



**City of Newnan, Georgia**  
**Comprehensive Annual Financial**  
**Report for the Year Ended**  
**December 31, 2018**



**CITY OF NEWNAN, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2018**

**PREPARED BY: DEPARTMENT OF FINANCE**

CITY OF NEWNAN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018

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## **INTRODUCTORY SECTION**



## City of Newnan, Georgia Finance Department

June 19, 2019

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, 2018. 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.

### **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, 2018 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 2018. The requirement for a single audit is the expense of \$750,000 or more in federal funds. A total of \$104,820 was expended utilizing funds from the U.S. Department of Justice in the form of confiscated assets. Additionally, the City received \$5,780 from the Federal Highway Administration in the form of a surface transportation block grant reimbursement and

\$128,658 from the U.S. Department of Homeland Security for reimbursement of storm damages related to Hurricane Irma during 2018. Therefore, spending of federal awards totaled only \$239,258 for 2018, 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 18<sup>th</sup> 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 – Paul Guillaume, Rhodes Shell, George Alexander, Dustin Koritko, Ray Dubose and Cynthia Jenkins.



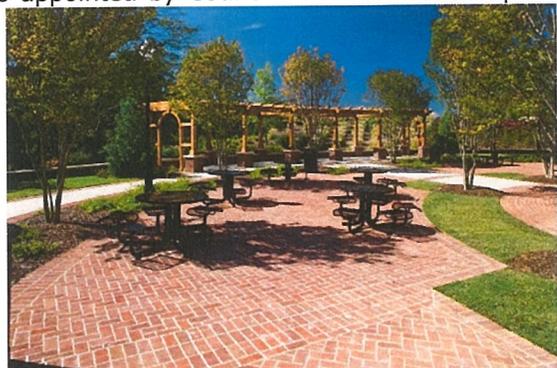
The Mayor is elected at large and serves a four-year term. Council members are elected by district and serve four-year staggered terms. The City Council represents the interests of citizens of Newnan by adopting public policies, determining the City's mission, scope of service and tax levels, passing 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 295 people - organized into five (5) functions: General Government, Public Safety, Public Works, Community Development and Other Services. A new department, Leisure Services, was added during 2018 to expand the services offered by the City. Total headcount includes 17 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 & Recreation, including reservations for weddings and other events
- Public Swimming Pool



- Municipal Auditorium Management
- 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.



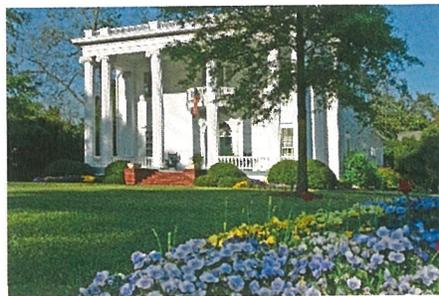
Also important in the operation of the City are its numerous boards and commissions, where preliminary issues are heard and considered before being presented to the Mayor and Council. Over one hundred citizen volunteers serve on the various boards, commissions, and authorities for the City of Newnan, 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-19<sup>th</sup> century development. Buildings that make up the Central Business District comprise several architectural styles, including Neoclassical, Italianate, Classical Revival, Romanesque, and Victorian. Newnan's six historic districts include Cole Town, College-Temple, Downtown, Greenville-LaGrange, Newnan Cotton Mill and Mill Village, and Platinum Pointe.

The City of Newnan has increased substantially in population over the past few years and has grown in total square miles, via the annexation of land. In 1990, it was estimated that the city consisted of 12.37 square miles. By the end of 2018, Newnan had grown to approximately 19.5 square miles.

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



### **FACTORS AFFECTING FINANCIAL CONDITION**

The City of Newnan enjoys a diverse economy and relatively stable unemployment rate which translates into a diverse portfolio of revenue streams and growth in population. Coweta County's 2018 estimated

population was 150,000; it is the 49<sup>th</sup> 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 2018 is 38,909.



