

City of Newnan, Georgia

Comprehensive Annual Financial Report

For The Year Ended December 31, 2017

*Mayor L. Keith Brady
Mayor Pro-Tem Cynthia Jenkins
Councilman George Alexander
Councilman Ray Dubose
Councilman Clayton Hicks
Councilman Rhodes Shell
Councilman Dustin Koriko*

CITY OF NEWNAN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2017

PREPARED BY: DEPARTMENT OF FINANCE

CITY OF NEWNAN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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INTRODUCTORY SECTION



City of Newnan, Georgia Finance Department

June 19, 2018

Honorable Mayor Keith Brady,
Members of the City Council,
City Manager, Cleatus Phillips,
Citizens of the City of Newnan, Georgia

In accordance with the laws of the State of Georgia and ordinances adopted by the governing authority of the City of Newnan, Georgia, I am pleased to present the City of Newnan's (the City's) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017. Both City Ordinances and State statutes require that the City issue an annual report on its financial position and activity. State law requires that local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in conformance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants.

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

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

INDEPENDENT AUDIT

The City of Newnan's financial statements have been audited by the firm of Clifton, Lipford, Hardison and Parker, LLC of Macon, Georgia. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2017 are fairly represented in conformity with GAAP. The independent auditor's report is the first component of the financial section of this report.

The independent audit of financial statements of the City is sometimes part of a broader, federal and state mandated "single audit" designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. A single audit was not necessary in 2017. The requirement for a single audit is the expense of \$750,000 or more in federal funds. A total of \$167,015 was expended utilizing funds from the U.S. Department of Justice in the form of confiscated assets. Additionally, the City received \$3,649 from the U.S. Department of Justice in the form of a police vest grant reimbursement. Therefore, spending of federal awards totaled only \$170,664 for 2017, which is below the \$750,000 threshold.

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

CITY OF NEWNAN PROFILE

Newnan, county seat of Coweta County, is located in the west central part of Georgia, approximately thirty-five miles southwest of Atlanta, with Interstate 85 running through the eastern part of the city. Coweta County is the 18th most populous county in the state, out of 159 counties. The County is bordered by Fulton, Fayette, Meriwether, Spalding, Troup, Heard and Carroll counties.

City Governance

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, L. Keith Brady, and six Council members – Clayton Hicks, Rhodes Shell, George Alexander, Dustin Koritko, Ray Dubose and Cynthia Jenkins.



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.

Council employs a city manager, Cleatus Phillips, to manage the daily operations of city government. He and his administrative staff prepares the city's annual budget, negotiates intergovernmental agreements, implements Council's policies, appoints department directors, serves as City liaison to other government agencies, citizens, businesses and visitors, and supervises all city employees. Administrative staff is based at 25 LaGrange Street in Newnan. The City currently employs 269 people - organized into five (5) functions: General Government, Public Safety, Public Works, Community Development and Other Services. Total headcount includes 11 part-time employees and 7 elected officials. Other city-wide positions appointed by Council include the municipal court judge, city attorney and assistant municipal court judges.

The City provides various services to its residents, businesses and visitors, including (but not limited to) the following activities in no particular order:

- Street Management and Maintenance

- Parks
- Public Swimming Pool
- Right-of-Way Beautification
- Police Services
- Fire Services – 3 stations operating and a fourth under construction
- Municipal Court Services
- Building Inspection and Permitting Services
- Code Enforcement
- Planning and Zoning
- Local Boys and Girls Club
- Occupational Tax Certificates
- Alcohol Licensing
- Animal Control
- Brush and Yard Debris Removal
- Downtown Trash Service
- Engineering Services
- Development Review
- Reading Library (Carnegie)



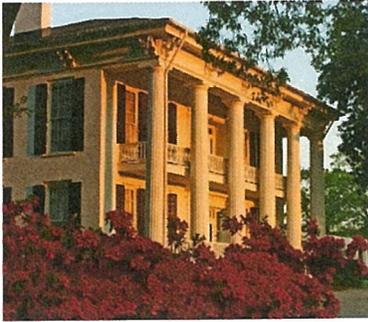
Governmental Units

The City of Newnan has three (3) governmental units that are included in the City's CAFR as discretely presented component units. First is Newnan Water, Sewerage and Light Commission (Newnan Utilities), which is responsible for control and management of the utilities for the City of Newnan. The board is appointed by the City Council. Next is the Downtown Development Authority, which focuses on the revitalization and redevelopment of the central business district in downtown Newnan. The Authority has the legal authority to issue bonds and notes and the board is appointed by Council. Finally, we have the Newnan Centre, a convention center authority created to promote tourism for the City. This board is also appointed by Council and the City provides major support through the hotel/motel and rental motor vehicle taxes.



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

Historical Data



In 1828, eight streets were surveyed to form what would become downtown Newnan. The City was laid out in a grid pattern, and six of the streets still bear their original names, which honor famous Americans such as Jackson, Jefferson, Washington and Madison. The new town was named in honor of General Daniel Newnan of Georgia. As one of the campaign leaders of the War of 1812, he survived severe wounds at Camp Defiance in 1813 to later become Georgia Adjutant General, Secretary of State, and a member of the United States Congress.

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

Newnan's six historic districts, all on the national register, contain some of Georgia's most beautiful houses and commercial buildings. The houses are represented by the antebellum and Victorian style that dominated Newnan's early and mid-19th century development. Buildings that make up the Central Business District comprise several architectural styles,



including Neoclassical, Italianate, Classical Revival, Romanesque, and Victorian. Newnan's six historic districts include Cole Town, College-Temple, Downtown, Greenville-LaGrange, Newnan Cotton Mill and Mill Village, and Platinum Pointe.

square miles.

The City of Newnan has increased substantially in population over the past few years and has grown in total square miles, via the annexation of land. In 1990, it was estimated that the city consisted of 12.37 square miles. By the end of 2017, Newnan had grown to approximately 19.5

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

FACTORS AFFECTING FINANCIAL CONDITION

The City of Newnan enjoys a diverse economy and relatively stable unemployment rate which translates into a diverse portfolio of revenue streams and growth in population. Coweta County's 2017 estimated population was 150,000; it is the 49th fastest growing county in the United States. The 2010 census indicated that the population for the City of Newnan had grown from 16,242 residents in 2000 to 33,039 residents in 2010, representing a 103% increase for the 10-year period. Current projections have Coweta County with a population in excess of 175,000 citizens by 2020. The City's estimated population for 2017 is 37,912.

The City's governmental activities (or program revenues) are made up of revenues from property taxes, sales taxes, occupational taxes, fines and forfeitures, permits, impact fees, excise taxes and charges for services. The City added one business-type activity (enterprise fund) in 2013 - sanitation services consisting of bulk and yard debris only. It is noteworthy to mention that the remainder of the sanitation services will remain with Waste Industries, who holds the contract to provide such services to all City residents, per ordinance, with the exception of the downtown commercial district. The City will begin providing sanitation services to the downtown district in January 2018 and each business or owner will be assessed a fee to cover the cost of providing such services. This service will assist the City in cleaning up the downtown alleyways and other areas which have been underutilized in the past.

The City is financially stable. Targeted fund balance is 50% of budgeted expenditures. At the end of 2017, unassigned fund balance equaled approximately 90.4% of 2017 general fund expenditures. The percentage for 2016 was 81.8%. Based on excellent management of resources, assets and expenditures, and a very healthy fund balance, the City is well prepared to continue operations at the prescribed service levels. Newnan's location in proximity to Atlanta and its major airport is another significant draw for potential new businesses or business relocations.

The City has a long history of operating within its annual adopted budget levels. Expenditures are controlled at the department level and budget amendments are usually reserved for unexpected or emergency purchased items. Therefore, fund balance typically remains constant or increases slightly each year.

Budget Process

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

The General Fund is the City's operating fund – it contains the revenues and expenditures required for the day to day operations of the government. The annual budget is presented by fund, function and department. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted. For the general fund, this comparison extends to the department level. Budget to actual comparisons for all special revenue governmental funds are presented in the other Required Supplementary Information (RSI) section of the financial statements. The legal level of budgetary control is at the department level.

Annual budgets are adopted in compliance with generally accepted accounting principles for the general and special revenue funds. Special Revenue funds are for funds legally restricted to use for particular purposes and are accounted for separately. Included is the Hotel/Motel Tax Fund, Rental Motor Vehicle Tax Fund, Confiscated Assets Fund, NSP Grants Funds and the Miscellaneous Grants/Donations Fund.

Economic Conditions

The City's economic condition has shown steady improvement as we continue to recover from the last recession. The 2017 unemployment rates for the City of Newnan and the United States overall were 5.2% and 4.1% respectively, as compared to last year when those rates were 5.3% and 4.7%. The City's property tax digest increased by \$110.3 million, or 9%, in valuation from 2016 to 2017, mainly due to reassessments of existing real property and additions to the digest. Thus, the City was able to decrease its

millage rate from 4.05 mills to 3.87 mills per thousand dollars of assessed value for 2017. Sales tax collections also increased by \$231,277, occupational taxes increased by approximately \$181,000 and hotel/motel taxes increased by \$134,000. The only tax revenue source showing any decrease for 2017 was alcoholic beverage taxes, which decreased by about \$9,000 from 2016.

Textile mills began to dot the landscape in and around Newnan in the late 1800's. By the late 1920's the Newnan Hosiery Mill, Arnall Mills, Grantville Mills, and McIntosh Mills were among the ever-growing list of entrepreneurial undertakings. Over the last one hundred years the local economy has changed from textiles to a diverse manufacturing center. Farmland and rural southern villages in west central Georgia are being transformed into a business hub as international and national corporations expand and move into the area. Giants such as Yokogawa Corporation of America, William L. Bonnell, Pet Smart Distribution, and Yamaha Motor Manufacturing Corporation have all established in and around Newnan.

Cancer Treatment Centers of America (CTCA) selected Newnan as the location for a new facility and opened for business in July 2012. With more than two-thirds of its patients coming from outside the state of Georgia, patients and their families have contributed significantly to the growth and vitality of the local economy. CTCA officials had expected the new facility to generate 500 new jobs and \$500 million in economic activity over the first five years of operation. CTCA now employs about 1,000 people and has contributed over \$1.3 billion in economic activity, far exceeding expectations! The facility has also doubled its size since opening.



Piedmont-Newnan Hospital opened its brand new facility on Poplar Road near Interstate 85 in May 2012, replacing an aging, outdated facility on Hospital Road. Along with the two new hospitals mentioned, several other physician offices and related businesses have opened their doors in Newnan. Newnan and Coweta County now boasts of excellent healthcare resources. The hospital and medical office complex on campus combines for nearly 500,000 square feet, approximately 1,200 employees and 300 physicians. A major interstate interchange is also currently under construction for this area, which will provide convenient access to this growing medical corridor.

In addition to the healthcare industry, the television and movie industry has thrived in Newnan. AMC's "The Walking Dead" has filmed at multiple locations in Coweta county. This has become one of the most watched dramas in television. A new "Hunger Games" was recently filmed in Newnan, along with "Sick People" and other movies for both theatre and television. "The Founder" was the most recent movie filmed in Newnan – the back parking lot of the County Administration Building was turned into a movie set for filming. Continued interest by the film industry should further benefit our local economy.



Quality education facilities and workforce training opportunities are also very important to Newnan. The Coweta County School System was named an "Exemplar" School System by the 2016 AdvancED review team as an example to other school systems, when recommending 2016-2010 District Accreditation. Through a partnership with the Board of Regents, Coweta County, the University of West Georgia (UWG) and the City, UWG opened its new satellite campus in Newnan in 2015.

Additionally, the West Georgia Technical College campus has an enrollment of approximately 1,000 students and provides both core curriculum and trade specific training to its students. Their Nursing and Allied Health program is the most significant due to the rapid growth in the healthcare services industry in Newnan.

The City of Newnan continues to offer a low cost of living, excellent services and a high quality of life. We have excellent school systems and a well trained workforce. Coweta County itself has been named by Bloomberg/Business Week as the Best Affordable Place to live in Georgia based on a combination of factors. The City is positioned for continued quality growth due to its close proximity to the world's busiest airport, Hartsfield-Jackson Atlanta International Airport, and access to Interstate 85.



Consequently, Newnan has developed into a business and industrial community that is growing and thriving. During the past decade, the City of Newnan has grown significantly to include many fine dining and retail establishments (with specialty shops) as part of the real estate development boom which had slowed during the last recession. During the first quarter of 2015, the City began experiencing a pick-up in the volume of permits being issued for both residential and commercial operations. The volume is continuing to be stable as we move into 2018.

The City has maintained strong financial reserves as evidenced by the fund balance maintained. The school systems are excellent and a focus on maintaining a well trained workforce is evidenced by our partnership with the University of West Georgia.

Business Incentives

The Newnan City Council considers the use of incentives according to a tiered structure detailed in an economic development policy, which was adopted in 2012 and amended in 2014. A copy of the policy can be found at www.developnewnan.org. Additional planning documents may be found at www.cityofnewnan.org. The City of Newnan has also developed partnerships with various entities, including Coweta County, Coweta County Development Authority and the Board of Tax Assessors of Coweta County, to develop and enhance relationships with businesses who are considering locating to or expanding in Newnan. Through our Economic Development plan and policy, we were able to successfully negotiate agreements, which include tax abatements, with two healthcare facilities in exchange for commitments of local jobs and investments in the community over a period of years, beginning in 2012.

The Coweta County Development Authority may also issue revenue bonds to assist with financing the costs of acquisition, construction and equipment. In exchange for the economic incentives provided, the City of Newnan agreed to certain ad valorem tax savings, assistance with permits, zoning, signage and variance requests submitted by the companies. Information related to these endeavors can be found in the Notes to the Financials on page 55 of this document.

Fiscal Policies

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

- The City shall strive to maintain a broad and diversified revenue base that will equitably distribute the burden of supporting City services and will protect the City from short-term fluctuations in any one revenue source.
- The City will actively support economic and industrial development, recruitment and retention efforts to expand the revenue base.
- The City will maintain timely collection systems and implement necessary enforcement strategies to collect revenues.
- The City will project revenues on a conservative basis so that actual revenues will consistently meet or exceed budgeted revenues.
- Basic and essential services provided by the City will receive priority funding.

- The City will provide access to medical, dental and life insurance for its employees. The cost for these benefits will be shared between the City and its employees.
- The City will provide access to appropriate retirement plans for its employees. The City will make contributions for eligible employees at the percentage defined.

Cash Management Policy and Practices

The City adheres to treasury management practices permitted by Georgia statutes and codes. The City, subsequently, limits its investments to the types of securities provided by statute/code, considering first the probable safety of capital and then the probable income to be derived. The City has limited its investments to the Georgia State Pool and several operating, checking and savings accounts at a local bank. Additionally, the City has a very small investment in Certificates of Deposit. The interest rate has been very sluggish during the past several years; therefore the City's stance is to simply conserve its investments rather than seek higher rates of return which might entail some risk. Additionally, the City has utilized unassigned fund balance to finance its own construction projects, rather than financing or issuing bonds, resulting in significant savings to the City and its citizens. By utilizing interfund loans, the City has saved hundreds of thousands of dollars in carrying and interest costs over the past few years.

Debt and Reserve Policy

The City attempts to fund all capital projects and capital improvements with pay-as-you-go financing, using current revenues when possible. The City has operated debt-free for many years. Typically, capital funds are collected and maintained until the balance available is sufficient to complete a purchase or project. If a project or improvement cannot be purchased with current revenues, long-term debt might be considered, but only as a last resort. As mentioned above, the City has utilized advances from the general fund unassigned fund balance to SPLOST and other governmental funds during 2017 rather than assume debt and carrying charges.

Therefore, the City currently has no debt, other than compensated absences (sick, vacation, etc.). However, Newnan Utilities, a component unit of the City, does utilize bonds and other types of debt to fund growth in operations. Additionally, the Downtown Development Authority has assumed debt to fund the UWG Project which was completed in 2016, as disclosed in the notes on page 70.

The City's fund balance policy stipulates that the minimum reserve in Unassigned Fund Balance will equal 50% of the General Fund annual budgeted amount. If existing reserves exceed the designated level, such funds may be used to provide for non-recurring expenditures, capital asset acquisitions and emergency purchases as approved by Council.

Employee Retirement and Health Insurance Plans

The City of Newnan participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association (GMA). The City continues to pay 100% of the employee's portion of the retirement plan as a benefit to employees. In 2017, the City contributed \$856,669 to the plan on behalf of its employees, compared to the 2016 contribution of \$841,031. This contribution represents 7.2% of actual payroll expenditures for covered employees versus 7.3% in 2016.

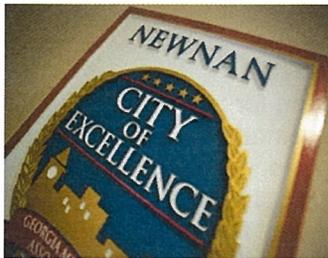
Employees are eligible to participate in the retirement program after one (1) year of continued service and are vested in the program after ten (10) years of service. Additional information concerning the City's pension plan and its funding progress can be found in the Required Supplementary Information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

The City offers health and life insurance to all active employees. The City continues to pay 100% of the life and health insurance premiums for employees who elect single coverage on the POS 80/60 plan.

Additionally, the City pays approximately 87% of the cost of health insurance for employees choosing family coverage, along with 100% of their life insurance costs. Overall, health insurance premiums increased by approximately 14%. The increase was split 50/50 between the City and covered employees. The City's contributions for employee health and life insurance increased by 11% in 2017; going from \$2,316,763 in 2016 to \$2,574,512.

In 2013, the City offered employees the option to participate in a health insurance opt-out program where the City paid a monthly stipend to any employee having health insurance outside of the City coverage plan. This opt-out program is significantly less expensive to the City than family or single coverage. In order to give employee greater choices in their health care benefits and cost management, three medical insurance plans are now offered – HMO 90, HMO 80 and POS 80/60. A variety of optional insurances is also available to employees, additional life, dental, cancer, vision and disability insurance, all of which are paid solely by the employee if coverage is selected. Flexible spending accounts were added in 2017 as a benefit to employees for pre-tax deductions.

MAJOR INITIATIVES AND ACCOMPLISHMENTS



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

- Provide efficient, quality services to the City's citizens, businesses and visitors while enabling managed growth and infrastructure additions.
- Provide responsive and open government with a focus towards a positive identity throughout the community.
- Promote and maintain a high quality of life for the residents, businesses and visitors of the City of Newnan.
- Hire and maintain a qualified work force.
- Promote community participation and involvement in local government.

2017 Major Accomplishments

During fiscal year 2017, the City of Newnan began or completed many significant projects and objectives in connection with the City's overall goals. The following is a list of major accomplishments by the City's various departments during 2017, in no particular order.

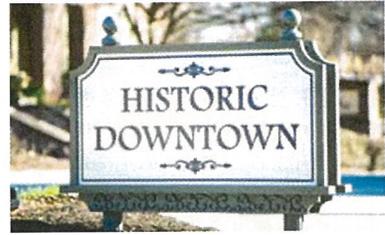
- Received the Distinguished Budget Presentation Award from GFOA, the City's 29th consecutive award.
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR), the City's 7th consecutive award.
- Provided a 3% wage increase to all full-time employees.
- Maintained an average response time of 5 minutes for Fire Department.
- Received an Insurance Services Office (ISO) rating of 2. The rate for 2016 was 3, which is quite an improvement.
- Reduced property tax millage rate from 4.05 mills per thousand to 3.87 mills per thousand.
- Completed a full revision and update of the City's Zoning Ordinance.
- Completed and adopted the LINC Master plan (multi-use linear park/trial).
- Initiated design of Phase I of the LINC (linear park).
- Completed the Howard Warner Building redevelopment project.



25 LaGrange Street
(770) 254-2351

www.cityofnewnan.ga.us

- Completed the Municipal Complex Building redevelopment project.
- Completed or initiated repaving of various city streets under the LMIG 2017 and 2018 programs.
- Completed construction of phase I section addition in Oak Hill Cemetery.
- Completed a feasibility study for a new Recreation Sports Complex in Newnan.
- Completed phase II of the Gateway Signage project.
- Completed Lower Fayetteville Road improvements concept study.
- Initiated construction on the McIntosh Parkway Extension project.



Construction in Progress at Year-End

Projects underway (construction in progress) at the end of 2017 included: City Hall renovations, new dog park construction, construction of a 4th Fire Station, widening of Lower Fayetteville Road, new linear Park (LINC) construction, McIntosh Parkway improvements, and lighting upgrades at several city parks. For more information on the City's 2017 accomplishments, please visit our website at www.cityofnewnan.org and click on the 2017 Annual Report published by the City Manager's Office.

Strategic Financial Planning

The City of Newnan has initiated processes to provide for the future and plan for services, programs and facilities to meet the needs of the citizens, visitors and businesses in the community. The most current budget process addresses both revenues and expenditures for its operating programs for the current year. The **Five Year Capital Plan** is developed to address future needs and project financial trends in order to plan for the long-term needs of the City including personnel, equipment, facilities, operations and maintenance. This program establishes a continuing five-year look at facility and equipment needs.

The City also maintains a **Twenty Year Comprehensive Plan** which provides a review of the issues and opportunities that will affect the future of the City, delineates and discusses character areas and areas of special concern, and provides a detailed analysis of existing conditions as well as future projections.

Financial analysis and planning is essentially a process to assess the future and determine what the needs of the City will be in the future years. The Mayor and City Council have recognized the need for this type of planning effort, which will in turn provide the roadmap for future budgeting and capital planning efforts. Such a plan provides guidance to the legislative and administrative arms of city government, but also provides a guideline for residents and businesses of the community to act upon in the development of private programs and services. Additionally, the City has adopted a comprehensive **Disaster Preparedness Plan** which will be implemented in the event of catastrophic incidents which may occur in Newnan and Coweta County. All departments have been involved and trained in this area.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newnan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA Distinguished Budget Presentation Award

The City of Newnan was awarded, for the twenty-ninth consecutive year, the Government Finance Officers Association of the United States "Distinguished Budget Presentation Award" for its 2017 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device. Additionally, we have submitted our 2018 Budget document to GFOA for consideration of this award.

Other Awards and Acknowledgements

The City has also obtained National Main Street, Keep Georgia Beautiful and Keep America Beautiful certifications. Additionally, Newnan has been named one of the 'Most Charming Cities to Visit in Georgia' by Trips to Discover and one of the "Top 10 Best Cities for Young Professionals Near Atlanta by Movato. In 2009, the City was voted by This Old House as a 'Best Old House Neighborhood'.

During 2017, the Newnan Police Department's Law Enforcement Explorer program had eight students graduate, as well as nine students who graduated from the Guitars Not Guns program. The Coffee with a Cop program was implemented at a local coffee shop. The 1st Annual Car, Truck, and Rat Rod show was hosted by the Newnan Police Department and raised over \$4,000 for community outreach programs. Additionally, the Newnan Police Department assisted in providing 150 holiday gift bags for the Tommy Thompson Senior Center and served 14 individuals with Christmas items from the Wish List for the Elderly. The Newnan Police Department also hosted the 1st Annual Shop with a Cop program, which provided more than 63 children and their siblings with Christmas presents.

The Fire department ISO rating went from class 3 to class 2 during 2017. The rating schedule takes into account the abilities of a local fire department and their water supply system, along with their ability to dispatch crews to respond to fire alarms. Newnan's fire department is currently in the top 6 percent in the state and top 3.4 percent across the nation for fire departments with a Class 2 ranking.

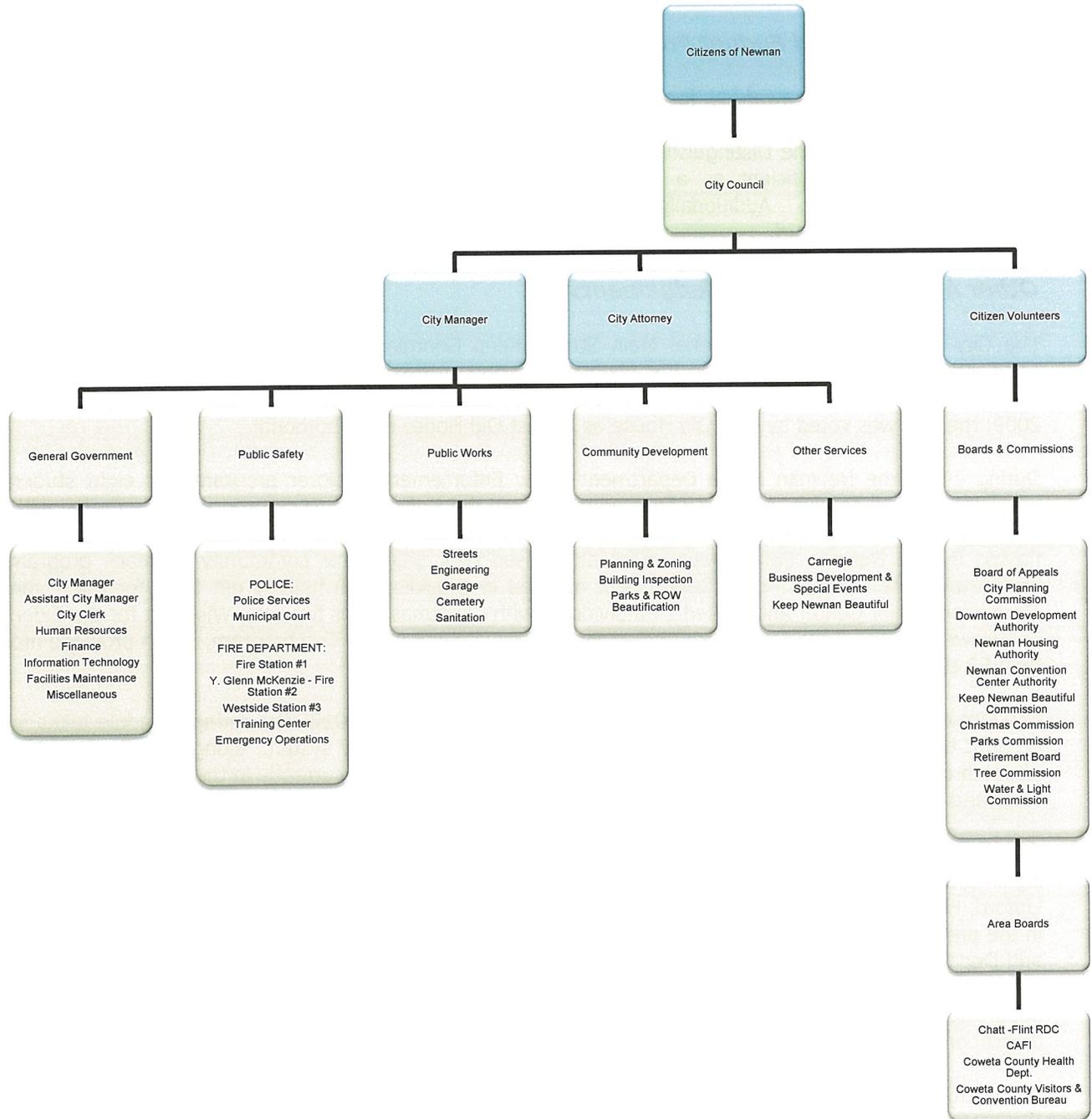
The timely preparation and publication of this Comprehensive Annual Financial Report represents significant effort and accomplishment by the Finance department. The independent audit firm of Clifton, Lipford, Hardison and Parker, LLC is also to be commended for their cooperation and invaluable assistance in the preparation of this document. My sincere appreciation is expressed to the City Council, City Manager and Department Directors for assistance and leadership throughout the year as it pertains to the financial affairs of the City of Newnan. Last, but not least, I wish to express my sincere appreciation to the Finance department staff: Jennifer McCrary, Rhonda White, Kim Carroll, Iris McClung and Lee Penna, whose dedication and support made this report and the entire year such a success.

