

CITY OF NEWNAN, GEORGIA

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2006**



CITY OF NEWNAN, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of Newnan, Georgia

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Newnan, Georgia as of December 31, 2006, and the respective changes in financial position. and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2007 on our consideration of the City of Newnan, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

2006 Financial Highlights

- The assets of the City of Newnan exceeded its liabilities by \$84,453,152 (net assets) for the calendar year reported.
- The government's total net assets increased by \$14,946,950. Almost \$8 million of this amount is attributed to contributed infrastructure from developers in the City of Newnan.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, in the amount of \$59,950,866, include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$10,017,489 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets of \$14,484,797 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$24,441,479 this year. This compares to the prior year ending fund balance of \$21,314,789, showing a significant increase of \$3,126,690, or 15%, during the current year. The unreserved fund balance of \$14,129,451 for calendar year 2006 shows a \$3,746,848 decrease from the prior year. This equates to a 21% decrease in unreserved fund balance. In 2005, the unreserved fund balance included Capital projects funds which were moved to reserved fund balance in 2006.
- At the end of the current calendar year, unreserved fund balance for the General Fund was \$12,848,952, or 90.3% of total General Fund expenditures of \$14,231,943. In comparison, the General Fund Unreserved fund balance for 2005 was 79.9% of General Fund expenditures.
- The City operates on a pay-as-you go basis. The only long-term debt is related to employee compensated absences (earned sick and vacation leave).
- Overall, the City continues to maintain a strong financial position. The ratio of current assets to current liabilities is 57.2 to 1, up from 35.8 to 1 in 2005.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The City has two kinds of funds:

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

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

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

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

Notes to the Basic Financial Statements

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

Other Supplementary Information

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

Financial Analysis of the City as a Whole

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

Summary of Net Assets

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

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

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

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

Governmental Activities

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

Summary of Changes in Net Assets

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

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

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

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

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

GOVERNMENTAL REVENUES

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

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

GOVERNMENTAL FUNCTIONAL EXPENSES

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

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

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

Governmental Activities

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

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

Financial Analysis of the City's Funds

Governmental Funds

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

Major Governmental Funds

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

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

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

Tax Revenues

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

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

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

License and Permits Revenues

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

Fines & Forfeitures Revenues

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

Interest on Investments

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

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

Budgetary Highlights

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

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

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

Capital Assets and Debt Administration

Capital Assets

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

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

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

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

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

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

Long-term Debt

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

Economic Conditions Affecting the City

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

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

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2006

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

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

CITY OF NEWNAN, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

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

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

CITY OF NEWNAN, GEORGIA

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

Total fund balances per balance sheet of governmental funds \$ 24,441,479

Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following:

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the assets	71,205,323	
Accumulated depreciation	<u>(11,254,457)</u>	59,950,866

Revenues

Some of the government's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 422,819

Long-term Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities both current and long-term are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of the following:

Compensated absences	<u>(362,012)</u>
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Total net assets of governmental activities \$ 84,453,152

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

CITY OF NEWNAN, GEORGIA

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

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

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

CITY OF NEWNAN, GEORGIA

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

Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses Per Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 2,770,184
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Amounts reported for governmental activities in the Statement of Activities differ from amounts reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances due to the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Total capital outlays	5,622,830	
Total depreciation	<u>(1,834,089)</u>	3,788,741

Donations of capital assets are not financial resources to governmental funds but affects net assets in the statement of net assets. This is the amount of capital assets donated to the City in the current period.	7,960,030
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Long-term Debt

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. The adjustments for these items are as follows:

Compensated absences	(9,152)
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Revenues

Because some revenues will not be collected for several months after the government's fiscal year end, they are not considered available revenues and are deferred in the governmental funds. Deferred revenues increased by this amount during the fiscal year.

Change in net assets of governmental activities	<u>\$ 14,590,444</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF NEWNAN, GEORGIA

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

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

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

CITY OF NEWNAN, GEORGIA

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

Note 1. Summary of Significant Accounting Policies:

A. Reporting entity

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

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

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

Discretely Presented Component Units

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

B. Government-wide and fund financial statements

The government-wide financial statements (Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, interest and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

The City reports the following major governmental funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

D. Deposits and Investments

Deposits

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

Investments

Investments for the City are reported at fair value.

E. Receivables

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

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

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

F. Interfund Receivables, Payables and Transfers

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

G. Inventories

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

H. Prepaid Items

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

I. Restricted Assets and Reserves

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

J. Capital Assets

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

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

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

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

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

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

<u>Asset Class</u>	<u>Years</u>
Buildings and parks	15-125
Other improvements	25
Machinery and equipment	5-25
Infrastructure	50

K. Compensated Absences

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

L. Long-term obligations

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

M. Fund Equity

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

Note II. Prior Period Adjustments

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

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

	Governmental Activities		
Net Assets-December 31, 2005	\$ 69,506,202		
Adjustment to Net Assets:			
LOST Receivable	356,506		
Net Assets, December 31, 2005, restated	<u>\$ 69,862,708</u>		
		General Fund (Non-GAAP Budget Basis)	
Fund Balance-December 31, 2005	\$ 11,238,944	\$ 11,109,908	
Adjustments to Fund Balance:			
LOST Receivable	356,506	356,506	
Correction of Prior Year Encumbrances		98,784	
Total Adjustments	<u>356,506</u>	<u>455,290</u>	
Fund Balance-December 31, 2005, restated	<u>\$ 11,595,450</u>	<u>\$ 11,565,198</u>	

Note III. Stewardship, compliance, and accountability

A. Budgetary Process

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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

B. Budget to GAAP Reconciliation

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

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

Note IV. Detailed notes on all funds

A. Deposits and investments

Custodial Credit Risk - Deposits

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

CITY OF NEWNAN, GEORGIA

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

Investments-Primary Government

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Investment Value Value</u>	<u>Weighted Average Maturity</u>
Georgia Fund I	AAAm rated	<u>\$ 9,955,570</u>	24 days

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investments-Component Unit

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

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

CITY OF NEWNAN, GEORGIA

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

Credit Risk. State statues authorize the Commission to invest in obligations of the State of Georgia; obligations issued by the U.S. Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the Georgia Fund I established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The Commission has no investment policy that would further limit its investment choices.