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. Additionally, in January 2018, the City began providing sanitation

services to the downtown district and each business or owner was assessed a fee to help 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. 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.

The City is financially stable. Targeted fund balance is 50% of budgeted expenditures. At the end of 2018, unassigned fund balance equaled approximately 98.6% of 2018 general fund expenditures. The percentage for 2017 was 90.4%. 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 15<sup>th</sup>. 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 20<sup>th</sup>. 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 non-major 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 2018 unemployment rates for the City of Newnan and the United States overall were 5.7% and 3.9% respectively, as compared to last year when those rates were 5.2% and 4.1%. The City's property tax digest increased by \$91.5 million, or 6.8%, in valuation from 2017 to 2018, due to reassessments of existing real property and additions to the digest. Therefore, the City's millage rate only increased slightly from 3.87 mills to 4.0 mills per thousand dollars of assessed value for 2018, in order to maintain existing services and to support the addition of a Leisure Services department. Sales tax collections also increased by \$557,413, property tax collections increased by \$620,357, motor vehicle taxes increased by \$309,049, and insurance premium taxes increased by \$182,802. Additionally, interest earnings showed about a 116% increase over 2017, or \$77,206. The City is aggressively seeking investment opportunities in 2019 which will maximize earnings while minimizing the associated risk.

The only tax revenue sources showing a decrease for 2018 were occupational taxes by approximately \$163,000 and franchise taxes by approximately \$68,686. The occupational tax revenue decrease was mainly attributed to the decrease in gross receipts by one business in Newnan and the franchise tax decrease is attributed to the change in cable TV franchise taxes.

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),** Southeast Regional Center in Newnan, Georgia opened in 2012 as a 226,000 square-foot, 50-bed patient centered cancer specialty hospital and expanded in 2014 ahead of schedule. This expansion project consisted of a third-floor inpatient vertical expansion (addition of 20 universal inpatient suites and five ICU-dedicated suites); four floor clinic expansion (clinic, pharmacy, infusion, and admin space); surgery expansion (addition of two ORs, expansion of central sterile, ancillary surgical space); and radiation therapy expansion (one high-energy linear accelerator vault and exam/office spaces). The project also included a 497-space surface parking addition.

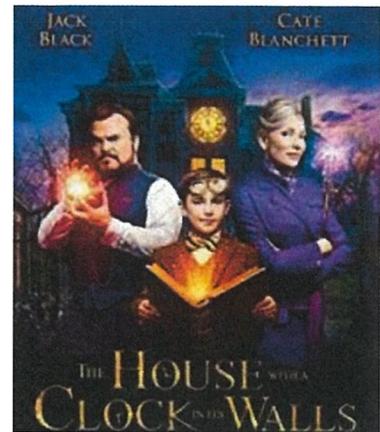


In 2016, two facility additions were completed, including a three-story addition to the existing imaging area with two added CTs, PET/CT, future MRI and procedure rooms. An expansion to the outpatient area consisted of an 88,738-square-foot, four story horizontal and vertical addition that included eight concurrent sub-projects to expand and renovate the original and fully operational state-of-the-art cancer center. The addition includes over 7,214 square feet of additional building space, 3,465 square feet of

build-out space, approximately 5,442 square feet of renovated space, and 224 parking spaces. Interventional radiology suites, ten outpatient exam rooms, 500-ton air cooled chiller, back-up generator, dining expansion, stem cell lab, histology lab, exam rooms, port rooms, additional parking spaces, and a 42,000-square-foot, hotel to-medical-office-building conversion were all included in this project. CTCA is a for profit specialty hospital corporation, with its corporate headquarters in Boca Raton, Florida.

**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, over 1,000 employees and 400 physicians. Piedmont Newnan Hospital has earned 7 consecutive Leapfrog "A" Hospital Safety Grades, making it one of the safest hospitals in the country, caring for over 10,000 inpatients, 75,000 outpatients, and 61,000 emergency room patients per year coming from all over the region. A major interstate interchange is currently under construction for this area, which will provide convenient access to this growing medical corridor, and will open in 2019.