Respectfully submitted,



Katrina Cline
Finance Director, City of Newnan

City of Newnan Organization Chart



City of Newnan, Georgia OFFICIALS AND OFFICES

City of Newnan

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

City website:

www.ci.newnan.ga.us

MAYOR AND COUNCIL MEMBERS

<u>District</u>	<u>Council member</u>	<u>Year Elected</u>
Mayor	L. Keith Brady	1994
District 001, Post A:	Vacant	
District 001, Post B:	Dustin Koritko	2014
District 002, Post A:	Rhodes Shell	2006
District 002, Post B:	Ray DuBose	2006
District 003, Post A:	George Alexander	2003
District 003, Post B:	Cynthia Jenkins, Mayor Pro Tem	2004

CITY ADMINISTRATIVE OFFICES

<u>Department</u>	<u>Director/Supervisor</u>	<u>Physical Address</u>	<u>Phone</u>
Beautification	Mike Furbush	57 Boone Drive	770-251-3455
Building Inspection	Bill Stephenson	25 LaGrange Street	770-254-2362
Business Dev.	Courtney Harcourt	6 First Avenue	770-253-8283
Carnegie Building	Amy Mapel	1 LaGrange Street	770-683-1347
Cemetery	Jimmy Hemmings	25 LaGrange Street	770-253-3744
City Clerk	Della Hill	25 LaGrange Street	770-254-2358
City Council	L. Keith Brady	25 LaGrange Street	770-254-2358
City Hall		25 LaGrange Street	770-253-2682
City Manager	Cleatus Phillips	25 LaGrange Street	770-254-2358
Engineering	Michael Klahr	25 LaGrange Street	770-254-2354
Facilities Maintenance	Mark Johnston	25 Jefferson Street	678-673-5528
Finance	Katrina Cline	25 LaGrange Street	770-254-2351
Fire	Stephen Brown	23 Jefferson Street	770-253-1851
Human Resources	Meg Blubaugh	25 LaGrange Street	770-254-2358
Information Tech	Bryan Lee	25 LaGrange Street	770-254-2358
Main Street	Courtney Harcourt	6 First Avenue	770-253-8283
Mayor	L. Keith Brady	25 LaGrange Street	770-254-2358
Newnan Utilities	Dennis McEntire	70 Sewell Road	770-683-5516
Planning & Zoning	Tracy Dunnavant	25 LaGrange Street	770-254-2354
Police	Douglas Meadows	25 Jefferson Street	770-254-2355
Public Information	Gina Snider	25 LaGrange Street	770-254-2358
Public Works	Michael Klahr	55 Boone Drive	770-253-0327
Sanitation	Ray Norton	55 Boone Drive	770-253-0327
Streets	Ray Norton	55 Boone Drive	770-253-1823

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
The City of Newnan, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newnan, Georgia as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 position, and revenues of the aggregate component units of the City of Newnan, Georgia. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newnan Water, Sewerage and Light Commission, is based solely 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Newnan, Georgia, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18-38, the schedule of changes in the net pension liability and related ratios on page 85, the schedule of contributions on page 86, and the notes to the required supplementary information on pages 87-88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newnan, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, component unit financial statements, the schedule of projects constructed with special sales tax proceeds, schedule of project expenditures with rental motor vehicle excise tax revenue and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, component unit financial statements, the schedule of projects constructed

with special sales tax proceeds, and the schedule of project expenditures with rental motor vehicle excise tax revenue are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the component unit financial statements, the schedule of projects constructed with special sales tax proceeds, and the schedule of project expenditures with rental motor vehicle excise tax revenue are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, 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 solely 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 effectiveness of the City of Newnan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newnan, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
June 19, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Newnan, Georgia's (the "City") comprehensive annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2017. The City's financial performance is discussed and analyzed within the context of the financial statements and disclosures following this section. Readers should also review the basic financial statements and notes beginning on page 39 to enhance their understanding of the Government's financial performance.

2017 Financial Highlights

- The assets and deferred outflows of the City of Newnan exceeded its liabilities and deferred inflows by \$167,491,864 (net position) at the close of the calendar year reported.
- The City's total net position, on an entity-wide basis, increased by \$4,951,723, or 3%. Governmental activities increased by \$4,894,577, with the remaining increase of \$57,146 attributed to business-type activities (Sanitation). The increase in governmental activities is primarily due to increase in total assets of \$7,658,548. Total capital outlay for 2017 was \$6,825,290 with depreciation expenses of \$4,556,057. Please see page 40 of this report for detail of the other items, which make up the total decrease in net position.
- Total net position is comprised of the following:
 - (1) Capital assets totaling \$138,726,535, includes property and equipment, net of depreciation. Of this amount, \$214,951 is attributed to business-type activities in the Sanitation fund.
 - (2) Net position of \$9,138,007 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$19,627,322 represents the portion available to maintain the City's continuing obligations to citizens and creditors; of which \$532,533 is unrestricted in the Sanitation fund, the City's only business-type activity.
- The City's governmental funds reported total combined ending fund balances of \$33,755,160 this year. This compares to the prior year combined ending fund balances of \$31,158,819, showing an increase of \$2,596,341, or 8.3%, during the current year. **Nonspendable** fund balance decreased by \$752,465, or 48.7%, due to the repayment of an advance from the general fund to the SPLOST 2013 fund during the year. The balance of the advance to the SPLOST 2013 fund at the end of the 2017 is \$750,000, down from \$1.5 million at the end of 2016.
- **Restricted** fund balance increased by \$2,608,761, or 40%, due mainly to an increase of \$3,218,133 in the funds restricted for capital outlay in the SPLOST 2013 fund, offset by a reduction in the SPLOST 2007 fund of \$1,139,905. The **Committed** fund balance decreased by \$2,353,593, or 100%, due to the completion of related projects during 2017. Thus, no funds were committed at the end of 2017.
- Finally, the **Assigned** fund balance was consistent with 2016, at approximately \$1.2 million. At the end of the current calendar year, fund balance for the general fund totaled \$24,143,129, which was consistent with 2016, at \$24,237,383. **Unassigned** fund balance, all in the general fund, totaled \$22,650,396, which amounts to 90.4% of total general fund expenditures of \$25,059,874. In comparison, the general fund unassigned fund balance for 2016 was 81.8% of general fund expenditures.

- The City typically operates on a pay-as-you go basis and has not incurred any long-term debt in the acquisition of capital assets. The only long-term debt is related to employee compensated absences (earned sick, vacation, personal, banked, holiday and comp time) in the amount of \$826,468, an increase of \$43,667, or 5.6%, over 2016. Earned vacation pay increased by \$34,566, primarily in the following departments: Police, Fire and City Manager. Holiday leave increased by \$12,132, with the majority of the increase in the Fire department. Increases were offset by the decrease in banked leave of \$17,655 due to payout for employee retirements. All other categories of compensated absences also increased slightly over 2016 levels. Please note that FICA/Medicare taxes payable due to this liability also increased by \$3,103 during 2017.
- Overall, the City continues to maintain a strong financial position. The ratio of current assets to current liabilities is 10.7 to 1, down from 15.6 to 1 in 2016, due mainly to the 62% increase in current liabilities.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

- The first of these government-wide statements is the *Statement of Net Position*. 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 *total net position*. Over time, increases or decreases in net positions 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 position 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 between governmental activities of the City that are principally supported by sales taxes and 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 business-type activities of the City of Newnan include collection and disposal of brush (yard debris) and bulk items only. All other Sanitation activities, including

collection and disposal of solid waste (trash), are handled by Waste Industries, the City's designated contractor for such services.

The government-wide financial statements are presented on pages 39 & 40 of this report. These statements include the City's component units – Water, Sewerage and Light (Newnan Utilities), the Convention Center Authority and the Downtown Development Authority – for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government (City) itself.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City of Newnan uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report, beginning on page 89. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 City of Newnan adopts an annual appropriated budget for the general fund and all special revenue funds. Budgets are prepared for the capital project funds on a project basis, which usually covers two or more years. Fiduciary funds do not have budgets. A budgetary comparison statement has been provided for the general fund and all special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements are presented on pages 41-49 of this report. Individual fund information for non-major governmental funds are found in combining statements in a later section of this report.

Proprietary funds are used to account for the business-type activities of the government. The City of Newnan has one enterprise fund – Sanitation (brush and bulk only). The basic proprietary fund financial statements can be found on pages 50-53 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 54 of this report. The City of Newnan has only one fiduciary fund – Preconfiscated Assets for law enforcement purposes.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 55 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements for the general fund and NSP grant 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 89.

Government-Wide Financial Analysis of the City

The following table provides a summary of the City's net position. The City reported positive balances in the net positions; the same held true for the prior calendar year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	\$ 36,805,389	\$ 32,974,390	\$ 668,461	\$ 579,717	\$ 37,473,850	\$ 33,554,107
Capital assets	138,511,584	134,790,417	214,951	197,313	138,726,535	134,987,730
Total assets	175,316,973	\$ 167,764,807	883,412	777,030	176,200,385	168,541,837
Deferred outflows of resources related to pensions	1,712,104	1,907,993	29,609	32,997	1,741,713	1,940,990
Liabilities:						
Current liabilities	3,441,529	2,130,819	48,464	23,425	3,489,993	2,154,244
Noncurrent liabilities	5,851,836	5,115,224	99,929	86,286	5,951,765	5,201,510
Total Liabilities	9,293,365	7,246,043	148,393	109,711	9,441,758	7,355,754
Deferred inflows of resources related to pensions	991,332	576,954	17,144	9,978	1,008,476	586,932
Net position :						
Net investment in capital assets	138,511,584	134,790,417	214,951	197,313	138,726,535	134,987,730
Restricted	9,138,007	6,529,246	-	-	9,138,007	6,529,246
Unrestricted	19,094,789	20,530,140	532,533	493,025	19,627,322	21,023,165
Total Net Position	\$ 166,744,380	\$ 161,849,803	\$ 747,484	\$ 690,338	\$167,491,864	\$ 162,540,141

The City's total net position at calendar year-end was \$167,491,864, which is an increase of \$4,951,723, or 3%. The largest portion of net position (83.1%) reflects the City's net investment in capital assets, which is consistent with 2016. Current assets increased by \$3,919,743, or 11.7%, primarily due to the increase in cash and cash equivalents of approximately \$3.9 million. The \$3,738,805 increase in capital assets is mainly due to the capitalization of \$6 million utilized to renovate the Howard Warner and Municipal Buildings, road improvements of \$1.3 million and other asset additions totaling about \$926,000, offset by annual depreciation expenses totaling approximately \$4.6 million.

Current liabilities increased by \$1,335,749, or 62%, due to the increase in accounts payable and retainages payable at December 31st for the McIntosh Parkway project that is currently underway. Current liabilities increased from 29.3% of the total liabilities in 2016 to 37% of the total liabilities in 2017. Noncurrent liabilities showed an increase of \$750,255, primarily a result of the net pension liability increase of \$766,438 recorded for 2017. Thus, noncurrent liabilities made up 63% of total liabilities at the end of 2017.

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 10.7 to 1, which is strong. The ratio for 2016 was 15.6 to 1. Restricted net position rose by \$2,608,761, or 40%, primarily due to a \$2,631,518 increase in funds for capital outlay.

City of Newnan, Georgia						
Comparative Schedule of Changes in Net Position						
December 31, 2017						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for services	\$ 3,956,820	\$ 3,987,395	\$ 660,612	\$ 637,487	\$ 4,617,432	\$ 4,624,882
Operating grants	25,000	25,000	-	-	25,000	25,000
Capital grants	11,041,565	7,249,007	-	-	11,041,565	7,249,007
Total Program Revenues:	15,023,385	11,261,402	660,612	637,487	15,683,997	11,898,889
General Revenues:						
Taxes	21,527,066	20,396,086	-	-	21,527,066	20,396,086
Investment earnings	66,700	49,770	5,032	1,998	71,732	51,768
Total General Revenues:	21,593,766	20,445,856	5,032	1,998	21,598,798	20,447,854
Total Revenues:	36,617,151	31,707,258	665,644	639,485	37,282,795	32,346,743
Expenses:						
General government	5,666,943	4,518,185	-	-	5,666,943	4,518,185
Tourism development	481,142	383,578	-	-	481,142	383,578
Public safety	13,378,962	12,525,349	-	-	13,378,962	12,525,349
Public works	8,403,971	7,765,800	-	-	8,403,971	7,765,800
Community development	3,791,556	3,489,736	-	-	3,791,556	3,489,736
Sanitation - brush & bulk only	-	-	608,498	481,189	608,498	481,189
Total Expenses:	31,722,574	28,682,648	608,498	481,189	32,331,072	29,163,837
Transfers						
Transfers	-	(35,000)	-	35,000	-	-
Total Transfers	-	(35,000)	-	35,000	-	-
Change in net position	4,894,577	2,989,609	57,146	193,296	4,951,723	3,182,906
Beginning net position	161,849,803	158,860,194	690,338	497,042	162,540,141	159,357,236
Ending Net Position	\$ 166,744,380	\$ 161,849,803	\$ 747,484	\$ 690,338	\$ 167,491,864	\$ 162,540,141

Please note that 83.1% of the governmental activities net position is tied up in capital. At the end of 2016, capital assets equaled 83.3% of governmental activities' net position. The City uses these capital assets primarily to provide services to its citizens and to maintain the quality of those services. Governmental and business-type activities combined increased the City of Newnan's net position by \$4,951,723. Key elements of this increase are detailed in the chart on the prior page.

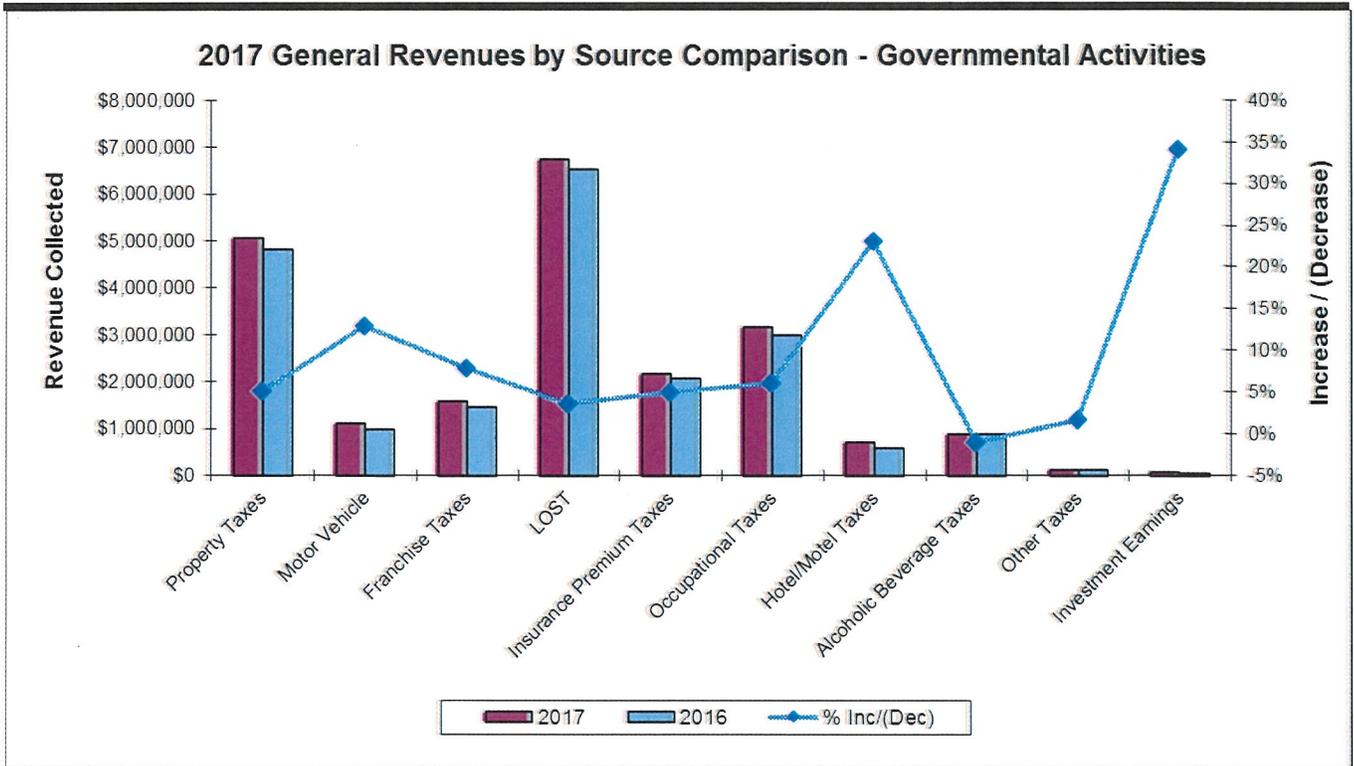
Capital grants and contributions increased by approximately \$3.8 million, primarily due to the increase of \$2.1 million in receipts for the public works function and \$1.2 million for the public safety function. Developers contributed \$1.3 million more in 2017 for right-of-way (land) and streets, than in 2016. The receipt of an additional \$471,400 from Georgia DOT for street maintenance also contributed to this increase for 2017. Finally, the allocation from SPLOST revenues for public works increased by about \$565,000. For public safety, the increase was approximately \$1.6 million.

Property taxes increased by approximately \$247,000 over 2016, sales taxes increased by \$231,277, occupational tax collections rose by about \$181,000, hotel/motel taxes increased by \$134,353, motor vehicle taxes increased by \$125,707 and franchise taxes showed an increase of \$115,023 over 2016. The only decrease in general revenues occurred in alcoholic beverage taxes, a reduction of \$9,140, due to changes in licensing during the year.

Overall, governmental activities reported an increase in expenses totaling \$3,039,926, or 10.6%, for 2016. The general government function showed an increase of \$1,148,758, or 25.4%, primarily due to the appropriation to the DDA for debt repayment for the University of West Georgia project and increased spending for city manager, facilities maintenance and information technologies, which included funds to complete the renovations to the Howard Warner and Municipal buildings. Public safety recorded an increase in expenses of \$853,613, mainly as a result of the difference in pension liability of \$826,088 from 2016 to 2017. An increase of \$638,171, or 8.2%, was reported for public works, which is a result of increased operations totaling \$311,440, an increase in depreciation expenses of \$165,985, and an increase in pension liability of \$257,306. Finally, the community development function showed an increase of \$301,820 for 2017, which is attributed to the increases in pension liability of \$95,457 and depreciation of \$200,901.

Governmental Activities

Program revenues represent 41% of total revenues in 2017, as compared to 35.6% in 2016. The most significant changes are shown in the public works and public safety functions, due to the increase in donations from developers, the Georgia DOT grant, and the increase in the allocation of SPLOST revenues, as discussed above.

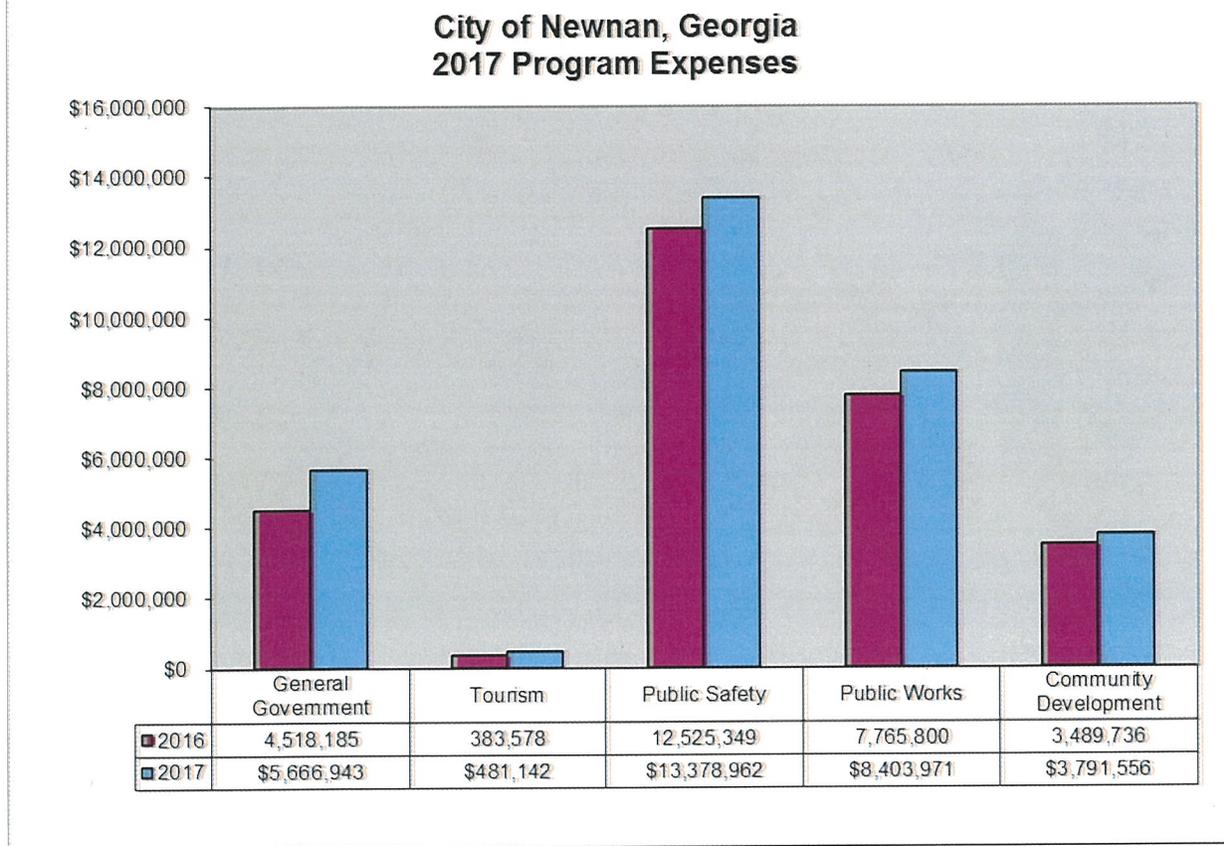


General revenues make up 59% of total receipts, almost all of which is taxes. This is down slightly from 64.4% in 2016. The chart on the previous page shows all sources of general revenues for 2017.

As shown by the chart above, most all revenue sources increased over 2017, with the exception of alcoholic beverage taxes. Property taxes showed the largest increase (\$247,439), due to an increase in the population and a growing local economy. Local option sales taxes increased by \$231,277 and occupational taxes increased by \$181,314, all primarily due to the growth in Newnan. The largest percentage increase was shown in investment earnings at 34%, followed by hotel/motel taxes at 23.1% and motor vehicle taxes at 12.9%.

The changes in revenues are indicative of the general economy in Newnan and nationally. Our population is increasing and both commercial and residential permitting continue to show positive growth. We expect to see further improvements to revenue during 2018 due to changes in the population and the local economy in both the commercial and residential sectors.

Program expenses increased by 10.6%, or \$3,039,926, in 2017. The largest increase was in the general government function, with expenses going from \$4,518,185 in 2016 to \$5,666,943 in 2017. The increase was primarily due to the appropriation to the DDA for debt repayment for the University of West Georgia project and increased spending for city manager, information technologies and facilities maintenance, which included funds to complete the renovations to the Howard Warner and Municipal buildings.



