number | Program Name | Amount Provided to Subrecipients |
|---|---|---|
| 14.228 | Neighborhood Stabilization Program | $ 176,454 |

CITY OF NEWNAN, GEORGIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

**FEDERAL AWARD FINDINGS**

Findings noted on the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with *OMB Circular A-133:*

**NONE REPORTED**

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# 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, 2011, which collectively comprise the City of Newnan, Georgia's basic financial statements and have issued our report thereon dated June 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.



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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City of Newnan, Georgia in a separate letter dated June 2, 2012.

This report is intended solely for the information and use of the audit committee, City Council, management, the U.S. Department of Justice, the Georgia Department of Community Affairs and the U.S. Department of Housing and Urban Development; and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
June 2, 2012

CLH&P

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

Honorable Mayor and Council
City of Newnan, Georgia

## Compliance

We have audited the City of Newnan, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Newnan, Georgia's major federal programs for the year ended December 31, 2011. The City of Newnan, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Newnan, Georgia's management. Our responsibility is to express an opinion on the City of Newnan, Georgia's compliance based on our audit.

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

In our opinion, the City of Newnan, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.



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**Internal Control Over Compliance**

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

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

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

This report is intended solely for the information and use of the audit committee, management, City Council, the U.S. Department of Justice, the Georgia Department of Community Affairs and the U.S. Department of Housing and Urban Development; and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia
June 2, 2012

CITY OF NEWNAN, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

## Section I – Summary of Auditor's Results

### *Financial Statements*

| | |
|---|---|
| Type of auditor's report issued | Unqualified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es) | No |
| Noncompliance material to financial statements noted? | No |

### *Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? | No |

Identification of Major Programs:

| CFDA Numbers | Name of Federal Program |
|---|---|
| 16.000 | Federal Forfeiture Program |
| 14.228 | Neighborhood Stabilization Program |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B program | $ 300,000 |
| Auditee qualified as low-risk auditee | No |

**Section II – 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*:

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.