The television and movie industry has also thrived in Georgia, since incentives were enacted by the State Legislature over a decade ago. The State of Georgia is now the number one filming location in the world, which has had a great impact on the state and local economies. According to the Atlanta Journal and Constitution (AJC) newspaper, during 2018, 455 film and television productions were shot in the State. Coweta County has seen numerous movies and television shows filmed in part or in the entirety. AMC's *The Walking Dead* television series filmed its ninth season in Coweta throughout 2018. Filming for its tenth season will begin in May 2019. Also, an episode of *Bahamas Life* was filmed in Coweta County and followed a Georgia couple who took their family to the quaint island of Green Turtle Cay a few years ago, they instantly fell in love with the laid-back lifestyle.



Motion pictures filmed in Coweta County in 2018 include *The House with a Clock in its Walls* starring Jack Black and Cate Blanchett, and *Dr. Bird's Advice for Sad Poets*. *Dr. Bird's Advice for Sad Poets* was filmed in Newnan on the square, and stars Taylor Russell, Jason Isaacs, and Brian Cox.



Quality education facilities and workforce training opportunities are also very important to Newnan. The Coweta County School System (CCSS) was named an "Exemplar" School System by the 2016 AdvancED review team, as an example to other school systems. 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.

The Coweta County School System was ranked by the Center for American Progress in the Top Tier of Georgia School Systems in its most recent Education Return on Investment. CCSS also received the Georgia Department of Audits and Accounts Distinction for Excellent System Financial Reporting each year since 2014. CCSS graduates generally outperform state and national averages on the SAT and ACT tests. The graduation rate is about 86%, compared to the State rate of about 81%.

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 2019.



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](http://www.developnewnan.org). Additional planning documents may be found at [www.cityofnewnan.org](http://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 78 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***

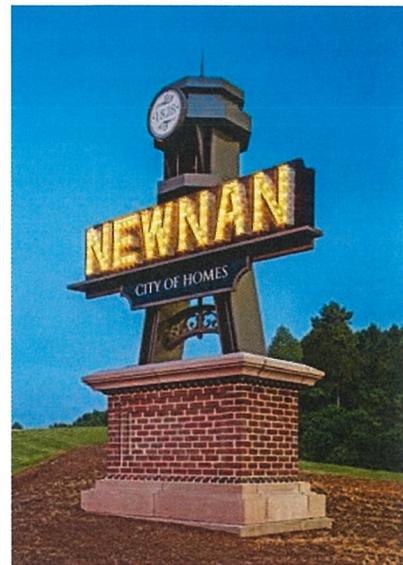
The City adheres to treasury management practices permitted by Georgia statutes and codes. The City, subsequently, has limited its investments to the types of securities provided by statute/code, considering first the probable safety of capital and then the probable income to be derived. The City has typically limited its investments to the Georgia State Pool and several operating, checking and savings accounts at a local bank. However, during 2019 the City will seek additional investment opportunities in an effort to maximize investment earnings while maintaining minimal risk to our pool of funds.

The City has also has a very small investment in Certificates of Deposit. The interest rate has been very sluggish during the past several years, but now appears to be rebounding. Therefore the City's new investment policy will go into effect in 2019. 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 prior years, rather than assume debt and carrying charges, however, those intergovernmental loans were paid back in full in 2018.

Therefore, the City currently has no debt, other than compensated absences (sick, vacation, etc.) and pension liability. 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 had assumed debt to fund the UWG Project which was paid off in 2018, as disclosed in the notes on page 74.



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 2018, the City contributed \$1,019,013 to the plan on behalf of its employees, compared to the 2017 contribution of \$880,253. This contribution represents 8.1% of actual payroll expenditures for covered employees versus 7.4% in 2017. Two factors impacted the increase: a 9.5% overall increase in premiums and the addition of a new Leisure Services department and five (5) other new positions.

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 additional post-employment retirement benefits to its employees.