Program Expenses by Function

	General Government		Tourism	Public Safety	Public Works	Community Development		Total				
2017	\$	5,666,943	\$	481,142	\$	13,378,962	\$	8,403,971	\$	3,791,556	\$	31,722,574
2016		4,518,185		383,578		12,525,349		7,765,800		3,489,736		28,682,648
Variance	\$	1,148,758	\$	97,564	\$	853,613	\$	638,171	\$	301,820	\$	3,039,926
% Change		25.43%		25.44%		6.82%		8.22%		8.65%		10.60%

GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales tax, the largest general revenue source in 2017, provided 31.3% of the City's total general governmental revenues; by comparison, in 2016 sales taxes provided 31.9% of that total. Property taxes are the second largest general revenue source with approximately \$5.1 million of revenues, or 23.5% of the total, as compared to 23.6% for 2016. The City has contracted with the Coweta Tax Commissioner to bill and collect its property taxes since 2015. Additionally, the City's millage rate decreased slightly, going from 4.05 mills in 2016, to 3.87 mills per thousand dollars of assessed value for 2017.

Occupational taxes, the third largest general revenue source, produced \$3,155,970 in 2017, up from \$2,974,656 in 2016, mainly due to the increase in new businesses and gross receipts reported for existing businesses.

Occupational taxes collected are based on the gross receipts of the business. The fourth largest general revenue source is insurance premium taxes, which increased by 5% due to the growth in population over the last decade, as defined by the US Census Bureau. Overall, taxes made up 99.7% of the total general revenues for 2017, which was consistent with 2016.

The City's dependency upon property and sales tax receipts is apparent as about 54.8% of governmental activities are supported through these general receipts, which was fairly consistent with 2016 at 55.5%. Sales and property taxes are historically the two largest forms of general revenues for the City of Newnan, followed by occupational taxes at 14.6% and insurance premium taxes at 10.1% of the total general revenues for 2017.

Program revenues (excluding capital revenues) covered 12.6% of governmental operating expenses, down slightly from 14% in 2016. This means that the government's taxpayers and the City's other general governmental revenues funded about 87% of the governmental activities in 2017, as compared to 86% in 2016. As a result, one can see how the general economy has a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Overall, costs for governmental activity services increased by 10.6% during 2017, up from \$28,682,648 in 2016. However, the City shows a net cost of \$16,699,186 for these services, as compared to 2016 where the same services showed a total cost to the City of \$17,421,247.

The table on the next page presents the cost of each of the City's functions, including the net cost (i.e., total cost less revenue generated by the activities). The net cost / benefit column illustrates the financial burden placed on the City's taxpayers by each of these functions. As shown by this chart, none of the functions covered 100% of costs during 2017.

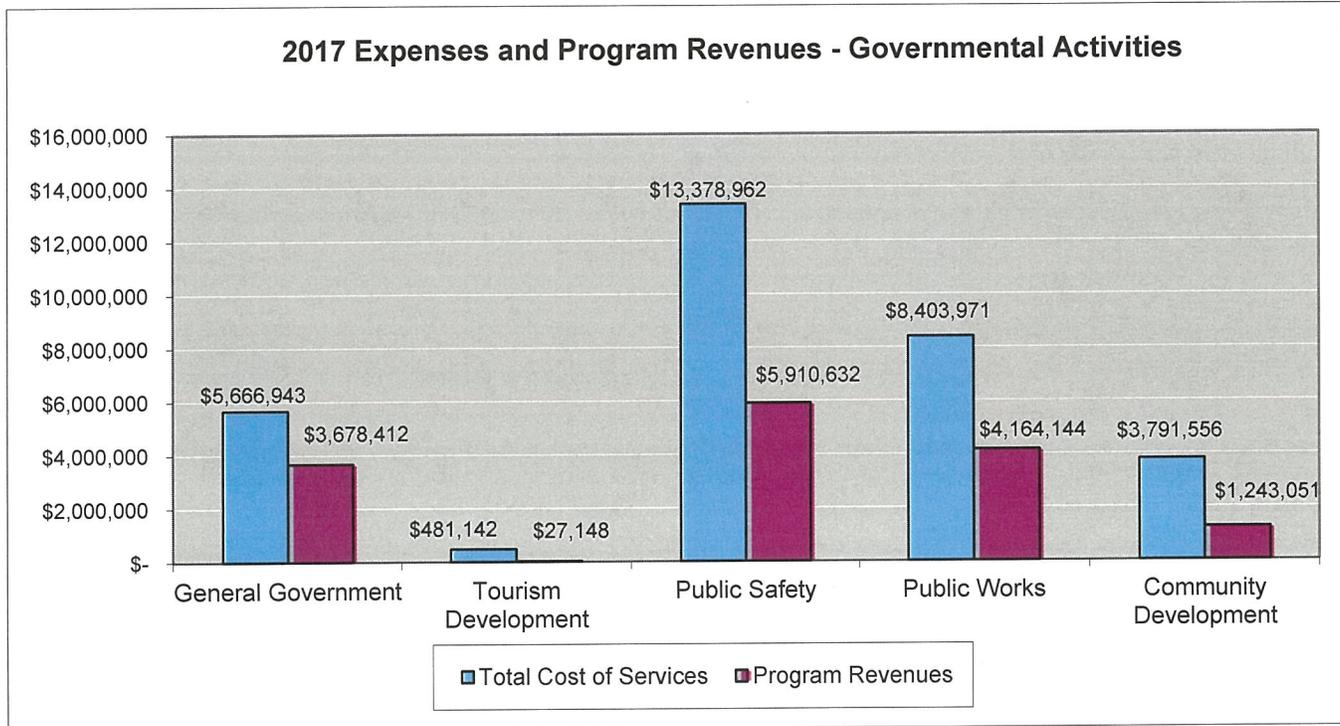
Public safety function costs make up 42.2% of total governmental activities expenses as compared to 2016, when the costs made up 43.7% of total costs. Public works makes up 26.5% of the total cost versus 2016, where their portion was 27.1%. General government is 17.9% of the total, as compared to 15.8% last year. The community development function made up 12.2% of the total in 2016 as compared to about 12% in 2017.

	Total Cost of Services	% of Total	Net (Cost)/ Benefit of Services	% of Costs Covered
General Government	\$ 5,666,943	17.86%	\$ (1,988,531)	64.91%
Tourist Development	481,142	1.52%	(453,995)	5.64%
Public Safety	13,378,962	42.17%	(7,468,329)	44.18%
Public Works	8,403,971	26.49%	(4,239,827)	49.55%
Community Development	3,791,556	11.95%	(2,548,505)	32.78%
Total	\$ 31,722,574	100.00%	\$ (16,699,186)	47.36%

Costs for general government increased by \$1,148,758, primarily due to a decrease in capital outlay allocated for the function of \$769,749, along with an increase in expenditures of \$214,623, as well as an increase in the pension liability of \$148,966 for 2017. The public safety function increase of \$853,613 was primarily attributed to the changes in pension liability increase discussed earlier in this document. The public works function cost showed an increase of about \$638,000, mainly due to the increases in pension liability, depreciation, and operational costs also discussed earlier in this document.

The General government function revenues covered 64.9% of its total costs, down from 70.8% for 2016. Public safety function program revenues covered 44.2% of its total costs, up from 30% in 2016. Public works function revenues covered approximately 49.6% of total costs versus 39.7% in 2016. Community development also showed a decrease from 2016 to 2017, going from 34.3% of covered costs to 32.8%.

Overall, the City was able to cover 47.4% of total costs in 2017 versus 39.3% in 2016. The increase in the percentage of costs covered is mainly attributed to the increase in program revenues of approximately \$3 million, more specifically in the capital grants and contributions category. The table below is a graphical representation of the relationship between the 2017 expenses and program revenues by function.



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 \$33,755,160, an increase of 8.3% from the 2016 ending balance of \$31,158,819. Of this 2017 year-end total, \$22,650,396 is **unassigned**, indicating availability for continuing City service requirements. At the end of 2016, unassigned fund balance was \$19,619,524. Therefore, unassigned fund balances increased by 15.4%, or about \$3 million, which is due primarily to the decrease in committed and nonspendable fund balance changes at year-end.

Committed fund balance decreased by \$2,353,593, or 100%, due to the completion of the Municipal Building renovations. The reduction in **nonspendable** fund balances of \$752,465 was due to a decrease in the interfund loan balance from the general fund to the SPLOST 2013 fund of \$750,000. As funds are paid back to the general fund, nonspendable fund balance decreases and unassigned fund balance increases, unless otherwise designated by City Council. The same applies to committed fund balances.

Restricted fund balances total \$9,138,007, an increase of \$2.6 million over the 2016 restricted fund balances total of \$6.5 million. This balance includes \$1,588,880 for capital outlay in the SPLOST 2007 fund, \$4,553,656 for capital outlay in the SPLOST 2013 fund and \$2,472,616, in other governmental funds for capital outlay. The main reason for the increase in restricted fund balances is the increase in the SPLOST 2013 fund balance of \$3,218,133 from 2016 to 2017.

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 decreased from \$24,237,383 to \$24,143,129, which is only a 0.4% decrease from 2016. The net change in fund balance was \$94,254. As indicated, 93.8 % (\$22,650,396) of this balance is unassigned and available for continuing City services at the designated levels, which is an increase from 2016 at 81.8%. The unassigned fund balance is considered very adequate, representing the equivalent of 90.4% of annual expenditures. In comparison, the ending fund balance for 2016 represented 81.8% of annual operating expenditures. The primary use of fund balance is to cover cash flow deficiencies occurring during the early part of each year.

The **NSP grant** fund's ending fund balance was \$0, which is the same as 2016. This fund was created specifically to record activities related to the Neighborhood Stabilization Program grant, with funds disbursed by the Georgia Department of Community Affairs. This is a federal grant. The City works in conjunction with Newnan Housing Authority and Newnan-Coweta Habitat for Humanity to provide low-income housing options for those persons who meet the eligibility requirements of the programs. Program revenue is generated when houses are sold (after being acquired with grant funds), which is in turn re-invested into the program. The City is working with the Georgia Department of Community Affairs to expand the activities allowed under the grant, to include new construction along with rehabilitation of existing houses.

The **LMIG** fund's ending fund balance was \$181,986, up from \$461 at the end of 2016. This fund was created specifically to record activities related to road maintenance, with funds disbursed by the Georgia Department of Transportation. Typically, the City will contribute matching funds to some extent. Expenditures for 2017 totaled \$562,945 and revenues of \$744,470 were recorded for 2017. Funds are disbursed to the City of Newnan once the approved street listing is available each year and funds are typically received in advance of the actual work being performed.

SPLOST 2007 fund's ending fund balance was \$1,588,880, which is a decrease of \$1,139,905, or 41.8%, from 2016, which ended with \$2,728,785. This SPLOST issue expired at the end of 2012, therefore, the only revenues collected during 2017 were interest earnings in the amount of \$5,382, a Georgia Transportation Infrastructure Bank (GTIB) grant totaling \$1,754,400 and contributions from Newnan Utilities in the amount of \$591,313 as reimbursement for their portion of the McIntosh Parkway project. Expenditures of \$3,491,000 included Howard Warner building renovations and street improvements for McIntosh Parkway. Any remaining balances carry over to next year for budgeting purposes.

Approved capital projects for this fund included a VOIP Phone System, new computers and upgrades, Parks Master Plan, new playground equipment, new park development, various street cleaning equipment, new addition to City Hall, new Oak Hill Cemetery Office building, improvements to City shop, new pool and pool house at Lynch Park, Carnegie Library renovation, new roofs for the Wesley Street Gym and Wadsworth Auditorium, new recreation center, and approximately \$15 million in street and road improvements in the City.

SPLOST 2013 fund's ending fund balance was \$4,553,656, an increase of \$3,218,133 from 2016, which ended with a balance of \$1,335,523. Sales tax collections were \$5,620,502 and interest earnings totaled \$7,159. Additionally, the City received a reimbursement from Newnan Utilities for the McIntosh Parkway project in the amount of \$33,091 and a private donation of \$15,000 to assist with the Howard Warner Project expenditures. Expenditures totaled \$2,457,619 and included renovations to the Howard Warner building, paving of various streets, McIntosh Parkway improvements, and major equipment for the street department, as well as the transfer of 16% of revenues collected to Newnan Utilities, per the SPLOST agreement. The City has an advance of \$750,000 to this fund from the general fund to prefund capital projects, rather than incur debt. This advance is

being paid back quarterly as funds become available in the SPLOST 2013 fund, with expectations that the advance will be paid in full by the end of 2018.

Revenue Category Comparisons

Sales Taxes

Local option sales tax revenue actually increased by 3.5% when compared to calendar year 2016, from \$6,521,934 to \$6,753,211. Sales taxes from all sources, including Special Purpose, showed a \$2,801,216 increase, or 23.4%, from 2016. The total generated in 2017 for all sales tax was \$14,752,517, as compared to \$11,951,301 in 2016. However, please note that \$1.8 million was received in the form of a GTIB grant and another \$33,091 was included as a reimbursement from Newnan Utilities for their share of the McIntosh Parkway project, as discussed in the SPLOST 2007 and 2013 sections earlier.

Additionally, the City renegotiated the LOST distribution percentage with Coweta County in 2015. The City's portion of the distribution increased from 21.89% to 31.19%, beginning with the January 2016 distribution. The increase was phased in over the course of 3 years to minimize the impact on the County's revenues, with 2013 starting at 25.95%. The City's percentage increased to 28.54% for 2016 and adjusted to the final 31.19% distribution for 2016 and beyond. The primary reason for the percentage increase was growth in population – the City's population in 2000 was 16,242; for 2010, that changed to 33,039 people! Changes in the economy can have a direct impact on the property and sales tax revenues; both factors are utilized to project revenues for future years.

Property Tax Revenues

Property tax collections increased by 3.7% from that of calendar year 2016, going from \$4,908,713 to \$5,090,827 for 2017. Beginning with 2015, the City of Newnan contracted with the Coweta County Tax Commissioner to bill and collect property taxes for the City. Additionally, the City's 2017 millage rate was set at 3.87, down from 4.05 mills per thousand dollars of assessed value in 2016. The rate is projected to remain at 3.87 mills for 2018 also.

The 2016 digest was \$1,232,897,191, increasing to \$1,343,202,923 in 2017, which is an approximate 9% increase in valuations. Property reassessments increased the 2017 digest by approximately \$60.9 million, while other changes to the digest resulted in an increase of approximately \$49.4 million in real property valuation, for a total increase of \$110.3 million in 2017. Motor vehicle taxes actually showed a decrease in the digest (\$7.8 million); however, this change was included in the other changes to the digest noted above.

Occupational Taxes (formerly Business Licenses)

Occupational tax revenue increased by 6.1%, or \$181,314, when compared to 2016. This increase is mainly due to the commercial growth in the City and an increase in gross receipts reported for the businesses. Revenue receipts totaled \$3,155,970 for 2017. The 2000 census population for the City of Newnan was 16,242; the estimated 2017 population for the City is 37,207. Local and national economic indicators are useful when projecting occupational tax revenues.

Insurance Premium Taxes

Insurance premium taxes are the fourth largest general revenue source for the City. In 2017, receipts totaled \$2,174,802 as compared to 2016, where receipts were \$2,071,588. The increase of \$103,214, or 5%, was based on the change in population in the City of Newnan from the 2000 census, per the notes above under Occupational Taxes and Local Option Sales Taxes. The City expects this revenue source to remain fairly consistent over the next few years since the City's population is trending upward each year.

Franchise (Excise) Taxes

Franchise tax collections increased by 7.9% during 2017, from \$1,452,675 to \$1,567,698. The main factor for the increase was cable TV collections, going from \$397,085 to \$520,686. Collections for electricity showed a slight increase over 2016, while telephone and gas taxes showed slight decreases over 2016. Trend analysis and local economic activity are tools used to project collections of franchise taxes each year.

Motor Vehicle Taxes

Motor Vehicle tax collections include vehicle ad valorem taxes and the new title ad valorem tax (TAVT) added by the State of Georgia in 2013. Total collections in 2017 were \$1,098,312 as compared to \$972,605 in 2016. Vehicle ad valorem taxes decreased by \$26,271, while title ad valorem taxes increased by \$151,978. This revenue stream has not been consistent since inception, as the State of Georgia Revenue Department keeps tweaking the distribution percentages in an effort to make the cities whole after the introduction of the title ad valorem taxes in 2013. Trend analysis and economic conditions are the primary methods for forecasting this revenue stream as of now; however, based on the current distribution, this revenue source is showing consistent growth for the City.

Licenses and Permits Revenue

Building permits made up 74% of the total revenues for this category in 2017, which is fairly consistent with 2016 at 76%. Building permit revenues decreased by 4% in 2017; going from \$758,926 to \$723,182. Building permit valuations, residential and commercial combined, decreased by 5.4%, or \$7.2 million, during 2017, down from approximately \$133 million in 2016 to about \$126 million in 2017. Overall, residential permit valuations decreased by 14.9%, while commercial permit valuations increased by 28%. The actual number of permits issued for commercial building was 85 in 2017 versus 87 in 2016. The number of residential permits issued for 2017 totaled 313 versus 352 in 2016. Trend analysis and anticipated construction starts are the primary forecasting tools for this revenue stream.

Alcoholic beverage licenses made up the remaining 26% of revenues for this category. This revenue stream decreased very slightly from \$185,285 in 2016 to \$184,810 in 2017. This revenue stream has remained stable over the years and is generally projected using trend analysis and commercial growth.

Hotel/Motel Taxes

Hotel/Motel tax collections for 2017 were \$716,575. In 2016, we recorded collections of \$582,222, showing an increase of \$134,353, or 23.1%, for 2017. Additionally, one new hotel opened in Newnan near the end of 2016, which has positively affected collections. Hotel/Motel taxes are used exclusively to promote tourism in Newnan, specifically through supporting the operations of the City's convention center, The Newnan Centre. The local economy continues to show signs of recovery and growth. Another major factor driving this tax is the location of new hotels near the hospitals in Newnan, including a cancer treatment facility requiring long-term housing, in many cases, for patients and their families.

Interest Earned on Investments

Interest on investments (general fund only) increased by \$8,690 in 2017, going from \$40,471 to \$49,161, which is a 21% increase when compared to 2016. Overall, all funds included, interest on investments increased by \$16,930 in 2017. Interest earnings have drastically reduced over the past several years due to the state of the general economy and some of the major fund balances have decreased substantially due to completion of projects. We do not expect to see any major increases in revenue from interest earnings in the next year; however, interest continues to climb slowly year over year.

Fines & Forfeitures Revenue

Police Fines increased by 1%, or \$6,001, from 2016; up from \$552,137 to \$558,138 in 2017. The City of Newnan is pursuing more aggressive collection measures for police fines, including the assignment of a staff person to assist specifically with collections of police fines. Trend analysis is the most effective tool for forecasting this revenue stream.

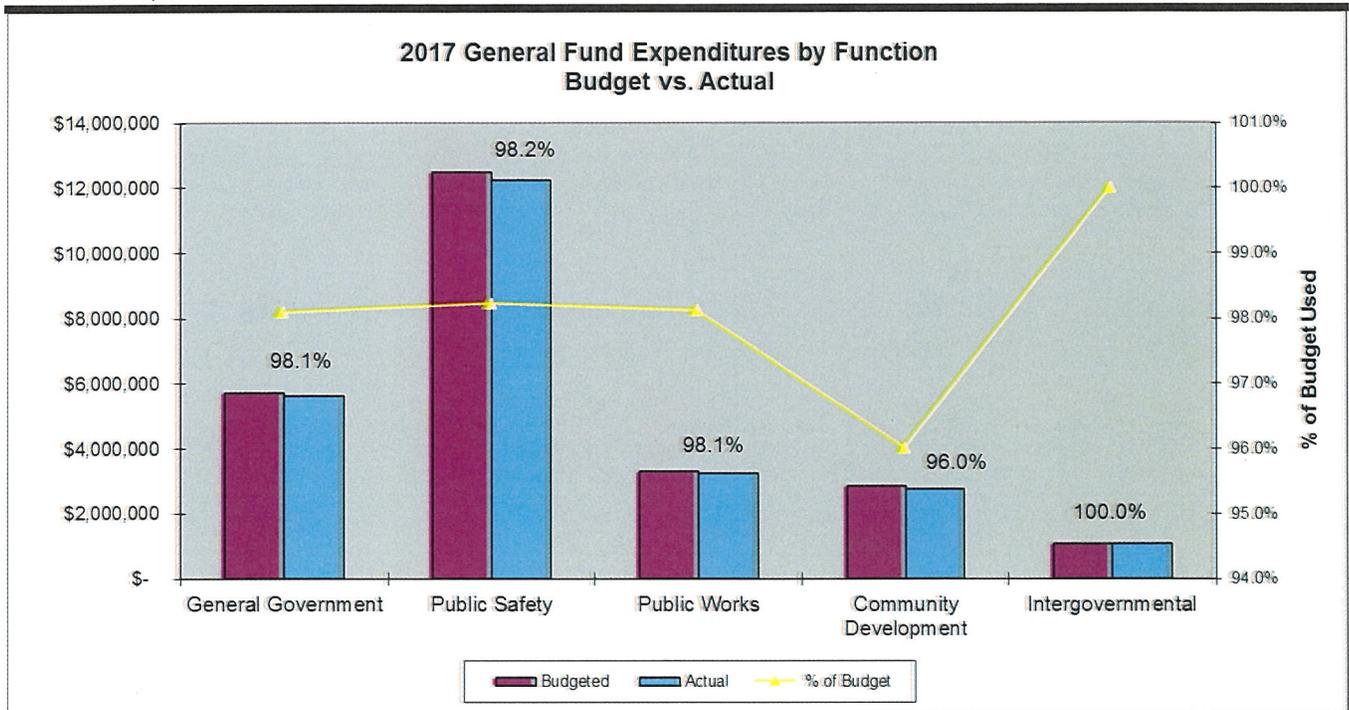
Budgetary Highlights

The general fund – The adopted 2017 revenue budget for the general fund was \$22,919,500, including a projected transfer in from the tourism fund of \$250,000, representing approximately 50% of budgeted hotel/motel tax collections, which is the portion retained by the general fund.

The 2017 final revenue budget for the general fund was \$22,919,500, which is \$1,782,120 less than the 2016 final budget of \$24,701,620. Actual revenue collections, including transfers, for 2017 were \$25,190,620, or 110%, of budgeted collections. The actual transfer in from the tourism fund was \$358,287. Per council action, the general fund retained 50% of the actual funds collected during 2017.

The final adopted 2017 expenditure budget for the general fund was \$25,694,859, including transfers out to the street fund in the amount of \$225,000. Actual expenditures (on an encumbrance basis) for 2017 were \$25,189,545, or 98%, of the budgeted amount, including transfers. The 2017 general fund expenditure budget was amended to include an additional \$2,775,360 in operating expenditures, including \$2,056,549 for renovations to the Municipal Building, \$185,002 for server upgrades, equipment and increased maintenance for information technologies, \$400,000 for UWG debt repayment, and an additional \$50,000 for storm expenses and downtown tree lighting for the holiday season. The remaining \$63,809 was to cover operational items for various departments. The charts below show a breakdown of the 2017 general fund budgeted versus actual expenditures, excluding interfund transfers.

	Budgeted	Actual	% of Budget	Budget less Actual Exp
General Government	\$ 5,726,673	\$ 5,617,857	98.1%	\$ 108,816
Public Safety	12,477,472	12,256,653	98.2%	220,819
Public Works	3,308,589	3,246,794	98.1%	61,795
Community Development	2,857,125	2,743,241	96.0%	113,884
Intergovernmental	1,100,000	1,100,000	100.0%	0
	\$ 25,469,859	\$ 24,964,545	98.0%	\$ 505,314



Capital Assets and Debt Administration

The City's net investment in capital assets for the City's governmental and business-type activities as of December 31, 2017, was \$138,726,535, up by \$3,738,804, or 2.8%, from 2016, primarily as a result of the addition of \$8,380,094 of assets during 2017, offset by depreciation expenses of \$4,585,412.

Major capital asset items acquired or projects completed during the 2017 current calendar year included the following:

- 4th Street rehabilitation and repaving
- 5 Points intersection improvements
- Municipal Building renovation
- Howard Warner Building renovation for use as a recreation center
- Replaced and/or added approximately 18 vehicles for public safety, building inspection, beautification, sanitation and street departments
- Generator for City Hall
- New servers
- 16' X 20' pavilion at the police department
- Tire balancer for garage
- Kubota tractor
- Paved public works yard
- Cargo van for police department
- Stump grinder

City of Newnan's Capital Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	\$ 23,199,424	\$ 23,105,718	\$ -	\$ -	\$ 23,199,424	\$ 23,105,718
Construction in progress	3,863,127	5,200,346	-	-	3,863,127	5,200,346
Total non-depreciable	27,062,551	28,306,064	-	-	27,062,551	28,306,064
Depreciable assets:						
Buildings and parks	40,612,330	34,591,648	-	-	40,612,330	34,591,648
Other improvements	12,647,472	12,609,667	-	-	12,647,472	12,609,667
Machinery and equipment	13,594,835	12,970,692	244,749	264,523	13,839,584	13,235,215
Infrastructure	93,625,447	90,930,225	-	-	93,625,447	90,930,225
Total depreciable assets	160,480,084	151,102,232	244,749	264,523	160,724,833	151,366,755
Less accumulated depreciation	(49,031,051)	(44,617,879)	(29,798)	(67,210)	(49,060,849)	(44,685,089)
Book value - depreciable assets	111,449,033	106,484,353	214,951	197,313	111,663,984	106,681,666
Percentage depreciated	-31%	-30%	-12%	-25%	-31%	-30%
Book value - all assets	\$ 138,511,584	\$ 134,790,417	\$ 214,951	\$ 197,313	\$ 138,726,535	\$ 134,987,730

Due to asset activity during the year, an increase of \$93,706 was recorded in the land classification, machinery and equipment increased by \$604,369, buildings and parks increased by \$6,020,682 and infrastructure increased by \$2,695,222. Additionally, accumulated depreciation increased by \$4,375,760 due to the current years depreciation expenses, netted with the sale of surplus items during the year. Changes in all other categories were consistent with 2016.