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

B. Capital Assets

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

Primary Government

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

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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

C. Interfund receivables, payables and transfers

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

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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

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

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

D. Long-term debt

Primary Government

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

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

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

Component Unit

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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Annual debt service requirements to amortize the notes payable outstanding, as of December 31, 2006 is as follows:

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

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

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

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

Revenue Bonds

Series 1998 Bonds

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

Series 2001 Bonds

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

Series 2005 Bonds

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

Series 2006 Bonds

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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

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

(Continued)

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

Component Unit

The changes in long-term debt are as follows:

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

E. Property Taxes

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

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

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

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

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

F. Hotel/Motel Taxes

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

G. Risk Management

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

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

NOTES TO THE FINANCIAL STATEMENTS
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cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with the any coverage descriptions issued, all incidents, which could result in the funds being required to pay any claim or loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protections furnished by the funds. The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

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

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

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

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

H. Contingent Liabilities

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

CITY OF NEWNAN, GEORGIA

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

I. Joint Venture

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

J. Related Organizations

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

K. Public Retirement Systems and Pension Plans

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

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

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

City of Newnan Retirement Plan

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006

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

Significant Actuarial Assumptions

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA
 RETIREMENT PLAN
 SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF FUNDING PROGRESS

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

SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2006

(CONTINUED)

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

CITY OF NEWNAN, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL(NON-GAAP BUDGET BASIS)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2006

(CONTINUED)

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

CITY OF NEWNAN, GEORGIA

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATISTICAL SECTION

CITY OF NEWNAN, GEORGIA

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION(NON-GAAP BASIS)

Last Ten Years

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

CITY OF NEWNAN, GEORGIA
GENERAL GOVERNMENT REVENUES BY SOURCE (ALL FUNDS)

Last Ten Years

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

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

CITY OF NEWNAN, GEORGIA
GENERAL GOVERNMENT TAX REVENUES BY SOURCE (ALL FUNDS)

Last Ten Years

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

CITY OF NEWNAN, GEORGIA

PRINCIPAL TAXPAYERS
DECEMBER 31, 2006

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

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

GOVERNMENT:

Date of Incorporation 1828

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

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

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

Fire

ISO Classification 4
Number of stations 2
Uniform Strength 44
Avg. Response Time 4.5 Minutes

Police

Number of stations 3
Uniform Strength 68
Average Response Time 5 Minutes

Public Works

Street Miles 153
Water Storage Capacity 2 Billion Gallons
Avg. Daily Water Pumping Capacity 14 MGD

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

DEMOGRAPHICS:

Newnan-At-A-Glance

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

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

ECONOMICS:

Major Employers in Newnan (listed in alphabetical order)

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

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

PROPERTY TAXES:

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

HISTORY:

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

EDUCATION:

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

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

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

Schools Located in the City of Newnan

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

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

HEALTH:

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

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

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

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

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS STATISTICAL DATA
DECEMBER 31, 2006

RECREATION:

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

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

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

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

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

UTILITIES:

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

GOVERNMENTAL REPORTS

CITY OF NEWNAN, GEORGIA

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

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

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

CITY OF NEWNAN, GEORGIA

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

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

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

SINGLE AUDIT SECTION

CITY OF NEWNAN, GEORGIA

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

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

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

CITY OF NEWNAN

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

Note 1 Significant Accounting Policies

Basis of Presentation

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

Measurement Focus

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

Program Type Determination

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

Method of Major Program Selection

The risk-based approach was used in the selection of federal programs to be tested as major programs. The City did not qualify as a low-risk auditee for the year ended December 31, 2006.



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Member of
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Truman W. Clifton (1902-1989)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Council
City of Newnan, Georgia

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

Internal Control Over Financial Reporting

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

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

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

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

Honorable Mayor and Council
City of Newnan, Georgia
Page Two

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

Compliance and Other Matters

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

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

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

Macon, Georgia
June 19, 2007





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

Honorable Mayor and Council
City of Newnan, Georgia

Compliance

We have audited the compliance of the City of Newnan, Georgia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

Honorable Mayor and Council
City of Newnan, Georgia
Page Two

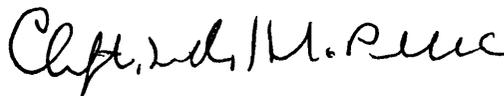
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal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

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

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

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

Macon, Georgia
June 19, 2007

A handwritten signature in black ink, appearing to read "Capt. [Name] M. [Name]". The signature is written in a cursive style.

CITY OF NEWNAN, GEORGIA

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

Section I-Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal Control Over Major Program:	
Material Weakness(es) Identified:	No
Reportable Condition(s) Identified Not Considered to be Material Weaknesses?	None Reported

Type of Auditors' Report Issued on Compliance for Major Programs	Unqualified
--	-------------

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Circular A-133, Section 510(a)?	No
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Identification of Major Program

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Transportation Enhancement

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

Section II.-Financial Statement Findings

No matters were reported

Section III.-Federal Award Findings and Questioned Costs

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