Depreciation is calculated based on the actual acquisition date of the asset. Readers who desire more detailed information on capital asset activity during 2017 may refer to Note 3-B on page 66 of this document. The table above provides a summary of capital asset activity.

Additionally, several projects were under construction as of December 31, 2017, including construction of a dog park, construction of a linear park (LINC), McIntosh Parkway improvements, lighting upgrades at Greenville Street and First Avenue parks, widening of Lower Fayetteville Road, and renovations at City Hall. Construction in progress project expenses are capitalized in full upon completion of the project. The total construction in progress (CIP) at December 31, 2017 was \$3,863,127. At the end of 2016, construction in progress totaled \$5,200,346. The City added approximately \$6 million to construction in progress during the year, but then capitalized about \$7.4 million at year-end, thus accounting for most of the 25.7% decrease. The chart above shows the changes by category for capital assets from 2016 to 2017.

At December 31, 2017, the depreciable capital assets for governmental activities were 31% depreciated. This compares to 30% at December 31, 2016. This comparison indicates that the City is replacing its assets at approximately the same rate as they are depreciating, which is a positive indicator.

Long-term Debt

At the end of the current calendar year, the primary government's long-term debt relates the City's pension liability for eligible retirees in the amount of \$5,753,045, with \$97,802 of that amount attributed to business-type activities in the Sanitation fund. The only other source of long-term debt relates to pay for earned vacation, sick leave, compensatory time and deferred holidays, as well as the associated FICA and Medicare taxes related to the compensated absences liability. The City pays 10% of earned sick leave and 100% of earned vacation upon employee termination, with deferred holiday's payable within six (6) months of accrual date. The 2017 amount payable totals \$813,208, as compared to \$773,053 at the end of 2016. The increase is primarily due to the increases in earned vacation leave totaling \$31,335 and holiday leave totaling \$12,247. Current debt (payable within one year) is \$616,615, with the remaining \$196,593 booked as noncurrent debt. Please refer to pages 70-74 for information concerning component unit debt.

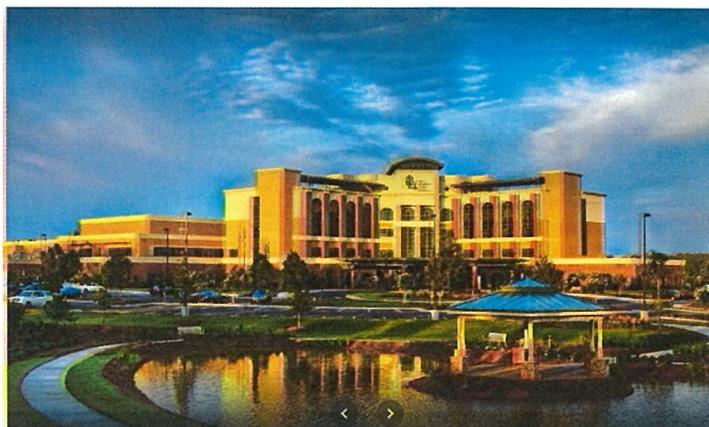
Additionally, net pension liability was \$5,753,045 for 2017, as compared to \$4,986,607 for 2016. This was a 15.4% increase for 2017. Of the total pension liability for 2017, \$97,802 is attributed to business-type activities in the Sanitation fund.

Historically, the City has operated on a pay-as-you go plan for capital projects rather than incur debt. However, the City worked in conjunction with the Downtown Development Authority to fund financing of the new UWG satellite campus project, although the debt for the project resides with the Downtown Development Authority. That project was completed during 2015 and the associated assets sold to UWG as planned. Please see note M on page 84 of this document for further details concerning this project and the City's long-term debt plans. The City has also utilized general fund unassigned fund balance to advance other fund's capital construction costs rather than incur debt and pay carrying costs. The advances will be paid back to the general fund as revenues are collected in future years.

Economic Conditions Affecting the City

The challenge for all governments is to provide quality services at a reasonable cost to its citizens. The City of Newnan remains in a relatively strong financial position, adding \$2,596,341 to fund balances at the end of 2017. Newnan continues to experience growth in the commercial sector and residential growth continues to rebound. The City is proactively managing resources and service strategies, and infrastructure costs are being passed on to developers to minimize the impact on the citizens of Newnan where possible. Additionally, all departments are charged with controlling expenditures based on budgeted amounts. The City of Newnan is committed to saving costs and providing lean and efficient government services.

The unemployment rate is declining and new or growing commercial entities are adding job opportunities for our community. Cancer Treatment Centers of America (CTCA) is still expanding and adding jobs. Additionally, Piedmont Newnan Hospital and Health South Rehabilitation Hospital have constructed new and/or expanded facilities within the past five-year period. At the end of 2017, 15% of all jobs in Coweta County were related to the healthcare industry. The annual ranking of the Georgia Department of Community Affairs for the Georgia Job Tax Credit Program has Coweta County once again ranked in the top 10 out of 159 counties and included in the highest tier, Tier 4.



Another important aspect of any successful, thriving community is a quality education system supporting workforce training requirements. The Coweta County School System was named an "Exemplar" School System by the 2016 AdvancED review team as an example to other school systems, when recommending 2016-2021 District Accreditation. Coweta Schools scored significantly higher than AdvancEd's international averages for Teaching and Learning, Leadership Capacity, and Resource Utilization. The district has 22,500 students and nearly 3,000 employees. There are also a number of high quality private and religious sponsored schools in the community.



Through a partnership with the Board of Regents, Coweta County and the City of Newnan, the University of West Georgia satellite campus was opened in 2015 in the old, renovated Newnan Hospital building. UWG experienced a 4% increase in enrollment in 2016, with 13,520 students enrolled across all of its campuses. The Newnan campus showed an increase of almost 30% in enrollment from 2016 to 2017; it has about 979 students enrolled. Additionally, West Georgia Technical College in Newnan provides both core curriculum and trade specific training to its nearly

1,000 students.

Sales tax revenue is strong and is representative of the growth in the City and county. In 2017, voters overwhelmingly approved SPLOST 2019, which begins on January 1, 2019 and runs for six years through December 31, 2024. The City's real property digest increased by approximately 9% from 2016 to 2017. The 2018 projection allows for a similar increase. The new TAVT (title ad valorem tax) has also added significantly to our revenue stream and is currently increasing as the State gets a better handle on the total effects of the tax and continues to adjust the distribution. Occupational taxes have shown a steady and healthy increase for the past several years. Fuel costs have remained relatively consistent for a couple of years and interest earnings have shown slow, but positive growth, for several years.

The City strives to maintain current service levels while keeping costs as low as possible. Our goal is to maintain a healthy fund balance, while protecting the interests of the citizens in the City of Newnan. Overall, the City of Newnan is in a good position to handle significant growth and provide a healthy future for its residents. Additionally, due to the City's close proximity to the Hartsfield-Jackson Atlanta International Airport, the world's busiest airport, Newnan offers a reasonable drive to downtown Atlanta and other major Metro Atlanta hubs, as well as access to Interstate 85.

Next Year's Budget

As of December 31, 2017, unassigned fund balance in the general fund was \$22,650,396, increasing from \$19,619,524 in 2016. Next year's budgeted revenues are projected to be made up of sales taxes (27%), property taxes (25%), occupational taxes (12%), insurance premium taxes (9%), an intergovernmental transfer from Water and light (7%) and excise (franchise) taxes (9%). The remaining 11% is expected to be generated by motor vehicle taxes, inspections and permits, service charges, alcohol licenses, fines and forfeitures, other local and intergovernmental revenues, including an operating transfer from the Tourism fund in the amount of \$405,000. The total general fund revenue budget for 2018, including transfers, is \$24,251,100.

Budgeted revenues are projected to increase by 5.8%, or 1,331,600, from \$22,919,500 (including amendments) in 2017 to \$24,251,100 in 2018, including interfund transfers. From 2017 to 2018, property tax collections are

projected to increase by \$317,000, local option sales taxes show an increase of \$200,000, insurance premium taxes show a \$175,000 increase, the intergovernmental revenue from Newnan Utilities increased by \$150,000, and occupational taxes reflect an increase of \$160,000. Additionally, the interfund transfer from the hotel/motel tax fund increased by \$155,000.

City of Newnan, Georgia
General Fund Budget and Expenditures by Use
Major Changes from 2017 to 2018

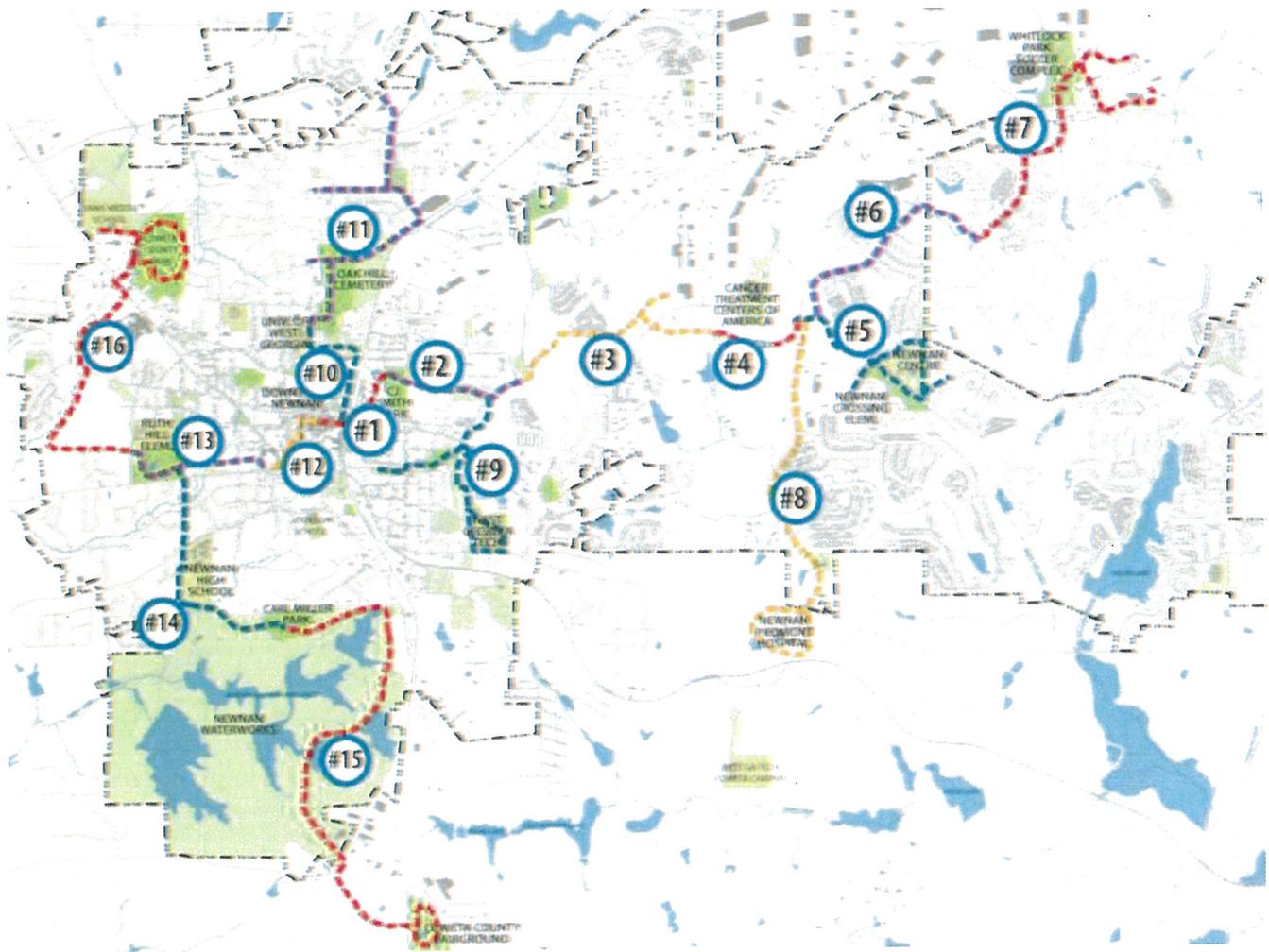
Description	2017 Final Adopted Budget	2017 Actual Expenditures	2018 Adopted Budget	2017-2018 Budget Variance	2017-2018 Budget % Change
Wages - Full Time Employees	\$11,289,969.00	\$11,442,183.56	\$ 11,739,211	\$ 449,242	4.0%
Employee Ins (Life/Health/Dent)	2,691,295	2,542,558	2,966,357	275,062	10.2%
Vehicle Equipment Add Ons	-	-	118,294	118,294	0.0%
Grounds Repair & Maintenance	-	-	80,000	80,000	0.0%
Other Contractual Services	499,070	505,899	565,624	66,554	13.3%
Retirement	1,084,625	843,150	1,135,704	51,079	4.7%
Wages - Part Time/Temp Employees	212,696	159,431	261,162	48,466	22.8%
Repairs and Maintenance	489,464	485,755	536,025	46,561	9.5%
FICA (Soc Sec)	902,893	864,596	943,390	40,497	4.5%
Other Boards & Commissions	27,500	39,290	12,500	(15,000)	-54.5%
Miscellaneous	127,350	113,350	100,550	(26,800)	-21.0%
Communications	206,014	171,753	176,876	(29,138)	-14.1%
Vehicles	457,250	470,449	392,500	(64,750)	-14.2%
Other Improvements	69,466	117,940	-	(69,466)	-100.0%
Bldg & Pers Liability Insurance	389,655	230,659	301,468	(88,187)	-22.6%
Computer Hardware and Software	149,544	144,544	17,625	(131,919)	-88.2%
Minor Equipment	223,579	230,865	65,080	(158,499)	-70.9%
Appropriations to DDA for UWG Debt Payments	1,100,000	1,100,000	733,500	(366,500)	-33.3%
Buildings/Building Improvements	2,056,549	2,056,549	85,000	(1,971,549)	-95.9%

The 2018 general fund expenditures budget decreased by \$1,443,760, or 5.6%, going to \$24,251,100 (including amendments) from \$25,694,860 for 2017. The chart above shows the *major* changes in budgeted expenditures from 2017 to 2018, along with actual expenditures for 2017. Please note that all budgeted line items are not listed in this chart. The most significant change from 2017 to 2018 relates to the decrease of \$1,971,549 in building improvements consisting of renovations to the Municipal Building during 2017 and, therefore, not budgeted for 2018. Another significant change was in the decrease in the budgeted amount of \$366,500 for appropriations to the DDA for the UWG debt repayments.

Per the chart, the largest increase, dollar-wise, was in full time wages due to changes in salaries brought about by the addition of seven (7) full time positions and three (3) part time positions, deletion of two (2) full time positions, and a 3% salary increase for all employees. The health insurance increase is a result of a 10% increase in premiums, split between the employees and the City. Vehicle add-ons is a new item budgeted for 2018 to outfit our public safety vehicles with new technology and wireless capability in the future. Finally, grounds repair and maintenance costs are projected to increase by \$80,000. This is a new item budgeted in the Parks and Beautification department for 2018, required to maintain the City's parks, right-of-ways and other public grounds as the number of parks and properties has grown significantly over the past few years.



Major Upcoming Initiatives



The City, in conjunction with Coweta County, is constructing a multi-use, paved trail/linear park system, called LINC, in Newnan and Coweta County. This is a long-term project, which will eventually be about 25.5 miles long with an expected cost of approximately \$20 million. The first phase of the trail system will connect Newnan Crossing Boulevard to the Nixon Centre, Newnan Crossing Elementary School and the residential neighborhoods along Highwoods Parkway and Shenandoah Boulevard. The goal of the Linc is to provide residents with close-to-home and close-to-work access to bicycle and pedestrian trails, serve transportation and recreation needs and help encourage quality of life and sustainable economic growth in Newnan and Coweta County. A copy of the map showing the LINC master plan trail segments is included above.

Construction will continue on McIntosh Parkway, which will link the retail area of Ashley Park to downtown Newnan. A dog park is being constructed on Sprayberry Road. The City will also be focusing on paving and maintaining its streets and roadways, constructing a fourth fire station, adding lighting upgrades for Greenville Street and First Avenue parks, and renovating portions of City Hall during 2018.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability and transparency. If you have questions about this report, please contact the City's Finance Director, Katrina Cline, at 25 LaGrange Street, Newnan, GA 30263, or by e-mail at kcline@cityofnewnan.org. This comprehensive annual financial report (CAFR), along with the City's annual budget documents, is available on the City's website at www.ci.newnan.ga.us on the Finance Department page.

BASIC FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government			Component Units		
	Governmental	Business-type	Total	Water Sewerage and Light Commission	Convention Center Authority	Downtown Development Authority
	Activities	Activities				
ASSETS						
Cash and cash equivalents	\$ 29,921,160	\$ -	\$ 29,921,160	\$ 5,331,946	\$ 659,830	118,946
Investments	3,135,289	548,944	3,684,233	34,875,948	-	-
Receivables, net of allowance	3,707,457	119,517	3,826,974	5,939,629	119,726	104
Inventory	41,483	-	41,483	1,986,016	-	-
Prepaid items	-	-	-	378,792	-	-
Restricted assets	-	-	-	8,591,753	-	-
Other assets:						
Deferred compensation funding arrangements	-	-	-	5,405,454	-	-
Net pension asset	-	-	-	1,510,000	-	-
Capital assets not being depreciated:						
Land	23,199,424	-	23,199,424	7,797,571	-	-
Construction in progress	3,863,127	-	3,863,127	3,785,379	-	-
Capital assets net of accumulated depreciation:						
Buildings and parks	31,548,707	-	31,548,707	-	-	-
Structures, lines and improvements	-	-	-	106,676,517	-	-
Other improvements	6,711,744	-	6,711,744	-	-	-
Machinery and equipment	3,663,826	214,951	3,878,777	6,966,398	5,479	-
Infrastructure	69,524,756	-	69,524,756	-	-	-
Total assets	175,316,973	883,412	176,200,385	189,245,403	785,035	119,050
DEFERRED OUTFLOWS OF RESOURCES						
Deferred refunding loss	-	-	-	659,820	-	-
Deferred outflows of resources related to pensions	1,712,104	29,609	1,741,713	2,444,540	-	-
	1,712,104	29,609	1,741,713	3,104,360	-	-
LIABILITIES						
Accounts payable	2,113,275	35,182	2,148,457	3,273,465	3,175	1,298
Accrued expenses	166,598	2,149	168,747	499,776	3,117	-
Accrued interest payable	-	-	-	403,609	-	-
Unearned revenues	545,041	-	545,041	-	-	-
Customer deposits	-	-	-	1,805,849	50,275	-
Compensated absences	616,615	11,133	627,748	268,800	-	-
Note payable	-	-	-	-	-	733,333
Revenue bonds	-	-	-	2,100,469	-	-
Noncurrent liabilities:						
Net pension liability	5,655,243	97,802	5,753,045	-	-	-
Revenue bonds, net	-	-	-	26,037,137	-	-
Note payable	-	-	-	-	-	492,523
Compensated absences	196,593	2,127	198,720	1,678,559	-	-
Total liabilities	9,293,365	148,393	9,441,758	36,067,664	56,567	1,227,154
DEFERRED INFLOWS OF RESOURCES						
Lease revenue	-	-	-	522,908	-	-
Deferred refunding gain	-	-	-	48,393	-	-
Deferred inflows of resources related to pensions	991,332	17,144	1,008,476	-	-	-
Total deferred inflows of resources	991,332	17,144	1,008,476	571,301	-	-
NET POSITION (DEFICIT)						
Net investment in capital assets	138,511,584	214,951	138,726,535	97,748,076	5,479	-
Restricted for:						
Capital outlay	8,797,138	-	8,797,138	-	-	-
Capital improvements and debt service	-	-	-	8,591,753	-	-
Law enforcement	91,752	-	91,752	-	-	-
Tourism	154,877	-	154,877	-	-	-
Economic development	94,240	-	94,240	-	-	-
Unrestricted	19,094,789	532,533	19,627,322	49,370,969	722,989	(1,108,104)
Total net position (deficit)	\$ 166,744,380	\$ 747,484	\$ 167,491,864	\$ 155,710,798	\$ 728,468	\$ (1,108,104)

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, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units			
					Governmental Activities	Business-type Activities		Water Sewerage & Light Commission	Convention Center Authority	Downtown Development Authority	
Primary Government:											
Governmental Activities											
General government	\$ 5,666,943	\$ 2,396,284	\$ -	\$ 1,282,128	\$ (1,988,531)	\$ -	\$ (1,988,531)				
Tourism development	481,142	-	25,000	2,148	(453,994)	-	(453,994)				
Public safety	13,378,962	837,354	-	5,073,276	(7,468,332)	-	(7,468,332)				
Public works	8,403,971	-	-	4,164,144	(4,239,827)	-	(4,239,827)				
Community development	3,791,556	723,182	-	519,869	(2,548,505)	-	(2,548,505)				
Total governmental activities	31,722,574	3,956,820	25,000	11,041,565	(16,699,189)	-	(16,699,189)				
Business-type Activities:											
Sanitation Fund	608,498	660,612	-	-	-	52,114	52,114				
Total business-type activities	608,498	660,612	-	-	-	52,114	52,114				
Total Primary Government	\$ 32,331,072	\$ 4,617,432	\$ 25,000	\$ 11,041,565	(16,699,189)	52,114	(16,647,075)				
Component Units:											
Water, Sewerage & Light Commission	\$ 50,708,637	\$ 57,791,964	\$ -	\$ -			\$ 7,083,327	\$ -	\$ -		
Convention Center Authority	466,471	250,897	450,386	-			-	234,812	-		
Downtown Development Authority	193,628	161,860	1,100,000	-			-	-	1,068,232		
Total component units	\$ 51,368,736	\$ 58,204,721	\$ 1,550,386	\$ -			7,083,327	234,812	1,068,232		
General revenues:											
Property taxes					5,071,726	-	5,071,726	-	-	-	
Motor vehicle taxes					1,098,312	-	1,098,312	-	-	-	
Sales taxes					6,753,211	-	6,753,211	899,280	-	-	
Occupational taxes					3,155,970	-	3,155,970	-	-	-	
Franchise taxes					1,567,698	-	1,567,698	-	-	-	
Insurance premium taxes					2,174,802	-	2,174,802	-	-	-	
Hotel/Motel taxes					716,575	-	716,575	-	-	-	
Alcoholic beverage taxes					880,578	-	880,578	-	-	-	
Other taxes					108,194	-	108,194	-	-	-	
Investment earnings					66,700	5,032	71,732	167,761	57	512	
Total general revenues and transfers					21,593,766	5,032	21,598,798	1,067,041	57	512	
Change in net position					4,894,577	57,146	4,951,723	8,150,368	234,869	1,068,744	
Net position (deficit) - beginning of year					161,849,803	690,338	162,540,141	147,560,430	493,599	(2,176,848)	
Net position (deficit)- ending of year					\$ 166,744,380	\$ 747,484	\$ 167,491,864	\$ 155,710,798	\$ 728,468	\$ (1,108,104)	

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	2013 SPLOST	2007 SPLOST	LMIG Fund
ASSETS				
Cash and cash equivalents	\$ 19,734,300	\$ 4,498,604	\$ 2,689,055	\$ -
Investments	1,780,237	-	-	684,718
Due from other funds	-	-	-	-
Taxes receivable	549,938	-	-	-
Intergovernmental	893,130	1,051,873	-	-
Other receivables	1,060,325	-	-	-
Advances to other funds	750,000	-	-	-
Inventories	41,483	-	-	-
Total assets	\$ 24,809,413	\$ 5,550,477	\$ 2,689,055	\$ 684,718
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 274,371	\$ 246,821	\$ 1,100,175	373,605
Accrued expenditures	166,598	-	-	-
Due to other funds	-	-	-	129,127
Unearned revenues	-	-	-	-
Advances from other funds	-	750,000	-	-
Total liabilities	440,969	996,821	1,100,175	502,732
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	225,315	-	-	-
Total deferred inflows of resources	225,315	-	-	-
Fund balances:				
Nonspendable	791,483	-	-	-
Restricted	94,240	4,553,656	1,588,880	181,986
Assigned	607,010	-	-	-
Unassigned	22,650,396	-	-	-
Total fund balances	24,143,129	4,553,656	1,588,880	181,986
Total liabilities, deferred inflows of resources and fund balances	\$ 24,809,413	\$ 5,550,477	\$ 2,689,055	\$ 684,718

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017
(CONTINUED)

	NSP Grant	Other Governmental Funds	Total Governmental Funds
\$	492,479	\$ 2,506,722	\$ 29,921,160
	-	670,334	3,135,289
	-	129,127	129,127
	-	114,900	664,838
	-	-	1,945,003
	35,467	1,824	1,097,616
	-	-	750,000
	-	-	41,483
<u>\$</u>	<u>527,946</u>	<u>\$ 3,422,907</u>	<u>\$ 37,684,516</u>
\$	-	\$ 118,303	\$ 2,113,275
	-	-	166,598
	-	-	129,127
	527,946	17,095	545,041
	-	-	750,000
	<u>527,946</u>	<u>135,398</u>	<u>3,704,041</u>
	-	-	225,315
	-	-	225,315
	-	-	791,483
	-	2,719,245	9,138,007
	-	568,264	1,175,274
	-	-	22,650,396
	-	<u>3,287,509</u>	<u>33,755,160</u>
<u>\$</u>	<u>527,946</u>	<u>\$ 3,422,907</u>	<u>\$ 37,684,516</u>

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 POSITION
DECEMBER 31, 2017

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

Total fund balances - governmental funds		\$ 33,755,160
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets	187,542,635	
Accumulated depreciation	<u>(49,031,051)</u>	
		138,511,584
Deferred outflows of resources		
Pension contributions		1,712,104
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		225,315
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 Position. Long-term liabilities at year-end consist of the following:		
Compensated absences		(813,208)
Net pension liability		(5,655,243)
Deferred inflows of resources		
Net difference between projected and actual investment earnings on pension plan investments		<u>(991,332)</u>
Net position of governmental activities		<u><u>\$ 166,744,380</u></u>

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, 2017

	General	2013 SPLOST	2007 SPLOST	LMIG Fund
REVENUES				
Taxes:				
Property	\$ 5,090,827	\$ -	\$ -	\$ -
Motor vehicle	1,098,312	-	-	-
Franchise	1,567,698	-	-	-
Sales	6,753,211	-	-	-
Insurance premium	2,174,802	-	-	-
Occupational	3,155,970	-	-	-
Hotel/motel	-	-	-	-
Alcoholic Beverage	880,578	-	-	-
Other taxes	15,403	-	-	-
License and permits	907,992	-	-	-
Impact fees	-	-	-	-
Court condemnations	-	-	-	-
Intergovernmental	354,564	5,653,593	2,345,713	740,192
Intergovernmental-utility	1,661,630	-	-	-
Fines and forfeitures	558,138	-	-	-
Investment earnings	49,161	7,159	5,382	4,278
Donations	-	15,000	-	-
Miscellaneous	458,229	-	-	-
Total revenues	24,726,515	5,675,752	2,351,095	744,470
EXPENDITURES				
Current:				
General government	5,456,271	15,402	120	-
Tourism development	-	-	-	-
Public safety	12,182,404	-	-	-
Public works	3,542,786	349,403	593,823	562,945
Community development	2,778,413	-	-	-
Intergovernmental	1,100,000	899,280	-	-
Capital outlay	-	1,193,534	2,897,057	-
Total expenditures	25,059,874	2,457,619	3,491,000	562,945
Excess (deficiency) of revenues over (under) expenditures	(333,359)	3,218,133	(1,139,905)	181,525
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	27,930	-	-	-
Insurance recoveries	77,888	-	-	-
Transfers in	358,287	-	-	-
Transfers out	(225,000)	-	-	-
Total other financing sources (uses)	239,105	-	-	-
Net change in fund balances	(94,254)	3,218,133	(1,139,905)	181,525
Fund balances - beginning of year	24,237,383	1,335,523	2,728,785	461
Fund balances - end of year	\$ 24,143,129	\$ 4,553,656	\$ 1,588,880	\$ 181,986

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, 2017
(CONTINUED)

	NSP Grant	Other Governmental Funds	Total Governmental Funds
\$	-	\$ -	\$ 5,090,827
	-	-	1,098,312
	-	-	1,567,698
	-	-	6,753,211
	-	-	2,174,802
	-	-	3,155,970
	-	716,575	716,575
	-	-	880,578
	-	92,791	108,194
	-	-	907,992
	-	474,585	474,585
	-	57,851	57,851
	-	21,560	9,115,622
	-	-	1,661,630
	-	-	558,138
	-	13,261	79,241
	-	-	15,000
	-	176,098	634,327
	-	<u>1,552,721</u>	<u>35,050,553</u>
	-	1,133	5,472,926
	-	453,065	453,065
	-	100,269	12,282,673
	-	244,524	5,293,481
	-	4,541	2,782,954
	-	-	1,999,280
	-	185,060	4,275,651
	-	<u>988,592</u>	<u>32,560,030</u>
	-	<u>564,129</u>	<u>2,490,523</u>
	-	-	27,930
	-	-	77,888
	-	225,000	583,287
	-	<u>(358,287)</u>	<u>(583,287)</u>
	-	<u>(133,287)</u>	<u>105,818</u>
	-	430,842	2,596,341
	-	<u>2,856,667</u>	<u>31,158,819</u>
\$	-	<u>\$ 3,287,509</u>	<u>\$ 33,755,160</u>

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, 2017

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

Net Change in Fund Balances - total governmental funds		\$ 2,596,341
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	\$ 6,825,290	
Total depreciation	<u>(4,556,057)</u>	2,269,233
The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position.		1,451,934
Deferred outflows of resources related to pensions is not available during the current period is not reported in the funds		
Changes in deferred outflows of resources related to pension		(195,889)
Deferred inflows of resources related to pension is not available during the current period is not reported in the funds		
Changes in deferred inflows of resources related to pension		(414,378)
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		(40,155)
Change in pension liability		(753,408)
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This amount represents the net change for the fiscal year.		
		<u>(19,101)</u>
Change in net position of governmental activities		<u><u>\$ 4,894,577</u></u>

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, 2017

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 4,802,500	\$ 4,802,500	\$ 5,090,827	\$ 288,327
Motor vehicle	1,020,000	1,020,000	1,098,312	78,312
Franchise	1,335,000	1,335,000	1,567,698	232,698
Sales	6,400,000	6,400,000	6,753,211	353,211
Insurance premium	1,925,000	1,925,000	2,174,802	249,802
Occupational	2,770,000	2,770,000	3,155,970	385,970
Alcoholic beverage	880,000	880,000	880,578	578
Other taxes	10,000	10,000	15,403	5,403
License and permits	793,000	793,000	907,992	114,992
Intergovernmental	343,500	343,500	354,564	11,064
Intergovernmental-utility	1,500,000	1,500,000	1,661,630	161,630
Fines and forfeitures	542,000	542,000	558,138	16,138
Interest earnings	30,000	30,000	49,161	19,161
Miscellaneous	293,500	293,500	458,229	164,729
Total revenues	<u>22,644,500</u>	<u>22,644,500</u>	<u>24,726,515</u>	<u>2,082,015</u>
EXPENDITURES				
Current:				
General government:				
Council	204,482	204,482	196,983	7,499
Manager	714,060	714,060	701,042	13,018
Attorney	91,270	91,270	84,771	6,499
Finance	549,520	549,520	480,919	68,601
Human resources	182,216	189,281	189,280	1
Information technologies	422,073	607,075	607,050	25
Municipal court	219,292	256,859	256,816	43
Facilities maintenance	597,577	2,654,126	2,651,483	2,643
Other - unclassified	460,000	460,000	449,513	10,487
Total general government	<u>3,440,490</u>	<u>5,726,673</u>	<u>5,617,857</u>	<u>108,816</u>
Public safety:				
Police	8,127,136	8,127,136	8,095,252	31,884
Fire	4,350,336	4,350,336	4,161,401	188,935
Total public safety	<u>12,477,472</u>	<u>12,477,472</u>	<u>12,256,653</u>	<u>220,819</u>

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, 2017
 (CONTINUED)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public works:				
Administration	\$ 265,824	\$ 275,825	\$ 275,820	\$ 5
Engineer	266,880	290,255	290,153	102
Streets	1,790,302	1,796,102	1,796,054	48
Garage	427,454	427,454	388,431	39,023
Cemetery	518,953	518,953	496,336	22,617
Total public works	3,269,413	3,308,589	3,246,794	61,795
Community development:				
Planning and zoning	384,521	384,521	347,836	36,685
Business development and special events	205,204	205,204	167,920	37,284
Library	187,817	187,817	186,925	892
Parks & ROW beautification	1,197,815	1,247,815	1,247,567	248
Building inspection	831,768	831,768	792,993	38,775
Total community development	2,807,125	2,857,125	2,743,241	113,884
Intergovernmental	700,000	1,100,000	1,100,000	-
Total expenditures	22,694,500	25,469,859	24,964,545	505,314
Excess (deficiency) of revenue over (under) expenditure	(50,000)	(2,825,359)	(238,030)	2,587,329
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	25,000	25,000	27,930	2,930
Insurance recoveries	-	-	77,888	77,888
Transfers in	250,000	250,000	358,287	108,287
Transfers out	(225,000)	(225,000)	(225,000)	-
Total other financing sources (uses)	50,000	50,000	239,105	189,105
Net change in fund balances	\$ -	\$ (2,775,359)	1,075	\$ 2,776,434
Fund balances - beginning of year			23,683,809	
Fund balances - end of year			\$ 23,684,884	

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

CITY OF NEWNAN, GEORGIA
NSP GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 92,000	\$ -	\$ 92,000
Program income	80,000	-	80,000
Investment earnings	40	-	40
Total Revenues	172,040	-	172,040
EXPENDITURES			
Current			
Community development	172,040	-	172,040
Total Expenditures	172,040	-	172,040
Excess (deficiency) of revenues over (under) expenditures			
	-	-	-
Other Financing Use			
Transfer out	-	-	-
Net change in fund balances			
	-	-	-
Fund balances - beginning of year			
	-	-	-
Fund balances - end of year			
	\$ -	\$ -	\$ -

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

CITY OF NEWNAN, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities Enterprise Fund
	Nonmajor Sanitation Fund
<u>ASSETS</u>	
Current assets	
Investments	\$ 548,944
Accounts receivable, net of allowance	119,517
Total current assets	668,461
Noncurrent assets	
Capital assets:	
Machinery and equipment	244,749
Less accumulated depreciation	(29,798)
Total capital assets, net	214,951
Total noncurrent assets	214,951
Total Assets	\$ 883,412
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pensions	29,609
 <u>LIABILITIES</u>	
Current liabilities	
Accounts payable	\$ 35,182
Salaries payable	2,149
Compensated absences	11,133
Total current liabilities	48,464
Noncurrent liabilities	
Compensated absences	2,127
Net pension liability	97,802
Total noncurrent liabilities	99,929
Total Liabilities	148,393
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources related to pensions	17,144
 <u>NET POSITION</u>	
Investment in capital assets	214,951
Unrestricted	532,533
Total Net Position	\$ 747,484

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities Enterprise Fund
	Nonmajor Sanitation Fund
<u>Operating revenues:</u>	
Charges for sales and services	660,612
Total operating revenues	660,612
<u>Operating expenses:</u>	
Purchased/contracted services	211,001
Salaries and benefits	253,272
Supplies and materials	101,462
Other costs	21,018
Depreciation	29,355
Total operating expenses	616,108
Operating income (loss)	44,504
<u>Nonoperating revenues (expenses):</u>	
Investment earnings	5,032
Gain on disposal of assets	7,610
Total nonoperating revenues (expenses)	12,642
Change in net position	57,146
Total net position - beginning of year	690,338
Total net position - end of year	\$ 747,484

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

CITY OF NEWNAN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities Enterprise Fund
	Nonmajor Sanitation Fund
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 647,288
Cash payments to employees for services	(224,861)
Cash payments to other suppliers of goods or services	(312,656)
Net Cash Provided (Used) by Operating Activities	109,771
<u>Cash Flows from Non Capital Financing Activities:</u>	
Transfer to/from other funds	-
Net Cash Provided by Non Capital Financing Activities	-
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of assets	(46,993)
Net Cash Provided (Used) by Financing Activities	(46,993)
<u>Cash Flows from Investing Activities:</u>	
Purchase of investments	(67,810)
Interest received	5,032
Net Cash Provided (Used) by Investing Activities	(62,778)
Net Increase (Decrease) in Cash and Equivalents	-
Cash and Cash Equivalents - Beginning of the Year	-
Cash and Cash Equivalents - End of the Year	\$ -

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

CITY OF NEWNAN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	Business-type Activities Enterprise Fund Nonmajor Sanitation Fund
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</u>	
Net Operating Income (Loss)	\$ 44,504
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	29,355
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(13,324)
(Increase) decrease in deferred outflows of resources related to pensions	3,388
Increase (decrease) in accounts payable	20,825
Increase (decrease) in salaries payable	1,315
Increase (decrease) in compensated absences	3,512
Increase (decrease) in net pension liability	13,030
Increase (decrease) in deferred inflows of resources related to pensions	7,166
Total Adjustments	65,267
Net Cash Provided (Used) by operating activities	\$ 109,771
Noncash investing, capital and financing activities:	
Contributions of capital assets	\$ -

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITY
FIDUCIARY FUND
DECEMBER 31, 2017

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 101,089</u>
Total assets	<u><u>\$ 101,089</u></u>
LIABILITY	
Payable from Assets	
Confiscated assets pending disposition	<u><u>\$ 101,089</u></u>

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, 2017

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.

The accounting policies of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The following is a summary of the City's more significant policies applied in the preparation of the accompanying financial statements.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Newnan, Georgia (the primary government) and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationship with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial data for the Newnan Water, Sewerage and Light Commission, Newnan Convention Center Authority and the Downtown Development Authority of the City of Newnan, as of December 31, 2017. The financial information for the component units are reported in columns separate from the City's financial information to emphasize that they are legally separate from the City.

Discretely Presented Component Units

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

writing the Newnan Water, Sewerage and Light Commission, P.O. Box 578, Newnan, GA 30264.

The Newnan Convention Center Authority (hereinafter the Convention Center) was created to promote tourism, trade and conventions for the City. The governing board consists of seven regular members. The mayor and the city council members appoint the members of the Convention Center. The City provides the major support to the Convention Center through the collection and remittance of hotel motel taxes and motor vehicle excise taxes. The Convention Center has not issued separate financial statements for this year.

The Downtown Development Authority of the City of Newnan (hereinafter the Authority) governing board is appointed primarily by the City Council. The City provides support to the Authority relative to the yearly operating budget requirements. The Authority has not issued separate financial statements for this year.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and the Statement of Activities) 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Fiduciary funds are reported using the accrual basis of accounting and have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

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

The 2013 Special Purpose Local Option Sales Tax Fund – In 2011, the citizens of Newnan re-approved a 1% SPLOST for the purpose of funding capital improvement projects. Approved projects include public safety, streets, drains, sidewalks and equipment, parks and recreation, buildings and facilities and information systems.

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

LMIG Fund – This fund accounts for revenues restricted under the Local Maintenance & Improvement Grant Program received from the State of Georgia, Department of Transportation for road improvements.

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

The City reports the following nonmajor proprietary fund:

Sanitation Fund – accounts for the operation and maintenance of the City’s trash, leaf and limb collections to the residents and businesses of the City.

Additionally, the City reports the following fund types:

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

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the City’s Impact Fee Capital Projects Fund, the Neighborhood Stabilization Program Special Revenue Fund and the General Fund. Eliminations of these charges would distort the direct costs and program revenues for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. Operating expense of enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, unearned 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 Advances

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," or "advances to/from other funds." 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. Capital Assets

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

the City values these capital assets at the acquisition value of the item at the date of donation.

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

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. During 2017, the City incurred no interest expense. Therefore, no interest was capitalized relative to construction projects during the 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

I. 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 and the proprietary fund 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.

J. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The deferred outflows of resources relative to the pension plans change in assumptions. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which arise under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second is the deferred inflow of resources relative to the pensions, reported only in the governmental activities and proprietary funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Long-term Obligations

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

L. Fund Equity

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

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Mayor and Council through adoption of a resolution. The Mayor and Council also may modify or rescind the commitment.
- Assigned – amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, Mayor and Council have authorized the City Manager or his designee to assign fund balances.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

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

- Committed
- Assigned
- Unassigned

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Fund balance policies

The City has established a minimum level of fund balance policy to maintain a minimum fund balance (assigned and unassigned) in the general fund equal to 50% of the current annual operating expenditure budget. Should the minimum balance fall below the 50% requirement for the general fund, the City Council shall approve and adopt a plan to restore this balance to the target level within a specific period of time.

The following is a summary of the fund balance classifications as of December 31, 2017:

	General Fund	2013 SPLOST	2007 SPLOST	LMIG Fund	Nonmajor Governmental	Total
Fund Balances:						
Nonspendable						
Inventories	\$ 41,483	\$ -	\$ -	\$ -	\$ -	\$ 41,483
Advances	750,000	-	-	-	-	750,000
Restricted for:						
Capital outlay	-	4,553,656	1,588,880	-	2,472,616	8,615,152
Economic development	94,240	-	-	-	-	94,240
Street improvements	-	-	-	181,986	-	181,986
Law enforcement	-	-	-	-	91,752	91,752
Tourism	-	-	-	-	154,877	154,877
Assigned for:						
Capital projects	607,010	-	-	-	568,264	1,175,274
Unassigned	22,650,396	-	-	-	-	22,650,396
Total fund balances	\$ 24,143,129	\$ 4,553,656	\$ 1,588,880	\$ 181,986	\$ 3,287,509	\$ 33,755,160

Net position flow assumption

Sometimes the City will find outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Process

An annual operating budget is adopted by resolution for all fund types except fiduciary funds, which are not budgeted and capital projects funds which have project length budgets. Budgets are prepared on the modified accrual basis for governmental fund types and on the accrual basis for proprietary fund types.

The general fund is subject to budgetary control on a departmental basis, while the special revenue funds are subject to budgetary control on an individual fund basis. The budget resolution reflects the total of each department's appropriation in each fund. The City's general fund budget is adopted on a non-GAAP budgetary basis. Expenditures charged against the budget include outstanding encumbrances at year-end. Revenues are reported on a GAAP basis.

Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of city council.

B. Budget to GAAP Reconciliation

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

	<u>General Fund</u>
Budgetary basis - excess revenues and other financing sources over (under) expenditures and other financing uses	\$ 1,075
Add: Current year encumbrances	428,012
Deduct: Prior year encumbrances paid in the current year	<u>(523,341)</u>
Generally accepted accounting principles basis-excess revenues and other financing sources over expenditures and other financing uses	<u>\$ (94,254)</u>
Budgetary basis-fund balance, ending	\$ 23,684,884
Add: Current year encumbrances	428,012
Add: Prior year encumbrances outstanding at year-end	1,725
Add: Prior year encumbrances voided	<u>28,508</u>
Generally accepted accounting principles basis-fund balance, ending	<u>\$ 24,143,129</u>

Deficit Fund Balances

Component Unit – Newnan Downtown Development Authority

As of December 31, 2017, the discretely presented component unit, the Newnan Downtown Development Authority, had a deficit net position in the amount of

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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\$1,108,104. This deficit is relative to the note payable, held by the Authority, for the University of West Georgia Project undertaken by the City. See Notes D and M.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial Credit Risk - Deposits

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

The City’s bank balances of deposits as of December 31, 2017, are entirely insured or collateralized with securities held by the City’s agent in the City’s name.

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

At December 31, 2017, the Newnan Water, Sewerage and Light Commission, a discretely presented component unit’s bank balances were entirely insured or collateralized with securities held by the Commission’s agent in the Commission’s name.

Investments - Primary Government

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Maturity</u>
Office of StateTreasurer	AAAf rated	<u>\$ 3,684,233</u>	34 days

Custodial Credit Risk - For an investment, the custodial credit risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Office of State Treasurer is not required to disclose custodial credit risk. The City has no such investments with such risks as of December 31, 2017.

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

Credit Risk - Georgia law allows investments in obligations of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker’s acceptances, repurchase agreements, other political subdivisions of Georgia and the Office of State Treasurer. The Office of State Treasurer is not registered with the SEC. Shares sold and redeemed are based on \$1.00 per share. The reported value of the pool is the same as the

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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fair value of the pool shares. The Office of State Treasurer is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAf rated money market funds.

Fair Value Measurements

As of December 31, 2017, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

Investments – Component Unit

Custodial Credit Risk - As of December 31, 2017, the Commission had the following investments:

Investment	Maturities in Years				Total
	Under One	One-Three	Three-Seven	Over Ten	
U.S. Government securities	\$ 4,297,666	\$ 15,054,534	\$ 505,327	\$ -	\$ 19,857,527
U.S. Government agency notes and bonds	4,159,669	9,324,200	1,370,077	-	14,853,946
Money market mutual funds and certificates of deposit	164,475	-	-	-	164,475
Total investments	\$ 8,621,810	\$ 24,378,734	\$ 1,875,404	\$ -	\$ 34,875,948

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

Credit Risk – Credit Risk is the risk that the Commission will be unable to recover its investments either by an inability to withdraw the funds through insolvency or non-performance of a counterparty or an inability to recover collateral. State statutes authorize the Commission to invest in obligations of the State of Georgia; obligations issued by the U.S. Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the Georgia Fund I established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The investment policy implemented by the Commission further restricts the types, amounts, and allocation of assets, as defined in the investment policy. In addition, all repurchase agreements must be collateralized using securities permissible under the investment policy at 102% of the market value of principal and accrued interest.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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Concentration of Credit Risk – The Commission’s investment policy limits the exposure to credit risk by placing maximum exposure restrictions by security type. External investments with one issuer that comprised 5% or more of the Commission’s investments portfolio (excluding those issued or explicitly guaranteed by the U.S. Government as well as mutual funds) as of December 31, 2017 are Federal National Mortgage Association 9%, Freddie Mac 9.5%, State of Georgia Municipal 6.5%, US Treasury 57%, MEAG Investment Trust 12.8% and Fannie Mae 5.3%.

B. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 23,105,718	\$ 93,706	\$ -	\$ -	\$ 23,199,424
Construction in progress	5,200,346	6,027,477	(30,542)	(7,334,154)	3,863,127
Total capital assets, not being depreciated	28,306,064	6,121,183	(30,542)	(7,334,154)	27,062,551
Capital assets, being depreciated:					
Buildings and parks	34,591,648	7,500	(5,000)	6,018,182	40,612,330
Other improvements	12,609,667	37,805	-	-	12,647,472
Machinery and equipment	12,970,692	787,363	(163,220)	-	13,594,835
Infrastructure	90,930,225	1,379,250	-	1,315,972	93,625,447
Total capital assets being depreciated	151,102,232	2,211,918	(168,220)	7,334,154	160,480,084
Less accumulated depreciation for:					
Buildings and parks	(8,140,767)	(922,856)	-	-	(9,063,623)
Other improvements	(5,424,001)	(511,727)	-	-	(5,935,728)
Machinery and equipment	(9,113,158)	(960,736)	142,885	-	(9,931,009)
Infrastructure	(21,939,953)	(2,160,738)	-	-	(24,100,691)
Total accumulated depreciation	(44,617,879)	(4,556,057)	142,885	-	(49,031,051)
Total capital assets, being depreciated, net	106,484,353	(2,344,139)	(25,335)	7,334,154	111,449,033
Governmental activities capital assets, net	\$ 134,790,417	\$ 3,777,044	\$ (55,877)	\$ -	\$ 138,511,584

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Machinery and equipment	264,523	46,993	(66,767)	244,749
Total capital assets, being depreciated	264,523	46,993	(66,767)	244,749
Less accumulated depreciation for:				
Machinery and equipment	(67,210)	(29,355)	66,767	(29,798)
Total accumulated depreciation	(67,210)	(29,355)	66,767	(29,798)
Total capital assets, being depreciated, net	197,313	17,638	-	214,951
Business-type activites capital assets, net	\$ 197,313	\$ 17,638	\$ -	\$ 214,951

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

Governmental Activities:	
General government	\$ 39,266
Public safety	602,170
Public works	2,930,328
Community development and leisure services	984,293
Total governmental activities depreciation expense	\$ 4,556,057
Business-Type Activities:	
Sanitation Fund	\$ 29,355

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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Component Unit – Newnan Water, Sewerage and Light Commission

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 7,797,571		\$ -	\$ -	\$ 7,797,571
Construction in progress	7,376,941	4,661,167	-	(8,252,729)	3,785,379
Total capital assets, not being depreciated	15,174,512	4,661,167	-	(8,252,729)	11,582,950
Capital assets, being depreciated:					
Buildings, lines and improvements	177,186,995	9,287,661	(2,220,997)	-	184,253,659
Equipment and other	13,790,173	893,191	(668,835)	-	14,014,529
Total capital assets being depreciated	190,977,168	10,180,852	(2,889,832)	-	198,268,188
Less accumulated depreciation for:					
Buildings, lines and improvements	(71,567,177)	(6,009,965)	-	-	(77,577,142)
Equipment and other	(8,804,133)	(1,122,552)	2,878,554	-	(7,048,131)
Total accumulated depreciation	(80,371,310)	(7,132,517)	2,878,554	-	(84,625,273)
Total capital assets, being depreciated, net	110,605,858	3,048,335	(11,278)	-	113,642,915
Capital assets, net	\$ 125,780,370	\$ 7,709,502	\$ (11,278)	\$ (8,252,729)	\$ 125,225,865

C. Interfund Receivables, Payables, Transfers, Advances and Component Unit Appropriations

Interfund balances and transfers for the year ended December 31, 2017, are as follows:

	Interfund Receivables:		
	Nonmajor Governmental Fund		
Interfund Payables:			
Nonmajor Governmental fund		\$	129,127
	Transfers In:		
	General Fund	Nonmajor Governmental Fund	Total
Transfers Out:			
General fund	\$ -	\$ 225,000	\$ 225,000
Nonmajor Governmental fund	358,287	-	358,287
Total	\$ 358,287	\$ 225,000	\$ 583,287

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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Interfund payables and receivables in the amount of \$129,127 are a one time correction to record revenues in the correct fund at year-end.

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.

During 2017, the City made a transfer from the General Fund to the Street Improvement Fund in the amount of \$225,000 to assist with the cost of street improvements projects..

Advances

The composition of the advances balances as of December 31, 2017 are as follows:

Advances from/to other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	SPLOST 2013	<u>\$ 750,000</u>

In 2014, the general fund advanced the 2013 SPLOST Fund \$3,000,000 to complete the construction of the new Public Safety Complex. For the most part, the complex was funded by the 2013 SPLOST Fund. In 2017, revenues collected were not sufficient to repay the entire advance and cover other projects also in progress.

Component Unit appropriations

During 2017, the City appropriated \$450,386 to the Newnan Convention Center Authority for operations and \$1,100,000 to the Downtown Development Authority for payment of debt relative to the University of West Georgia Project.

D. Long-term Debt

Primary Government

As of December 31, 2017, the City's governmental activities and business-type activities had no outstanding long-term debt other than compensated absences and net pension liabilities as follows:

CITY OF NEWNAN, GEORGIA

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Net pension liability	\$ 4,901,835	\$ 3,554,528	\$ 2,801,120	\$ 5,655,243	\$ -
Compensated absences	773,053	1,303,572	1,263,417	813,208	616,615
	<u>\$ 5,674,888</u>	<u>\$ 4,858,100</u>	<u>\$ 4,064,537</u>	<u>\$ 6,468,451</u>	<u>\$ 616,615</u>
Business-Type activities:					
Net pension liability	\$ 84,772	\$ 61,472	\$ 48,442	\$ 97,802	\$ -
Compensated absences	9,748	19,175	15,663	13,260	11,133
	<u>\$ 94,520</u>	<u>\$ 80,647</u>	<u>\$ 64,105</u>	<u>\$ 111,062</u>	<u>\$ 11,133</u>

For the governmental activities, compensated absences and net pension liability are generally liquidated by the general fund. For the business-type activities, compensated absences and net pension liability are liquidated by the proprietary fund.

Component Unit – Newnan Downtown Development Authority

The Authority has a note payable to United Bank to fund the University of West Georgia Project.

Annual debt service requirements to maturity for this note payable are as follows:

Year	Principal	Interest	Total
2018	\$ 733,333	\$ 21,575	\$ 754,908
2019	492,523	8,668	501,191
	<u>\$ 1,225,856</u>	<u>\$ 30,243</u>	<u>\$ 1,256,099</u>

The changes in the long-term debt are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ 2,287,141	\$ -	\$ 1,061,285	\$ 1,225,856	\$ 733,333
	<u>\$ 2,287,141</u>	<u>\$ -</u>	<u>\$ 1,061,285</u>	<u>\$ 1,225,856</u>	<u>\$ 733,333</u>

During 2017, the Authority paid \$38,715 in interest on the note.

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Component Unit – Newnan Water, Sewerage and Light Commission

Long-Term Debt – The Newnan Water, Sewerage and Light Commission had two types of long-term debt during the fiscal year 2017. Notes payable and revenue bonds.

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

Georgia Environmental Facilities Authority – The Commission entered into an \$8,550,000 loan agreement dated February 16, 2007 with the Georgia Environmental Facilities Authority to finance the costs of improving the Hershall B. Norred Water Plant. The loan commitment will be advanced during the construction period of the project. Interest accrued during the construction period at the rate of 3 percent per annum. On March 1, 2010, the loan converted to permanent status with the total outstanding balance of \$9,046,798 due in 240 monthly payments of \$50,173 consisting of principal and interest at 3 percent until maturity on March 1, 2030. During the year ended December 31, 2017, the outstanding amount of the loan of \$6,577,227 was paid in full from proceeds of the Series 2017 Revenue Bonds. For the year ended December 31, 2017, interest expense was \$33,386.

Revenue Bonds

Series 2006 Bonds

During the year, 2006, the NWSL Commission issued revenue bonds, Series 2006A 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 Series 2006 Bonds are payable solely from the net revenues of the System, as defined. Accrued interest related to the Series 2006 Bonds at December 31, 2017 was \$86,363.

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.

On January 10, 2017, the Commission defeased a portion of the Series 2006 Bonds from the issuance of the Series 2017 Bonds. Proceeds of \$13,511,000 were used to purchase securities that were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2006 Bonds. As a result, the portion of the Series 2006 Bonds is considered legally defeased and has been removed from the Commission's books.

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As of December 31, 2017, total debt service requirements to maturity for the Series 2006A Bonds were as follows:

Year	Principal	Interest	Total
2018	\$ -	\$ 172,725	\$ 172,725
2019	-	172,725	172,725
2020	-	172,725	172,725
2021	-	172,725	172,725
2022	-	172,725	172,725
2023-2026	3,290,000	523,950	3,813,950
Total	\$ 3,290,000	\$ 1,387,575	\$ 4,677,575

Revenue Bonds

Series 2015

On April 21, 2015, the Commission issued \$7,050,000 of City of Newnan, Georgia Water, Sewerage and Light Commission Public Utilities Refunding Revenue Bonds (the “Series 2015A Bonds”) and \$3,860,000 of City of Newnan, Georgia Water, Sewerage and Light Commission Public Utilities Refunding Revenue Bonds (the “Series 2015B Bonds”) and together with the Series 2015A Bonds, the “Series 2015 Bonds”) jointly with the City.

The Series 2015 Revenue Bonds were issued to provide funds to (i) refund and defease a portion of the City and Commission’s outstanding Public Utilities Revenue Bonds, Series 2006 (the “Refunding Bonds”), (ii) pay the premium for a debt service reserve surety bond respecting the Series 2015 Bonds, and (iii) pay the costs of issuance of the Series 2015 Bonds.

The Series Bonds bear interest at rates ranging from 2.00 percent to 4.00 percent and mature at various dates through January 1, 2036. The Series 2015 Bonds are payable solely from the net revenues of the System, as defined.

The net proceeds of \$11,508,370 were used to purchase securities that were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2006 Series Bonds. As a result, the portions of the Series 2006 bonds refunded are considered legally defeased and have been removed from Commission’s books. Accrued interest related to the Series 2015 Bonds at December 31, 2017 was \$170,966.

CITY OF NEWNAN, GEORGIA

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As of December 31, 2017, total debt service requirements to maturity for the Series 2015 Bonds were as follows:

Year	Principal	Interest	Total
2018	\$ 85,000	\$ 341,933	\$ 426,933
2019	90,000	340,232	430,232
2020	1,775,000	338,432	2,113,432
2021	1,815,000	301,166	2,116,166
2022	10,000	258,550	268,550
2023-2027	635,000	1,288,676	1,923,676
2028-2032	3,250,000	967,076	4,217,076
2033-2036	3,080,000	289,850	3,369,850
Total	\$ 10,740,000	\$ 4,125,915	\$ 14,865,915

Series 2017 Revenue Bonds

On January 9, 2017, the Commission issued \$9,421,000 of City of Newnan, Georgia Water, Sewerage and Light Commission Public Utilities Refunding Revenue Bonds (the Series 2017A Bonds) and \$4,090,000 of City of Newnan, Georgia Water, Sewerage and Light Commission Public Utilities Refunding Revenue Bonds (the Series 2017B Bonds and together with the Series 2017A Bonds, the Series 2017 Bonds) jointly with the City.

The Series 2017 Revenue Bonds were issued to provide funds to (i) refund and defease a portion of the City and Commission's outstanding Public Utilities Revenue Bonds, Series 2006 (the Refunding Bonds), (ii) payoff the GEFA loan, (iii) pay the premium for a debt service reserve surety bond respecting the Series 2017 Bonds, and pay the costs of issuance of the Series 2017 Bonds.

The Series 2017 Bonds bear interest at rates ranging from 1.74 percent to 2.35 percent and mature at various dates through January 1, 2031. The Series 2017 Bonds are payable solely from the net revenues of the System, as defined.

The net proceeds of \$13,511,000 were used to purchase securities that were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2006 Series Bonds. As a result, the portions of Series 2006 bonds have been removed from the Commission's books. Accrued interest related to the Series 2017 Bonds at December 31, 2017 was \$146,280.

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As of December 31, 2017, total debt service requirements to maturity for the Series 2017 Bonds were as follows:

Year	Principal	Interest	Total
2018	\$ 2,015,469	\$ 263,304	\$ 2,278,773
2019	2,074,531	257,490	2,332,021
2020	431,217	221,394	652,611
2021	440,945	211,260	652,205
2022	2,316,398	200,898	2,517,296
2023-2027	4,446,661	437,661	4,884,322
2028-2031	1,785,779	89,142	1,874,921
Total	\$ 13,511,000	\$ 1,681,149	\$ 15,192,149

Component Unit

The changes in long-term debt are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Deferred Compensation	\$ 2,101,519	\$ -	\$ (154,160)	\$ 1,947,359	\$ 268,800
Revenue bonds	23,391,933	13,511,000	(8,765,327)	28,137,606	2,100,469
Notes payable	6,577,227	-	(6,577,227)	-	-
Total	\$ 32,070,679	\$ 13,511,000	\$ (15,496,714)	\$ 30,084,965	\$ 2,369,269

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

CITY OF NEWNAN, GEORGIA

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state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment date	January 1	January 1
Levy date	August 9	January 1
Due date and collection date	December 1	Staggered

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

F. Tax Abatements

The City of Newnan regulates property tax abatement agreements on an individual basis. The City has abatement agreements with the following entities as of December 31, 2017, all of which are healthcare facilities.

<u>Purpose</u>	<u>Agreement Date</u>	<u>2017 % Abated</u>
Healthcare Facility (New) ⁽¹⁾	5/7/2009	58% Real Property and 50% Personal Property
Healthcare Facility (Expansion) ⁽²⁾	12/1/2014	100% Real Property and 50% Personal Property
Healthcare Facility (New) ⁽³⁾	8/26/2014	100% Real Property and 50% Personal Property

⁽¹⁾ The Newnan City Council, in partnership with Coweta County, the Coweta County Development Authority and the Board of Tax Assessors of Coweta County, entered into an economic development agreement with a healthcare facility in Coweta County. The agreement was executed in 2009 and includes the following: construction of a 200,000 square foot facility on 28.5 acres in Newnan, Georgia. The company will create 300 jobs within 5 years of commencement of operations and the average annual compensation per employee shall be \$50,000. The company agrees to make a \$70,000,000 initial investment in the project. The company anticipates that 65% of patients will be non-local and will require services of local businesses to support their extended stay (retail, restaurant, lodging, entertainment). Considering the increase in employment opportunities and sales tax revenue, the City of Newnan, and its partners, agreed to the

CITY OF NEWNAN, GEORGIA

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following incentives: expediting permitting, bond financing, property tax abatement, enhanced signage. The project partners agreed to a ten year real property tax abatement schedule that includes 0% valuation for years 1, 2 and 3; then an annual valuation of 14% per year until year 10, whereby the real property will be taxed at full value. Please note that year 1 shall be understood as 2012, which represents the first year of full operation for the company. The project partners agreed to a 5 year personal property tax abatement that includes a 50% valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

⁽²⁾ The Newnan City Council, in partnership with Coweta County, the Coweta County Development Authority and the Board of Tax Assessors of Coweta County, entered into an economic development agreement for the expansion of a healthcare facility in Coweta County. The agreement was executed in 2014 and includes the following: construction of a 26,357 square foot inpatient expansion, 80,638 square foot outpatient clinic expansion, 6,895 square foot radiation therapy expansion, 26,219 square foot surgery department expansion, 27,450 square foot clinic expansion (phase 2), 15,572 square foot imaging department expansion, 91,201 medical office and hotel expansion, in Newnan, Georgia. The company will create 300 additional jobs within 5 years of commencement of operations and the average annual compensation per employee shall be \$50,000. The company agrees to make a \$70,000,000 initial investment in the project. The company anticipates that 65% of patients will be non-local and will require services of local businesses to support their extended stay (retail, restaurant, lodging, entertainment). Considering the increase in employment opportunities and sales tax revenue, the City of Newnan, and its partners, agreed to the following incentives: expediting permitting, bond financing and property tax abatement. The project partners agreed to a ten year real property tax abatement schedule that includes 0% valuation for years 1, 2 and 3; then an annual valuation of 14% per year until year 10, whereby the real property will be taxed at full value. Please note that year 1 shall be understood as 2015, which represents the first year of full operation after expansion. The project partners agreed to a 5 year personal property tax abatement that includes a 50% valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

⁽³⁾ The Newnan City Council, in partnership with Coweta County, the Coweta County Development Authority and the Board of Tax Assessors of Coweta County, entered into an economic development agreement with a healthcare facility in Coweta County. The agreement was executed in 2014 and includes the following: construction of a 50,000 square foot comprehensive inpatient rehabilitation hospital on 11.3 acres in Newnan, Georgia. The company will create 120 jobs within 10 years of commencement of operations. The company agrees to make a \$22,000,000 initial investment in the project. Considering the increase in employment opportunities and sales tax revenue, the City of Newnan, and its partners, agreed to the following incentives: expediting permitting, bond financing, property tax abatement. The project partners agreed to a ten year real property tax abatement schedule that includes 0% valuation for years 1, 2 and 3; then a valuation of 40% in year 4, 52% in year 5 and increase by 10% each year until year 10 at which point the real property will be taxed at full value. Please note that year 1 shall be understood as 2015, which represents the first year of full operation for the company.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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The project partners agreed to a 5 year personal property tax abatement that includes a 50% valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

G. Hotel/Motel Taxes

The City levies and collects a 5% lodging tax which is reported in the Hotel/Motel Tourism Enhancement Fund. The City retains 50% of the funds collected. Tax receipts for the year were \$716,575. Of the current year expenditures \$1,987 was relative to repairs and maintenance for the Newnan Male Academy Museum and \$358,287 for operating costs of the Newnan Convention Center. As of December 31, 2017, the balance of funds not expended was \$119,898. These funds are restricted for future operations of the Newnan Convention Center.

H. Risk Management

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

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

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017, the City is not aware of any deductible amounts which were outstanding and unpaid. No provisions have been made in the financial statements for the year ended relative to estimates for unpaid claims.

I. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the ten county RC membership, is a member of the Three Rivers Regional Commission (RC) and is required to pay annual dues thereto. Membership in a RC is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from the Three Rivers Regional Commission, P.O. Box 818, Griffin, Georgia 30224.

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

(c) The City of Newnan's Trust Plan

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

Pension Plan

Plan Description

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

Benefits Provided

The GMEBS Plan provides retirement, disability and death benefits to plan members and beneficiaries. Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees and officials. This change has no impact on service credited under the Plan and has no impact on benefits.

Employees Covered by the Plan:

Inactive employees (or their beneficiaries) currently receiving benefits	76
Inactive employees entitled to but not yet receiving benefits	63
Active employees	243

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute at an actuarially determined rate; the current rate is 7.95% of annual covered payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a net pension liability. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2017. An expected total

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

pension liability as of March 31, 2017 was determined using standard roll-forward techniques.

For the year ended December 31, 2017, the City recognized pension expense relative to GMEBS in the amount of \$2,243,927. At December 31, 2017, the reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in demographics	\$ 394,858	\$ -
Changes of assumptions	-	280,486
Net difference between projected and actual earnings on pension plan investments	704,355	727,990
Employer contributions subsequent to the measurement date	<u>642,500</u>	<u>-</u>
	<u>\$ 1,741,713</u>	<u>\$ 1,008,476</u>

City contributions subsequent to the measurement date of March 31, 2017 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

<u>Year ended December 31:</u>	
2018	\$ 28,588
2019	28,588
2020	154,353
2021	(120,792)

Actuarial Assumptions: The total pension liability as of December 31, 2017 was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	3.75-8.75%, including inflation adjustment
Investment rate of return	7.75%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality rates were based on the RP-2000 Combined Mortality Table with sex-distinct rates, set forward two years for males and one year for females and the RP-2000 Disabled Mortality Table with sex-distinct rates.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

Net Pension Liability:

Changes in the Net Pension Liability:	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at January 1, 2017	\$ 20,893,626	\$ 15,907,019	\$ 4,986,607
Changes for the year:			
Service cost	401,175	-	401,175
Interest	1,588,662	-	1,588,662
Difference between expected and actual experience	167,523	-	167,523
Contributions - employer	-	844,941	(844,941)
Net investment income	-	2,004,621	(2,004,621)
Benefit payments	(789,534)	(789,534)	-
Administrative expense	-	(46,562)	46,562
Other	1,412,078	-	1,412,078
Net changes	2,779,904	2,013,466	766,438
Balance at December 31, 2017	\$ 23,673,530	\$ 17,920,485	\$ 5,753,045

The City's net pension liability is recorded in the Government-Wide, Statement of Net Position and in the Sanitation Fund in the amounts of \$5,655,243 and \$97,802, respectively

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2017 are summarized in the following table:

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

Asset class	Target allocation	Long-term expected real rate of return
Domestic Equity	45%	6.71%
International Equity	20%	7.71%
Domestic fixed Income	20%	2.11%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Cash	0%	
Total	100%	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount rate: The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current discount rate (7.75%)	1% Increase (8.75%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 8,851,633	\$ 5,753,045	\$ 3,170,019

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publically available at www.gmanet.com.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

The assumptions used in the July 1, 2017 actuarial valuation are as follows:

Actuarial Assumptions

Actuarial cost method	Entry Age Normal
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 17 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%

Changes of assumptions:

As a result of the new administrative fee structure approved by the board, the administrative expense assumption was updated for fiscal years beginning in 2016. In addition, effective for the 2018 fiscal year, the amortization bases were combined and the period reset for 17 years.

Benefit Changes

Effective April 15, 2017, the Plan was amended to change the eligibility for receiving the 1.50% benefit formula as well as early retirement eligibility.

L. Special Funding Defined Benefit Pension Plans

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City's financial statements.

The City's Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contributions to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in the plan and non-employer contributions which consist of insurance premium taxes collected and remitted by insurers directly to the pension fund in accordance with the law. The plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City's financial statements.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

M. Commitments

West Georgia University Project

In 2014, the City committed to a purchase and redevelopment agreement with the University System of Georgia and Newnan Hospital Incorporated. The anticipated budget was \$15 million. The project was completed in 2015 and sold to the University of West Georgia. As of December 31, 2017, the City has committed to paying off the remaining debt relative to the project in the amount of \$1,225,856 held by the Downtown Development Authority. (See Note D)

N. Investment in Capital Assets

Investment in Capital Assets on the Government-wide statement of net position as of December 31, 2017 is as follows:

	Governmental Activities	Business Type Activities
Cost of capital assets	\$ 187,542,635	\$ 244,749
Less accumulated depreciation	(49,031,051)	(29,798)
Book value	138,511,584	214,951
Less all capital related debt	-	-
Investment in capital assets	<u>\$ 138,511,584</u>	<u>\$ 214,951</u>

O. Subsequent Events

The City assessed events that have occurred subsequent to December 31, 2017 through the date of issuance for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to the disclosures in the City's statements which were issued on June 19, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2017	2016	2015
<i>Total Pension Liability</i>			
Service cost	\$ 401,175	\$ 404,718	\$ 421,030
Interest	1,588,662	1,486,432	1,428,183
Differences between expected and actual experience	167,523	201,802	349,394
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	(701,214)
Other changes	1,412,078	-	-
Benefit payments, including refunds of employee contributions	(789,534)	(758,180)	(733,416)
Net change in total pension liability	2,779,904	1,334,772	763,977
Total pension liability - beginning	20,893,626	19,558,854	18,794,877
Total pension liability - ending	<u>\$ 23,673,530</u>	<u>\$ 20,893,626</u>	<u>\$ 19,558,854</u>
<i>Plan Fiduciary Net Position</i>			
Contributions - employer	\$ 844,941	\$ 901,568	\$ 934,855
Contributions - employee	-	-	-
Net investment income	2,004,621	50,727	1,383,645
Benefit payments, including refunds of employee contributions	(789,534)	(758,180)	(733,416)
Administrative expense	(46,562)	(34,735)	(31,914)
Other	-	-	-
Net change in fiduciary net position	2,013,466	159,380	1,553,170
Plan fiduciary net position - beginning	15,907,019	15,747,639	14,194,469
Plan fiduciary net position - ending	<u>\$ 17,920,485</u>	<u>\$ 15,907,019</u>	<u>\$ 15,747,639</u>
<i>Net Pension Liability</i>			
Net pension liability - ending	<u>\$ 5,753,045</u>	<u>\$ 4,986,607</u>	<u>\$ 3,811,215</u>
Plan's fiduciary net position as a percentage of the total pension liability	75.70%	76.13%	80.51%
Covered-employee payroll	10,770,659	\$ 10,607,616	\$ 9,970,405
Net pension liability as a percentage of covered-employee payroll	53.41%	47.01%	38.23%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF NEWNAN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 856,669	\$ 841,031	\$ 921,747
Contributions in relation to the actuarially determined contribution	<u>\$ 856,669</u>	<u>\$ 841,031</u>	<u>\$ 922,797</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,050)</u>
City's covered-employee payroll	10,775,711	10,605,687	9,965,410
Contributions as a percentage of covered-employee payroll	7.95%	7.93%	9.26%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF NEWNAN, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Actuarial Assumptions:

Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100%
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

Impact Fees Fund – This fund accounts for impact fee charges per the City of Newnan Development Impact Fee Ordinance for public safety, road, streets and bridges and parks and recreation.

CITY OF NEWNAN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Confiscated Assets	Miscellaneous Grants	Hotel/Motel Tourism Enhancement	Rental Motor Vehicle Excise Tax	Total	Street Improvement	Impact Fees	Total	
ASSETS									
Cash and cash equivalents	\$ 8,963	\$ 17,192	\$ -	\$ -	\$ 26,155	\$ -	\$ 2,480,567	\$ 2,480,567	\$ 2,506,722
Investments	83,163	-	97,914	50,120	231,197	439,137	-	439,137	670,334
Taxes receivable	-	-	107,587	7,313	114,900	-	-	-	114,900
Other receivables	-	1,824	-	-	1,824	-	-	-	1,824
Due from other funds	-	-	-	-	-	129,127	-	129,127	129,127
Total assets	\$ 92,126	\$ 19,016	\$ 205,501	\$ 57,433	\$ 374,076	\$ 568,264	\$ 2,480,567	\$ 3,048,831	\$ 3,422,907
LIABILITIES									
Accounts payable	\$ 374	\$ 1,921	\$ 85,603	\$ 22,454	\$ 110,352	\$ -	\$ 7,951	\$ 7,951	\$ 118,303
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	17,095	-	-	17,095	-	-	-	17,095
Total liabilities	374	19,016	85,603	22,454	127,447	-	7,951	7,951	135,398
FUND BALANCES									
Restricted	91,752	-	119,898	34,979	246,629	-	2,472,616	2,472,616	2,719,245
Assigned	-	-	-	-	-	568,264	-	568,264	568,264
Total fund balances	91,752	-	119,898	34,979	246,629	568,264	2,472,616	3,040,880	3,287,509
TOTAL LIABILITIES AND FUND BALANCES	\$ 92,126	\$ 19,016	\$ 205,501	\$ 57,433	\$ 374,076	\$ 568,264	\$ 2,480,567	\$ 3,048,831	\$ 3,422,907

CITY OF NEWNAN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Confiscated Assets	Miscellaneous Grants	Hotel/Motel Tourism Enhancement	Rental Motor Vehicle Excise Tax	Total	Street Improvement	Impact Fees	Total	
REVENUES									
Hotel/motel taxes	\$ -	\$ -	\$ 716,575	\$ -	\$ 716,575	\$ -	\$ -	\$ -	\$ 716,575
Court condemnations	57,851	-	-	-	57,851	-	-	-	57,851
Intergovernmental	16,000	5,560	-	-	21,560	-	-	-	21,560
Impact fees	-	-	-	-	-	-	474,585	474,585	474,585
Excise taxes	-	-	-	92,791	92,791	-	-	-	92,791
Other revenues	380	12,681	-	-	13,061	163,037	-	163,037	176,098
Investment earnings	931	-	2,205	659	3,795	4,916	4,550	9,466	13,261
Total revenues	75,162	18,241	718,780	93,450	905,633	167,953	479,135	647,088	1,552,721
EXPENDITURES									
Current									
General government	-	1,133	-	-	1,133	-	-	-	1,133
Tourism development	-	-	360,274	92,791	453,065	-	-	-	453,065
Parks and recreation	-	-	-	-	-	-	4,061	4,061	4,061
Public safety	83,641	16,628	-	-	100,269	-	-	-	100,269
Public works	-	-	-	-	-	232,349	12,175	244,524	244,524
Community development	-	480	-	-	480	-	-	-	480
Capital outlay	93,926	-	-	-	93,926	-	91,134	91,134	185,060
Total expenditures	177,567	18,241	360,274	92,791	648,873	232,349	107,370	339,719	988,592
Excess (deficiency) of revenues over (under) expenditures	(102,405)	(18,241)	358,506	659	256,760	(64,396)	371,765	307,369	564,129
Other financing sources (uses)									
Transfers in	-	-	-	-	-	225,000	-	225,000	225,000
Transfers out	-	-	(358,287)	-	(358,287)	-	-	-	(358,287)
Total other financing sources (uses)	-	-	(358,287)	-	(358,287)	225,000	-	225,000	(133,287)
Net change in fund balances	(102,405)	-	219	659	(101,527)	160,604	371,765	532,369	430,842
Fund balances - beginning of year	194,157	-	119,679	34,320	348,156	407,660	2,100,851	2,508,511	2,856,667
Fund balances - end of year	\$ 91,752	\$ -	\$ 119,898	\$ 34,979	\$ 246,629	\$ 568,264	\$ 2,472,616	\$ 3,040,880	\$ 3,287,509

CITY OF NEWNAN, GEORGIA

CONFISCATED ASSETS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Court condemnations	\$ 95,000	\$ 57,851	\$ (37,149)
Intergovernmental	-	16,000	16,000
Other revenues	10,000	380	(9,620)
Investment earnings	530	931	401
Total Revenues	105,530	75,162	(30,368)
EXPENDITURES			
Current			
Law enforcement	85,000	83,641	1,359
Capital outlay	94,067	93,926	141
Total Expenditures	179,067	177,567	1,500
Net change in fund balance	(73,537)	(102,405)	(28,868)
Fund balances - beginning of year	194,157	194,157	-
Fund balances - end of year	\$ 120,620	\$ 91,752	\$ (28,868)

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, 2017

	Final Budget	Actual	Variance
REVENUES			
Other revenues	\$ -	\$ 12,681	\$ 12,681
Intergovernmental	77,500	5,560	(71,940)
Total Revenues	77,500	18,241	(59,259)
EXPENDITURES			
Current			
General government	1,500	1,133	367
Community development	56,000	480	55,520
Public safety	20,000	16,628	3,372
Total Expenditures	77,500	18,241	59,259
Net change in fund balance	-	-	-
Fund balances - beginning of year	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ -

CITY OF NEWNAN, GEORGIA

HOTEL/MOTEL TOURISM ENHANCEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Hotel/motel taxes	\$ 717,000	\$ 716,575	\$ (425)
Investment earnings	600	2,205	1,605
Total Revenues	717,600	718,780	1,180
EXPENDITURES			
Current			
Tourism development	361,300	360,274	1,026
Total Expenditures	361,300	360,274	1,026
Excess (deficiency) of revenues over (under) expenditures	356,300	358,506	2,206
Other Financing Use			
Transfer out	(358,500)	(358,287)	213
Net change in fund balances	(2,200)	219	2,419
Fund balances - beginning of year	119,679	119,679	-
Fund balances - end of year	\$ 117,479	\$ 119,898	\$ 2,419

CITY OF NEWNAN, GEORGIA

RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual	Variance
REVENUES			
Excise tax	\$ 92,800	\$ 92,791	\$ (9)
Investment earnings	150	659	509
Total Revenues	92,950	93,450	500
EXPENDITURES			
Current			
Tourism development	92,800	92,791	9
Total Expenditures	92,800	92,791	9
Net change in fund balances	150	659	509
Fund balances - beginning of year	34,320	34,320	-
Fund balances - end of year	<u>\$ 34,470</u>	<u>\$ 34,979</u>	<u>\$ 509</u>

CITY OF NEWNAN, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITY
 AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	December 31, 2016	Additions	Deletions	December 31, 2017
<u>Police Pre-Confiscated Assets Fund</u>				
ASSETS				
Cash	\$ 98,210	\$ 17,319	\$ 14,440	\$ 101,089
Total assets	<u>\$ 98,210</u>	<u>\$ 17,319</u>	<u>\$ 14,440</u>	<u>\$ 101,089</u>
LIABILITY				
Payable from assets				
Confiscated assets pending disposition	<u>\$ 98,210</u>	<u>\$ 17,319</u>	<u>\$ 14,440</u>	<u>\$ 101,089</u>

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CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY
 BALANCE SHEET
 DECEMBER 31, 2017

ASSETS

Cash and cash equivalents	\$ 118,946
Receivables	<u>104</u>
Total Assets	<u><u>\$ 119,050</u></u>

LIABILITIES AND FUND BALANCES

Accounts payable	<u>\$ 1,298</u>
Total Liabilities	<u>1,298</u>
Fund Balances:	
Unassigned	<u>117,752</u>
Total Fund Balances	<u>117,752</u>
Total Liabilities and Fund Balances	<u><u>\$ 119,050</u></u>

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

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 position. Long-term liabilities at year-end consist of the following:

Note Payable	<u>\$ (1,225,856)</u>
Total net position (deficit) of governmental activities	<u><u>\$ (1,108,104)</u></u>

CITY OF NEWNAN, GEORGIA
 COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DECEMBER 31, 2017

REVENUES:

Intergovernmental revenues	\$ 1,100,000
Event income	146,120
Sponsorship income	14,898
Miscellaneous revenues	842
Interest earnings	512
	1,262,372
 Total Revenues	 1,262,372

EXPENDITURES:

Current:	
Promotion	154,913
Debt Service:	
Principal	1,061,285
Interest	38,715
	1,254,913
 Total Expenditures	 1,254,913
 Net change in fund balances	 7,459
 Fund Balance - Beginning of year	 110,293
 Fund Balance - End of year	 \$ 117,752

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

Under the modified accrual basis of accounting in governmental funds, expenditures 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:

Repayment of principal	1,061,285
Change in Net Position of Governmental Activities.	\$ 1,068,744

CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN CONVENTION CENTER AUTHORITY
 BALANCE SHEET
 DECEMBER 31, 2017

ASSETS

Cash and cash equivalents	\$ 659,830
Accounts receivable	11,668
Receivable - primary government	<u>108,058</u>
Total Assets	<u><u>\$ 779,556</u></u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 3,175
Accrued expenses	3,117
Customer deposits	<u>50,275</u>
Total Liabilities	<u>56,567</u>
Fund Balances:	
Unassigned	<u>722,989</u>
Total Fund Balances	<u>722,989</u>
Total Liabilities and Fund Balances	<u><u>\$ 779,556</u></u>

Amounts reported for governmental activities in the statement of net position are different because:
 Capital assets used in governmental activities are not financial resources and therefore,
 are not reported in the funds.

Cost of the assets	8,950
Accumulated depreciation	<u>(3,471)</u>

Total net position of governmental activities	<u><u>\$ 728,468</u></u>
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CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN CONVENTION CENTER AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DECEMBER 31, 2017

REVENUES:

Intergovernmental	\$ 450,386
Rental	250,663
Other income	234
Interest earnings	<u>57</u>
Total Revenues	<u>701,340</u>

EXPENDITURES:

Current:	
General government	<u>464,279</u>
Total Expenditures	<u>464,279</u>
Net change in fund balances	237,061
Fund Balance -Beginning of year	<u>485,928</u>
Fund Balance - End of year	<u><u>\$ 722,989</u></u>

Amounts reported for governmental activities in the Statement of Activities are different because:
 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.

Depreciation expense	<u>(2,192)</u>
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Change in Net Position of Governmental Activities.	<u><u>\$ 234,869</u></u>
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STATISTICAL SECTION

**CITY OF NEWNAN, GEORGIA
STATISTICAL SECTION**

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	100-106
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	107-113
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114-115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	116-118
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	119-120

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF NEWNAN, GEORGIA
NET POSITION BY COMPONENT
Last Ten Calendar Years
(accrual basis of accounting)

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$107,970,772	\$111,049,663	\$110,991,843	\$113,432,298	\$116,381,649	\$128,835,395	\$150,483,429	\$132,168,734	\$134,790,417	\$138,511,584
Restricted	11,890,374	12,341,221	16,917,262	16,488,833	16,508,525	16,664,637	10,413,607	6,230,119	6,529,246	9,138,007
Unrestricted	17,202,620	15,619,539	15,818,177	17,880,877	19,419,550	21,260,602	21,840,647	20,461,341	20,530,140	19,094,789
Total governmental activities net position	\$137,063,766	\$139,010,423	\$143,727,282	\$147,802,008	\$152,309,724	\$166,760,634	\$182,737,683	\$158,860,194	\$161,849,803	\$166,744,380
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,734	\$ 59,779	\$ 41,736	\$ 197,313	\$ 214,951
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	236,457	348,838	455,306	493,025	532,533
Total business-type activities net position	\$ -	\$ 319,190	\$ 408,617	\$ 497,042	\$ 690,338	\$ 747,484				
TOTAL PRIMARY GOVERNMENT										
Net investment in capital assets	\$107,970,772	\$111,049,663	\$110,991,843	\$113,432,298	\$116,381,649	\$128,918,129	\$150,543,208	\$132,210,470	\$134,987,730	\$138,726,535
Restricted	11,890,374	12,341,221	16,917,262	16,488,833	16,508,525	16,664,637	10,413,607	6,230,119	6,529,246	9,138,007
Unrestricted	17,202,620	15,619,539	15,818,177	17,880,877	19,419,550	21,497,059	22,189,485	20,916,647	21,023,165	19,627,322
Total primary government net position	\$137,063,766	\$139,010,423	\$143,727,282	\$147,802,008	\$152,309,724	\$167,079,824	\$183,146,300	\$159,357,236	\$162,540,141	\$167,491,864
Change in Net Position										
Governmental activities	\$ 8,982,605	\$ 1,946,657	\$ 4,716,859	\$ 4,074,726	\$ 4,507,716	\$ 14,450,910	\$ 15,977,049	\$ (20,128,904)	\$ 2,989,609	\$ 4,894,577
Business-type activities	-	-	-	-	-	319,190	89,427	165,347	193,296	57,146
Total primary government	\$ 8,982,605	\$ 1,946,657	\$ 4,716,859	\$ 4,074,726	\$ 4,507,716	\$ 14,770,100	\$ 16,066,476	\$ (19,963,557)	\$ 3,182,905	\$ 4,951,723

Notes: The City of Newnan had no business-type activities until 2013, when a portion of the Sanitation activities (brush and bulk) were added to City services. The change in net position is due mainly to the acquisition of capital assets, specifically buildings, parks and infrastructure, during 2017.

CITY OF NEWNAN, GEORGIA
CHANGES IN NET POSITION, LAST TEN CALENDAR YEARS
(accrual basis of accounting)

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
General Government	\$ 2,747,236	\$ 2,771,020	\$ 4,360,012	\$ 2,767,833	\$ 3,086,824	\$ 3,300,180	\$ 4,933,630	\$ 11,107,882	\$ 4,518,185	\$ 5,666,943
Community Development	2,610,332	2,505,682	2,603,527	3,095,588	2,643,006	3,157,100	3,525,360	3,867,490	3,489,735	3,791,556
Public Safety	9,341,701	9,272,838	9,634,856	9,626,896	10,095,536	11,692,623	11,830,515	11,244,352	12,525,349	13,378,962
Public Works	4,285,367	4,679,400	4,723,863	4,333,648	4,882,378	6,119,985	6,208,318	5,853,817	7,765,802	8,403,971
Tourism Development	4,274	9,304	3,691	2,588	121,726	248,989	322,479	376,488	383,577	481,142
Other Services	-	-	-	-	-	146	-	-	-	-
Total governmental activities expenses	18,988,910	19,238,244	21,325,949	19,826,553	20,829,472	24,519,023	26,820,302	32,450,029	28,682,648	31,722,574
Business-type activities:										
Sanitation - Brush & Bulk	-	-	-	-	-	398,955	467,952	446,366	481,189	608,498
Total business-type activities expenses	-	-	-	-	-	398,955	467,952	446,366	481,189	608,498
Total primary government expenses	18,988,910	19,238,244	21,325,949	19,826,553	20,829,472	24,917,978	27,288,254	32,896,395	29,163,837	32,331,072
Program Revenues:										
Governmental activities:										
Charges for Services										
General Government	1,921,215	1,730,602	1,863,821	2,109,634	1,771,422	1,891,228	2,511,611	2,136,993	2,326,949	2,396,284
Tourism Development	21,504	17,560	23,104	29,537	31,245	36,474	-	-	-	-
Public Safety	835,169	855,249	2,918,872	850,972	725,106	835,395	921,592	877,744	901,445	837,354
Public Works	-	-	-	-	-	74,450	-	-	-	-
Community Development	1,015,521	375,840	267,248	335,381	531,393	663,990	584,997	788,927	759,001	723,182
Total charges for services	3,793,409	2,979,251	5,073,045	3,325,524	3,059,166	3,501,537	4,018,200	3,803,664	3,987,395	3,956,820
Operating grants and contributions	91,128	96,152	-	-	25,000	25,000	25,000	25,000	25,000	25,000
Capital grants and contributions	4,198,787	4,260,001	6,970,299	5,802,964	7,277,425	19,324,633	20,330,162	8,271,838	7,249,007	11,041,565
Total governmental activities program revenues	8,083,324	7,335,404	12,043,344	9,128,488	10,361,591	22,851,170	24,373,362	12,100,502	11,261,402	15,023,385
Business-type activities:										
Charges for Services										
Sanitation - Brush & Bulk	-	-	-	-	-	439,606	557,079	611,083	637,487	660,612
Total Charges for Services	-	-	-	-	-	439,606	557,079	611,083	637,487	660,612
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	-	-	-	-	-	439,606	557,079	611,083	637,487	660,612
Total primary government program revenues	8,083,324	7,335,404	12,043,344	9,128,488	10,361,591	23,290,776	24,930,441	12,711,585	11,898,889	15,683,997
Net (Expenses)/Revenue										
Governmental activities	(10,905,586)	(11,902,840)	(9,282,605)	(10,698,065)	(10,467,881)	(1,667,853)	(2,446,940)	(20,349,527)	(17,421,247)	(16,699,189)
Business-type activities	-	-	-	-	-	40,651	89,127	164,717	156,298	52,114
Total primary government net (expense)/revenue	\$ (10,905,586)	\$ (11,902,840)	\$ (9,282,605)	\$ (10,698,065)	\$ (10,467,881)	\$ (1,627,202)	\$ (2,357,813)	\$ (20,184,810)	\$ (17,264,949)	\$ (16,647,075)

Notes: The City of Newnan had no business-type activities until 2013, when a portion of the Sanitation activities (brush and bulk) were added to City services.

CITY OF NEWNAN, GEORGIA
CHANGES IN NET POSITION, LAST TEN CALENDAR YEARS (Continued)
(accrual basis of accounting)

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property Taxes	\$ 4,398,384	\$ 4,501,655	\$ 4,630,433	\$ 4,285,530	\$ 4,033,631	\$ 4,140,413	\$ 4,566,463	\$ 4,470,102	\$ 4,824,288	\$ 5,071,726
Motor Vehicle Taxes (Ad Valorem & TAVT)	270,781	249,931	249,579	273,376	300,866	1,094,431	1,275,827	1,274,622	972,605	1,098,312
Sales Taxes	9,576,131	3,860,258	4,187,040	4,367,306	4,589,581	5,014,974	5,778,730	6,399,087	6,521,934	6,753,211
Occupational Taxes	1,838,252	1,792,961	1,603,104	1,684,129	1,788,599	1,877,696	2,314,758	2,570,247	2,974,656	3,155,970
Franchise Taxes	1,324,724	1,420,597	1,416,636	1,449,554	1,380,171	1,261,724	1,306,323	1,448,960	1,452,675	1,567,698
Insurance Premium Taxes	909,036	900,507	874,336	1,549,668	1,646,007	1,704,283	1,790,149	1,912,480	2,071,588	2,174,802
Hotel Motel Taxes	258,001	240,642	223,694	253,718	283,321	337,102	384,002	589,378	582,222	716,575
Alcoholic Beverage Taxes	731,681	742,731	737,209	757,381	822,432	812,992	856,438	881,758	889,718	880,578
Other Taxes	33,524	34,544	44,909	125,950	101,620	123,094	114,835	106,096	106,400	108,194
Interest Revenue	547,677	105,671	32,524	26,179	29,369	30,481	30,104	36,852	49,770	66,700
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) on Sale of Assets	-	-	-	-	-	-	6,360	(19,468,959)	-	-
Transfer	-	-	-	-	-	(196,016)	-	-	(35,000)	-
Contributed Capital	-	-	-	-	-	(82,411)	-	-	-	-
Total governmental activities	19,888,191	13,849,497	13,999,464	14,772,791	14,975,597	16,118,763	18,423,989	220,623	20,410,856	21,593,766
Business-type activities:										
Unrestricted Investment Earnings	-	-	-	-	-	112	300	630	1,998	5,032
Transfers	-	-	-	-	-	196,016	-	-	-	-
Contributed Capital - General Fund	-	-	-	-	-	21,652	-	-	35,000	-
Contributed Capital - SPLOST	-	-	-	-	-	60,759	-	-	-	-
Total business-type activities	-	-	-	-	-	278,539	300	630	36,998	5,032
Total Primary Government	19,888,191	13,849,497	13,999,464	14,772,791	14,975,597	16,397,302	18,424,289	221,253	20,447,854	21,598,798
Change in Net Position										
Governmental Activities	8,982,605	1,946,657	4,716,859	4,074,726	4,507,716	14,450,909	15,977,048	(20,128,904)	2,989,609	4,894,577
Business-type Activities	-	-	-	-	-	319,190	89,427	165,347	193,296	57,146
Total Primary Government	\$ 8,982,605	\$ 1,946,657	\$ 4,716,859	\$ 4,074,726	\$ 4,507,716	\$ 14,770,099	\$ 16,066,475	\$ (19,963,557)	\$ 3,182,905	\$ 4,951,723

Notes:

Special Purpose Local Option Sales Tax (SPLOST) was reported as sales taxes prior to 2009, the State now requires the taxes and earnings thereof to be reported as intergovernmental revenue by cities who receive their disbursements from the County.

The City of Newnan had no business-type activities until 2013, when a portion of the Sanitation activities (brush and bulk) were added to City services. The change in net position is due mainly to the acquisition of capital assets, specifically buildings, parks and infrastructure, during 2017.

CITY OF NEWNAN, GEORGIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Ten Calendar Years
(accrual basis of accounting)

Function/Program	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
General Government	\$ 3,086,953	\$ 3,503,579	\$ 4,598,122	\$ 3,053,365	\$ 2,746,341	\$ 10,171,142	\$ 3,350,719	\$ 2,990,769	\$ 3,200,475	\$ 3,678,412
Community Development	1,025,521	568,304	1,141,230	1,966,820	2,754,309	6,267,557	13,895,745	1,590,729	1,196,277	1,243,051
Public Safety	958,454	1,281,257	3,669,424	1,608,878	1,456,751	2,530,664	4,272,558	4,248,474	4,758,489	5,910,630
Public Works	2,990,892	1,964,704	2,611,464	2,469,888	3,347,945	3,655,333	2,829,340	3,235,030	2,079,556	4,164,144
Tourist Development	21,504	17,560	23,104	29,537	56,245	226,474	25,000	35,500	26,605	27,148
Other Services	-	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	8,083,324	7,335,404	12,043,344	9,128,488	10,361,591	22,851,170	24,373,362	12,100,502	11,261,402	15,023,385
Business-type activities:										
Sanitation - Brush & Bulk	-	-	-	-	-	439,606	557,079	611,083	637,487	660,612
Subtotal business-type activities	-	-	-	-	-	439,606	557,079	611,083	637,487	660,612
Total primary government	\$ 8,083,324	\$ 7,335,404	\$ 12,043,344	\$ 9,128,488	\$ 10,361,591	\$ 23,290,776	\$ 24,930,441	\$ 12,711,585	\$ 11,898,889	\$ 15,683,997

Notes: The City of Newnan had no business-type activities until 2013, when a portion of the Sanitation activities (brush and bulk) were added to City services.

CITY OF NEWNAN, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Calendar Years
(modified accrual basis of accounting)

	Calendar Year									
	2008	2009	2010	2011*	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 227,287	\$ 135,435	\$ 125,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	14,885,077	13,315,495	14,746,505	-	-	-	-	-	-	-
Nonspendable ^(a)	-	-	-	3,378	6,647	16,728	3,027,727	2,284,814	1,543,948	791,483
Restricted	-	-	-	51,645	61,140	137,715	33,670	30,404	15,470	94,240
Assigned	-	-	-	567,919	548,916	385,070	395,476	449,037	704,848	607,010
Committed ^(b)	-	-	-	-	-	1,400,871	2,500,000	1,150,000	2,353,593	-
Unassigned ^(c)	-	-	-	16,925,008	18,460,690	19,340,624	17,194,562	20,297,243	19,619,524	22,650,396
Total General Fund	\$ 15,112,364	\$ 13,450,930	\$ 14,872,441	\$ 17,547,950	\$ 19,077,393	\$ 21,281,008	\$ 23,151,435	\$ 24,211,497	\$ 24,237,383	\$ 24,143,129
All Other Governmental Funds										
Reserved	\$ 13,211,566	\$ 13,683,686	\$ 16,869,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special Revenue Funds	120,612	-	-	-	-	-	-	-	-	-
Capital Projects Funds	519,701	820,018	978,802	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted:										
Special Revenue Funds ^(d)	-	-	-	1,938,745	1,720,349	417,634	361,748	256,544	348,155	246,629
Capital Projects Funds ^(e)	-	-	-	14,498,443	14,727,036	16,109,286	10,073,465	5,943,171	6,165,620	8,797,138
Assigned ^(f)	-	-	-	406,878	443,409	342,590	374,027	618,489	407,660	568,264
Unassigned ^(g)	-	-	-	-	-	-	(1,345,488)	(425,416)	-	-
Total all other governmental funds	\$ 13,851,879	\$ 14,503,704	\$ 17,848,788	\$ 16,844,066	\$ 16,890,794	\$ 16,869,510	\$ 9,463,752	\$ 6,392,788	\$ 6,921,436	\$ 9,612,031
Total Fund Balances	\$ 28,964,243	\$ 27,954,634	\$ 32,721,229	\$ 34,392,016	\$ 35,968,187	\$ 38,150,517	\$ 32,615,187	\$ 30,604,285	\$ 31,158,819	\$ 33,755,160

* Prior years have not been restated for the implementation of GASB 54.

(a) The reduction is due to the repayment of \$750,000 from SPLOST 2013 to the General Fund for the intergovernmental loan during 2017.

(b) All remaining committed funds were utilized during 2017 for projects (UWG Debt Repayment and Municipal Auditorium Renovations).

(c) Committed fund balance decreased by \$2,353,593 and nonspendable fund balance decreased by \$752,465, thus increasing unassigned fund balance for 2017.

(d) Confiscated Assets fund balance decreased by \$102,405 during 2017.

(e) SPLOST 2013 fund balance increased by \$3,218,133, SPLOST 2007 fund balance decreased by \$1,139,905, Impact Fees fund balance increased by \$371,765 and LMIG fund balance increased by \$181,525 during 2017.

(f) Street Improvements fund balance increased by \$160,604 during 2017.

CITY OF NEWNAN, GEORGIA
CHANGES IN BALANCES OF GOVERNMENTAL FUNDS
Last Ten Calendar Years
(modified accrual basis of accounting)

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes:										
Alcohol Beverage Taxes	\$ 731,681	\$ 742,731	\$ 737,209	\$ 757,381	\$ 822,432	\$ 812,992	\$ 856,438	\$ 881,758	\$ 889,718	\$ 880,578
Excise (Franchise) Taxes	1,324,724	1,420,597	1,416,636	1,449,554	1,380,171	1,261,724	1,306,323	1,448,960	1,452,675	1,567,698
Hotel/Motel Taxes	258,001	240,642	223,694	253,718	283,321	337,102	384,002	589,378	582,222	716,575
Insurance Premium Taxes	909,036	900,507	874,336	1,549,668	1,646,007	1,704,283	1,790,149	1,912,480	2,071,588	2,174,802
Motor Vehicles ⁽¹⁾	270,781	249,931	249,579	273,376	300,866	1,094,431	1,275,827	1,274,622	972,605	1,098,312
Occupational Taxes	1,838,252	1,792,961	1,603,104	1,684,129	1,788,599	1,877,696	2,314,758	2,570,247	2,974,656	3,155,970
Other Taxes	33,524	34,544	44,909	49,162	34,289	47,224	35,269	15,546	19,268	15,403
Property Taxes	4,141,896	4,592,154	4,630,498	4,342,139	4,069,084	4,282,655	4,611,156	4,393,641	4,908,713	5,090,827
Rental Motor Vehicle Taxes	-	-	-	76,788	67,331	75,870	79,566	90,550	87,132	92,791
Sales Taxes	9,576,131	3,860,258	4,187,040	4,367,306	4,589,581	5,014,974	5,778,730	6,399,087	6,521,934	6,753,211
Court Condemnations	165,240	163,338	2,204,972	179,123	56,105	149,347	175,491	42,591	146,193	57,851
Fines and Forfeitures	669,929	691,911	624,181	575,724	666,838	684,937	746,101	581,587	552,137	558,138
Grants/Private Donations	150,000	-	-	-	-	-	-	-	-	15,000
Impact Fees	529,396	115,945	203,581	146,934	519,587	654,801	416,212	686,989	414,624	474,585
Intergovernmental	499,968	4,300,078	6,602,500	5,154,183	5,541,023	6,122,544	19,069,539	6,408,495	6,109,307	9,115,622
Intergovernmental - Utility	1,165,377	1,172,781	1,389,848	1,415,620	1,404,838	1,390,764	1,511,528	1,589,068	1,667,169	1,661,630
Investment Earnings	547,677	105,671	55,409	44,246	48,873	45,354	39,540	47,045	60,823	79,241
Alcohol Licenses	183,775	179,050	186,354	176,845	174,500	174,899	211,210	185,210	185,285	184,810
Other Revenues	185,955	315,606	243,361	272,389	347,561	477,217	582,522	532,239	637,998	634,327
Donations	-	-	-	-	-	4,100,000	-	-	-	-
Program Revenue	-	-	-	30,925	17,711	69,126	74,577	109,377	22,405	-
Permits & Inspections	486,125	259,895	267,249	335,381	356,893	663,990	584,995	788,927	758,926	723,182
Total Revenues	23,667,468	21,138,600	25,744,460	23,134,591	24,115,610	31,041,930	41,843,933	30,547,797	31,035,377	35,050,553
Expenditures										
General government	2,179,436	4,238,749	3,650,174	2,025,539	2,328,696	2,786,933	4,406,762	2,647,987	5,552,334	5,472,926
Community Development	2,365,981	2,335,471	2,190,419	2,142,737	2,194,892	2,630,317	2,718,409	3,313,816	2,699,190	2,782,954
Public Safety	8,910,093	8,858,915	9,215,617	9,189,763	9,683,048	11,195,846	11,084,284	11,215,028	11,935,010	12,282,673
Public Works	2,722,862	2,561,396	2,508,168	2,535,452	2,699,986	3,700,939	3,637,399	3,417,345	4,982,040	5,293,481
Tourist Development	4,274	9,304	3,691	2,588	121,726	248,989	322,479	387,481	381,534	453,065
Debt Service:										
Interest	-	-	-	-	-	146	-	-	-	-
Intergovernmental	793,530	659,712	715,094	747,955	773,986	805,491	838,325	8,967,575	1,705,249	1,999,280
Capital Outlay	6,104,848	3,484,662	2,712,177	4,832,012	5,403,168	7,487,855	24,400,922	8,390,368	3,254,116	4,275,651
Total Expenditures	23,081,024	22,148,209	20,995,340	21,476,046	23,205,503	28,856,518	47,408,580	38,339,600	30,509,473	32,560,030
Excess of revenues over (under) expenditures	\$ 586,444	\$ (1,009,609)	\$ 4,749,120	\$ 1,658,545	\$ 910,107	\$ 2,185,412	\$ (5,564,647)	\$ (7,791,803)	\$ 525,904	\$ 2,490,523

(1) New tax category added in 2013; revenues updated for prior years to match new category. Includes Motor Vehicle Ad Valorem and the new Vehicle Title Ad Valorem Taxes. Total revenues increased by 9.6% for 2017, while expenditures only increased by 4.33%.

CITY OF NEWNAN, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)
Last Ten Calendar Years
(modified accrual basis of accounting)

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Transfers from other Funds	\$ 861,413	\$ 867,985	\$ 453,216	\$ 500,704	\$ 169,992	\$ 420,379	\$ 76,800	\$ 680,640	\$ 366,111	\$ 583,287
Performance Bond Damages Recovered	-	-	-	-	627,748	165,000	-	-	-	-
Transfers to other Funds	(861,413)	(867,985)	(453,216)	(500,704)	(169,992)	(616,395)	(76,800)	(680,640)	(401,111)	(583,287)
Insurance recoveries	-	-	-	-	-	-	-	23,654	51,195	77,888
Sale of Capital Assets	-	-	17,475	12,242	38,316	27,934	29,317	5,057,941	12,436	27,930
Total Other Financing Sources (Uses)	-	-	17,475	12,242	666,064	(3,082)	29,317	5,081,595	28,631	105,818
Net Change in Fund Balances	\$ 586,444	\$ (1,009,609)	\$ 4,766,595	\$ 1,670,787	\$ 1,576,171	\$ 2,182,330	\$ (5,535,330)	\$ (2,710,208)	\$ 554,535	\$ 2,596,341
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF NEWNAN, GEORGIA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten Calendar Years
(modified accrual basis of accounting)

Calendar Year	General Property ⁽¹⁾	Franchise ⁽²⁾	Insurance Premium	Occupational ⁽³⁾	Alcoholic Beverage	Hotel / Motel ⁽⁴⁾	Local Option Sales Tax	Motor Vehicle ⁽⁵⁾	Other	Total
2008	4,141,896	1,324,724	909,036	1,838,252	731,681	258,001	9,576,131	270,781	33,524	19,084,026
2009	4,592,154	1,420,597	900,507	1,792,961	742,731	240,642	3,860,258	249,931	34,544	13,834,325
2010	4,630,498	1,416,636	874,336	1,603,104	737,209	223,694	4,187,040	249,579	44,909	13,967,005
2011	4,342,139	1,449,554	1,549,668	1,684,129	757,381	253,718	4,367,306	273,376	125,950	14,803,221
2012	4,069,084	1,380,171	1,646,007	1,788,599	822,432	283,321	4,589,581	300,866	101,620	14,981,681
2013	4,282,655	1,261,724	1,704,283	1,877,696	812,992	337,102	5,014,974	1,094,431	123,094	16,508,951
2014	4,611,156	1,306,323	1,790,149	2,314,758	856,438	384,002	5,778,730	1,275,827	114,835	18,432,218
2015	4,393,641	1,448,960	1,912,480	2,570,247	881,758	589,378	6,399,087	1,274,622	106,096	19,576,269
2016	4,908,713	1,452,675	2,071,588	2,974,656	889,718	582,222	6,521,934	972,605	106,400	20,480,511
2017	5,090,827	1,567,698	2,174,802	3,155,970	880,578	716,575	6,753,211	1,098,312	108,194	21,546,167
% Change										
2016- 2017	3.7%	7.9%	5.0%	6.1%	-1.0%	23.1%	3.5%	12.9%	1.7%	5.2%

⁽¹⁾ Property tax digest increased by \$110,305,732, or 8.95%, for 2017, resulting in a 3.7% increase in tax collections.

⁽²⁾ The increase in Insurance Premiums is primarily attributed to the growth in population (which is the basis for distribution) and new businesses.

⁽³⁾ Franchise taxes increased by 7.9% mainly due to the growth in population and residential building activity in 2017.

⁽⁴⁾ Hotel/Motel taxes increased by 23.1% as a result of new hotels built in Newnan.

⁽⁵⁾ Motor Vehicle taxes decreased by 12.9% as a result of the percentage distribution determined by the State of Georgia for the TAVT tax.

CITY OF NEWNAN, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Calendar Years
(modified accrual basis of accounting)

Calendar Year Ended December 31,	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2008	\$ 928,082,597	\$ 91,674,717	\$ 62,073,670	\$ 957,683,644	4.32	\$ 2,565,220,948	37.33%
2009	949,769,939	95,116,548	66,807,005	978,079,482	4.32	2,636,081,482	37.10%
2010	953,353,123	92,771,473	66,643,892	979,480,704	4.39	2,621,838,417	37.36%
2011	900,523,872	91,837,145	66,584,340	925,776,677	4.39	2,494,906,419	37.11%
2012	835,653,052	92,269,724	66,410,012	861,512,764	4.39	2,325,772,020	37.04%
2013	847,125,933	89,033,331	69,217,708	866,941,556	4.37	2,340,827,691	37.04%
2014	985,950,139	95,848,543	74,086,777	1,007,711,905	4.15	2,709,407,531	37.19%
2015	1,206,951,054	101,650,734	133,364,837	1,175,236,951	4.05	2,829,261,935	41.54%
2016	1,223,413,936	105,494,305	124,371,280	1,204,536,961	4.05	2,993,246,099	40.24%
2017	1,191,905,884	106,711,132	-	1,298,617,016	3.87	3,246,542,539	40.00%

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

Notes: The City assesses property at 40 percent of actual value. Beginning in 2015, the City contracted with the Coweta County Tax Commissioner to bill and collect property taxes for City residents.

CITY OF NEWNAN, GEORGIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Calendar Years

Calendar Year	City Direct Rates			Overlapping Rates				
	Basic Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	Coweta County	School System	School Bond	Total
2008	4.32	0.00	4.32	0.25	7.76	18.59	-	30.92
2009	4.32	0.00	4.32	0.25	7.66	18.59	-	30.82
2010	4.39	0.00	4.39	0.25	7.79	18.59	-	31.02
2011	4.39	0.00	4.39	0.25	7.79	18.59	-	31.02
2012	4.39	0.00	4.39	0.20	7.79	18.59	-	30.97
2013	4.37	0.00	4.37	0.15	7.75	18.59	-	30.86
2014	4.15	0.00	4.15	0.10	7.75	18.59	-	30.59
2015	4.05	0.00	4.05	0.05	7.47	18.59	-	30.16
2016	4.05	0.00	4.05	0.00	7.47	18.59	-	30.11
2017	3.87	0.00	3.87	0.00	7.63	18.59	-	30.09

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

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

**CITY OF NEWNAN, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Ten Years Ago**

Taxpayer	2008			2017		
	Taxable Assessed Value	Rank	Percentage of Total City Tax Levy	Taxable Assessed Value	Rank	Percentage of Total City Tax Levy
Coweta County Development Authority				\$ 24,551,026	1	1.89%
Ashley Park Property Owner LLC				22,129,287	2	1.70%
The Trees of Newnan LLC				17,273,395	3	1.33%
RPAI Newnan Crossing LLC				14,972,915	4	1.15%
VR Newnan Holdings Limited Partnership				14,328,375	5	1.10%
Southeastern Regional Medical Center				10,992,059	6	0.85%
Progress Residential				10,499,307	7	0.81%
Stillwood Farms Venture LLC				10,025,935	8	0.77%
Wilkinson CGR Newnan LLC				9,945,080	9	0.77%
Bon L Manufacturing	10,000,356	4	0.97%	8,951,708	10	0.69%
Fourth Quarter Properties	21,457,813	1	2.09%			
Inland Southeast Newnan LLC	12,470,036	2	1.22%			
Diplomat Hotels	10,610,293	3	1.03%			
EGO Products	9,498,908	5	0.93%			
WPRE	9,216,178	6	0.90%			
Newnan Development Partners	7,506,758	7	0.73%			
Wal-Mart	8,486,177	8	0.83%			
Piedmont Newnan Hospital	5,896,024	9	0.57%			
SG Preston Mill	5,776,000	10	0.56%			
Total	\$ 100,918,543		9.83%	\$ 143,669,087		11.06%

Source: Coweta County Tax Commissioner.

**CITY OF NEWNAN, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Calendar Years**

Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	4,432,702	4,036,118	91.05%	394,528	4,430,646	99.95%
2009	4,507,635	4,090,388	90.74%	414,427	4,504,815	99.94%
2010	4,597,973	4,191,653	91.16%	400,222	4,591,875	99.87%
2011	4,339,097	4,004,319	92.28%	330,925	4,335,244	99.91%
2012	4,048,446	3,758,537	92.84%	287,504	4,046,041	99.94%
2013	4,091,767	3,867,771	94.53%	219,475	4,087,246	99.89%
2014	4,479,867	4,289,462	95.75%	181,832	4,471,294	99.81%
2015	4,516,086	4,330,231	95.88%	180,870	4,511,101	99.89%
2016	4,849,059	4,690,676	96.73%	136,942	4,827,618	99.56%
2017	5,025,648	4,880,179	97.11%	-	4,880,179	97.11%

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

Beginning in 2015, the City contracted with the Coweta County Tax Commissioner to bill and collect taxes for City residents.

CITY OF NEWNAN, GEORGIA
TAXABLE SALES BY CATEGORY
Last Ten Calendar Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Accommodations ⁽¹⁾	\$ -	\$ 53,972	\$ 83,090	\$ 108,870	\$ 112,012	\$ 113,493	\$ 130,415	\$ 167,258	\$ 187,616	\$ 224,331
Apparel	499,819	234,779	-	-	-	-	-	-	-	-
Automotive	4,392,034	2,816,514	2,198,045	2,136,427	2,262,067	1,072,920	442,597	479,336	561,385	596,564
Construction ⁽¹⁾	-	31,972	94,584	102,177	84,101	61,131	140,787	112,887	108,889	126,222
Food	4,057,615	3,351,960	3,118,289	3,155,028	3,313,930	3,503,506	3,762,233	4,093,321	4,294,015	4,132,948
General	2,533,278	2,792,283	2,809,106	3,108,903	3,247,842	3,356,695	3,565,869	3,752,860	3,498,475	3,110,988
Home	1,023,933	1,305,365	1,305,236	1,226,607	1,323,877	1,363,829	1,557,022	1,652,122	1,860,017	1,893,703
Lumber	1,277,892	391,677	-	-	-	-	-	-	-	-
Manufacturing	931,172	1,059,659	762,408	772,057	866,136	811,622	949,342	1,093,488	1,102,711	1,169,687
Miscellaneous	1,408,688	472,311	-	-	-	-	-	-	-	-
Miscellaneous Services	965,907	1,088,761	1,185,083	1,318,039	1,232,728	1,480,349	1,790,827	1,950,374	1,990,516	1,839,543
Other Retail ⁽¹⁾	-	1,471,919	2,448,746	2,705,070	3,698,588	3,177,469	3,466,332	3,419,146	3,384,245	3,937,783
Other Services ⁽¹⁾	-	151,802	226,837	357,111	434,245	373,192	353,686	333,449	409,914	951,097
Utilities	3,808,788	3,255,225	3,010,243	2,807,056	2,262,514	1,745,286	1,573,547	1,581,534	1,597,447	1,586,640
Wholesale ⁽¹⁾	-	922,109	1,651,568	1,896,594	1,786,427	2,460,618	2,326,933	1,971,644	1,824,607	2,012,579
Total	<u>\$ 20,899,126</u>	<u>\$ 19,400,308</u>	<u>\$ 18,893,235</u>	<u>\$ 19,693,940</u>	<u>\$ 20,624,467</u>	<u>\$ 19,520,110</u>	<u>\$ 20,059,591</u>	<u>\$ 20,607,420</u>	<u>\$ 20,819,837</u>	<u>\$ 21,582,085</u>

Source: Georgia Department of Revenue, Local Government Services Division

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

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

CITY OF NEWNAN, GEORGIA
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Calendar Years

<u>Calendar Year</u>	<u>City Direct Rate</u>	<u>Coweta County</u>
2008	0.00%	7.00%
2009	0.00%	7.00%
2010	0.00%	7.00%
2011	0.00%	7.00%
2012	0.00%	7.00%
2013	0.00%	7.00%
2014	0.00%	7.00%
2015	0.00%	7.00%
2016	0.00%	7.00%
2017	0.00%	7.00%

Source: Local sales tax is imposed countywide (Coweta County)
Note: In 2013, the citizens voted to impose a 1% SPLOST. A portion of this 1% is shared by all the cities in Coweta County.

CITY OF NEWNAN, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2017

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>	<u>Percentage Applicable To Government</u>
Direct		
City of Newnan General Obligation Bonds	\$ -	
Capital Leases	-	
Total Direct Debt	-	
Overlapping		
General Obligation Debt:		
City of Newnan ⁽¹⁾	\$ 152,560,122	100%
Total Overlapping Debt	152,560,122	100%
Total Direct and Overlapping Debt	\$ 152,560,122	

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

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

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

**CITY OF NEWNAN, GEORGIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Calendar Years**

	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Assessed Value	\$ 1,026,088,379	\$ 1,054,432,593	\$ 1,048,735,367	\$ 997,962,568	\$ 930,308,808	\$ 936,331,076	\$ 1,083,763,012	\$ 1,133,420,165	\$ 1,204,536,961	\$ 1,322,596,403
Debt Limit - 10% of Assessed Value	102,608,838	105,443,259	104,873,537	99,796,257	93,030,881	93,633,108	108,376,301	113,342,017	120,453,696	132,259,640
Debt Applicable to Debt Limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 102,608,838</u>	<u>\$ 105,443,259</u>	<u>\$ 104,873,537</u>	<u>\$ 99,796,257</u>	<u>\$ 93,030,881</u>	<u>\$ 93,633,108</u>	<u>\$ 108,376,301</u>	<u>\$ 113,342,017</u>	<u>\$ 120,453,696</u>	<u>\$ 132,259,640</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**CITY OF NEWNAN, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Calendar Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income^{2,5}	Median Age^{1,2,6}	School Enrollment^{2,4}	Unemployment Rate^{2,3}
2008	30,349	969,074	31,931	33.4	21,790	5.7%
2009	31,732	1,032,182	32,528	33.1	22,151	9.5%
2010	33,039	1,094,912	33,140	32.3	22,464	9.8%
2011	33,700	1,112,774	33,020	34.5	22,517	9.7%
2012	34,240	858,979	25,087	36.6	22,718	8.9%
2013	34,557	903,527	26,146	34.2	22,563	7.7%
2014	35,293	824,233	23,354	33.4	22,296	5.7%
2015	35,745	836,683	23,407	33.5	22,373	6.4%
2016	37,291	946,893	25,392	32.9	22,489	5.3%
2017	37,912	1,006,336	26,544	34.3	22,733	5.2%

¹ Per 2010 Census and the City's estimate; ARC Community Profile for City of Newnan

² ARC Community Profile for City of Newnan

³ US Census - American Community Survey 5-year Estimate

⁴ Coweta County Board of Education

⁵ BEA Regional Economic Analysis

⁶ US Bureau of Labor Statistics; ARC Community Profile for City of Newnan

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

**CITY OF NEWNAN, GEORGIA
PRINCIPAL EMPLOYERS
Current and Ten Years Ago**

Employer	Type of Industry	2008			2017		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Coweta County School System	Education	2,950	1	5.09%	2,955	1	4.27%
Yamaha Motor Manufacturing	Manufacturing	1,250	2	2.16%	1,700	2	2.46%
Piedmont Newnan Hospital	Healthcare			0.00%	1,574	3	2.27%
Cancer Treatment Centers of America	Healthcare			0.00%	978	4	1.41%
Coweta County, Georgia	Government	770	3	1.33%	950	5	1.37%
Pet Smart Distribution Center	Retail Distribution	390	7	0.67%	560	6	0.81%
Wal-Mart Supercenter	Retailer	500	4	0.86%	540	7	0.78%
Bonnell Aluminum	Manufacturing	455	5	0.79%	460	8	0.66%
Cargill Meat Solutions	Packaging	350	10	0.60%	420	9	0.61%
Yokogawa Corporation	Manufacturing	442	6	0.76%	360	10	0.52%
K-Mart Distribution Center	Retail Distribution	376	8	0.65%			0.00%
Rite Aid Distribution Center	Distribution	360	9	0.62%			0.00%
Georgia Power - Plant Yates	Utilities	350	10	0.60%			0.00%
City of Newnan, Georgia	Government	224		0.39%	251		0.36%
All other employers		49,487		85.46%	58,483		84.48%
Total Labor Force		57,904		100.00%	69,231		100.00%
	City Unemployment Rate	5.7%			5.2%		
	County Unemployment Rate	7.5%			3.7%		
	Georgia Unemployment Rate	8.2%			4.3%		
	US Unemployment Rate	7.3%			4.1%		

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

Notes: Information available at county level only (Coweta County).

CITY OF NEWNAN, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City Manager	2	2	2	2	2	4	5	5	6	6
City Attorney	1	1	1	1	1	0	0	0	0	0
Administrative										
Finance	5	5	5	5	5	5	6	6	6	6
City Clerk	1	1	1	1	1	1	0	0	0	0
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Technology	1	1	1	1	1	2	2	3	3	3
Public Information	1	1	1	1	1	0	0	0	0	0
Facilities Maintenance	3	3	3	3	2	2	2	3	3	3
Public Safety										
Police										
Officers ⁽¹⁾	75	75	75	75	75	77	78	80	82	84
Civilians	6	6	6	6	6	6	6	6	6	6
Administrative	3	3	3	4	4	4	4	5	5	5
Municipal Court	1	1	1	1	1	1	1	1	1	1
Fire Department										
Firefighters	49	49	49	50	50	51	53	54	56	56
Administrative	1	1	1	1	1	1	1	1	1	1
Community Development										
Administration	2	2	2	0	0	0	0	0	0	0
Planning & Zoning ⁽²⁾	3	3	3	3	4	4	4	4	4	5
Parks & ROW Beautification	14	14	14	14	14	14	14	14	16	16
Building Inspection	9	9	8	8	8	9	10	10	10	10
Public Works										
Administration	2	2	2	2	3	3	3	3	3	3
Streets	23	22	22	20	20	19	19	19	19	19
Garage	6	6	6	6	6	6	6	6	6	6
Cemetery	8	8	8	8	8	8	8	8	8	8
Engineering	4	4	4	3	2	2	2	3	3	3
Other Services										
Carnegie Building	0	1	1	2	1	1	1	2	2	2
Business Development & Main Street (& Special Events)	2	2	2	2	3	3	3	3	3	2
Sanitation	0	0	0	0	0	4	4	4	4	4
Total Full-Time Employees	224	224	223	221	221	229	234	242	249	251

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

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

(1) Two officers added for 2017.

(2) Added a GIS Analyst in 2017.

CITY OF NEWNAN, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Calendar Years

Function/Program	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Occupational Tax Certificates Maintained	2,186	1,819	1,807	1,890	1,687	1,755	1,740	1,855	1,842	1,814
Alcohol Licenses Issued	91	92	99	102	99	102	103	101	98	96
Property Tax Bills Issued ⁽¹⁾	13,714	13,856	13,896	13,857	13,824	13,770	13,757	-	-	-
Community Development										
Building Permits Issued - Commercial	14	3	27	32	42	57	45	65	87	85
Building Permits Issued - Residential	188	69	122	88	159	263	268	321	352	313
Police										
Physical Arrests	698	804	1,352	1,508	1,313	1,420	1,536	1,307	1,114	1,237
Parking Violations	1,691	1,545	1,254	375	143	127	265	214	141	196
Traffic Violations	5,921	6,216	6,191	5,379	7,383	9,297	9,200	5,096	4,865	6,710
Fire										
Emergency Responses	3,308	2,631	3,590	3,715	4,013	4,045	4,350	4,489	4,806	5,050
Fires Extinguished	98	69	101	137	111	100	83	90	128	77
Public Works										
Streets Resurfaced (Miles)										
Full Depth Reclamation (FDR)	0.6750	3.6565	0.9130	0.0000	0.6570	-	1.2100	1.7238	0.0000	0.0000
LARP Resurfacing	2.5270	3.4750	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
LMIG Resurfacing	0.0000	0.0000	0.0000	0.0000	0.0000	7.3140	2.7900	2.6200	0.0000	3.9600
Other Resurfacing	0.6938	0.8269	2.3450	2.3700	1.5470	-	N/A	0.2557	0.0000	0.0000

Source: Various City Departments.

(1) Beginning in 2015, the City contracted with the Coweta County Tax Assessor to bill and collect its property taxes.

CITY OF NEWNAN, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Calendar Years

Function/Program	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	3	3	3	3	3	4	4	1	1	1
Patrol Cars	66	66	68	68	74	81	85	88	90	118
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	6	6	6	6	6	12	14	14	14	16
Fire Hydrants	1,963	1,964	2,005	2,010	2,040	2,043	2,063	2,058	2,076	1,905
Community Development										
Recreation										
Community Centers	0	1	0	0	0	0	0	0	0	1
Parks	10	10	10	10	10	10	10	10	10	10
Park Acreage	33	33	33	33	33	33	33	33	33	33
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	4	4	4	4	4	0	0	0	0	0
Planning										
Streets										
Streets (miles)	185	185	172	176	169	169	170	172	172	174
Sidewalks (miles)	N/A	N/A	159	163	166	166	166	170	171	174
Number of Streets	651	651	618	620	639	639	641	649	651	662
New Sidewalk Construction (LF)	N/A	N/A	3,806	3,616	724	0	2,297	12,240	14,490	17,318

Source: Various City Departments and Newnan Utilities

GOVERNMENTAL REPORTS

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2007)
FOR THE YEAR ENDED DECEMBER 31, 2017

Project	Expenditures				
	Original Estimated Cost	Current Estimated Costs	Prior Years	Current Year	Total
Public Safety - Equipment	\$ 580,000	\$ 559,000	\$ 557,871	\$ -	\$ 557,871
Information System	325,000	328,000	327,108	-	327,108
Building Maintenances/Structure	6,650,000	6,684,000	6,476,771	17,120	6,493,891
Parks and Recreation	1,200,000	1,200,000	1,188,558	-	1,188,558
Streets	14,925,333	13,844,852	11,331,532	1,128,167	12,459,699
Equipment	1,625,000	1,523,148	1,521,288	-	1,521,288
Transfer to Water, Sewerage and Light Commission	4,820,063	4,483,000	4,482,839	-	4,482,839
	<u>\$ 30,125,396</u>	<u>\$ 28,622,000</u>	<u>\$ 25,885,967</u>	<u>\$ 1,145,287</u>	<u>\$ 27,031,254</u>
Total Expenditures per financial statements	\$ 3,491,000				
Less: Georgia Transportation Infrastructure Grant	(1,754,400)				
Less: Newnan Utilities reimbursement	(591,313)				
Total SPLOST current year expenditures above	<u>\$ 1,145,287</u>				

During 2017, the City received a GTIB (Georgia Transportation Infrastructure Bank) Grant as reimbursement for \$1,754,400 of the costs related to the McIntosh Parkway extension project. Additionally, \$591,313.37 was reimbursed by Newnan Utilities for their portion of the project. The schedule has been adjusted for these costs.

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2013)
FOR THE YEAR ENDED DECEMBER 31, 2017

Project	Expenditures				
	Original Estimated Cost	Current Estimated Costs	Prior Years	Current Year	Total
Streets, drainage, sidewalks, and equipment	\$ 15,207,600	\$ 15,207,600	\$ 7,064,016	\$ 960,770	\$ 8,024,786
Public safety	10,450,000	10,450,000	8,260,208	-	8,260,208
Parks and recreation	1,500,000	1,500,000	871,097	534,076	1,405,173
Buildings and facilities	100,000	100,000	98,891	270	99,161
Information Systems	100,000	100,000	46,820	15,132	61,952
Transfer to Water, Sewerage and Light Commission	4,982,400	4,982,400	3,365,290	899,280	4,264,570
	<u>\$ 32,340,000</u>	<u>\$ 32,340,000</u>	<u>\$ 19,706,322</u>	<u>\$ 2,409,528</u>	<u>\$ 22,115,850</u>
Total Expenditures per financial statements	\$ 2,457,619				
Less: Blackwell Testamentary Trust donation	(15,000)				
Less: Newnan Utilities reimbursement	(33,091)				
Total SPLOST current year expenditures above	<u>\$ 2,409,528</u>				

During 2017, the City received a donation from the Blackwell Testamentary Trust for the Howard Warner Recreation Center in the amount of \$15,000. Additionally, \$33,091 was reimbursed by Newnan Utilities for their portion of the McIntosh Parkway Project. The schedule has been adjusted for these costs.

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017

Project	Current Expenditures
Tourism	
Operation of Convention Center	92,791
	<u>\$ 92,791</u>

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

Honorable Mayor and Council
City of Newnan, Georgia

We have audited 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, the financial statements of the governmental activities, the business-type activities,, the aggregate discretely presented component units, each major fund and the remaining fund information of the City of Newnan, Georgia as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise City of Newnan, Georgia’s basic financial statements, and have issued our report thereon dated June 19, 2018. Our report includes a reference to other auditors who 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 auditor’s testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Newnan, Georgia’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Newnan, Georgia’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Newnan, Georgia’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

CITY OF NEWNAN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

There was not an audit of major federal award programs for the year ended December 31, 2017 due to the total amount expended being less than \$750,000.

Section II – Financial Statement Findings

Findings noted on the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

None Reported