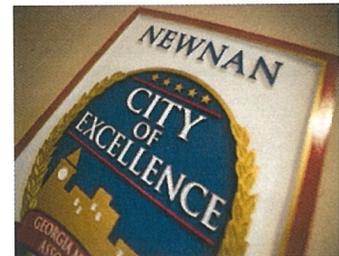
The City offers health and life insurance to all active employees. The City continues to pay 100% of the life and health insurance premiums for employees who elect single coverage on the POS 80/60 plan. Additionally, the City pays approximately 87% of the cost of health insurance for employees choosing family coverage, along with 100% of their life insurance costs. Overall, health insurance premiums increased by approximately 10%. The increase was split between the City and the employees. The City's contributions for employee health and life insurance increased by 11.9% in 2018; going from \$2,574,512 in 2017 to \$2,880,450, some of which was due to the increase in full time positions added in 2018.

In 2013, the City began offering 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 and have been well-received by the employees.

## **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.



## ***2018 Major Accomplishments***

During fiscal year 2018, 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 2018, in no particular order.

- Received the Distinguished Budget Presentation Award from GFOA, the City's 30<sup>th</sup> 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 8<sup>th</sup> consecutive award.
- Provided a 3% wage increase to all full-time employees.
- Maintained an average response time of 5 minutes for Fire Department.
- Continued construction of Phase I of the LINC (linear park), with completion in early 2019.
- Initiated construction of the 4<sup>th</sup> Fire Station for the City, which will be located on the Bypass.
- Completed renovations at City Hall, Wadsworth Auditorium and the CAFI Building.
- Designed and completed a new fence and wall at historic Oak Hill Cemetery.
- Completed repaving of various streets under the LMIG 2017 and LMIG 2018 programs.
- Completed crosswalk and signaling improvements on Jackson Street.
- Completed lighting upgrades and repairs at Greenville and First Avenue Parks.
- Completed office addition for Human Resources at City Hall.
- Added a new Leisure Services department to the City's structure.
- Completed playground improvements at Howard Warner facility.
- Initiated the design of Phase II of the LINC (downtown connector).
- Substantially completed construction of the McIntosh Parkway Extension project.
- Continued construction of the Sprayberry Road Park.

## ***Construction in Progress at Year-End***

Projects underway (construction in progress) at the end of 2018 included: Sprayberry Road Park, Fire Station #4 Construction, Lower Fayetteville Road widening, Linear Park Construction (LINC), McIntosh Parkway Extension project, LMIG 2019 repaving projects and the Jefferson/Jackson/Bullsboro Drive Feasibility Study. For more information on the City's 2018 accomplishments, please visit our website at [www.cityofnewnan.org](http://www.cityofnewnan.org) and click on the 2018 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 are 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, 2017. This was the eighth 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 thirtieth consecutive year, the Government Finance Officers Association of the United States "Distinguished Budget Presentation Award" for its 2018 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 2019 Budget document to GFOA for consideration of this award.

### ***Other Awards and Acknowledgements***

The City has 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'. In 2018, the City received the Tree City USA award for the 29<sup>th</sup> consecutive year! And finally, Main Street Newnan has been identified as a Georgia Exceptional Main Street (GEMS) community.

Also during 2018, 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 2nd Annual Car, Truck, and Rat Rod show was hosted by the Newnan Police Department and raised over \$5,000 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 2<sup>nd</sup> Annual Shop with a Cop program, which provided more than 65 children and their siblings with Christmas presents, and received their first recertification by the Georgia Association of Chiefs of Police during 2018.

The Newnan Fire Department's ISO rating went from class 3 to class 2 during 2018. 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.

Additionally, fourteen City of Newnan firefighters won "Life Saver" awards. Each firefighter saved at least one person's life in 2018. From bottom left are Lt. Jamie Pike, FF Chase Taylor, and FF Dusty Clements Standing: Lt. Allen Dement, FF Dennis Boone, FF Joe Loftin, FF Ed Bryant, FF Brent Veal, and FF Kevin Parten. Not pictured are FF Ryan Brodowski, FF Chris Eimer, FF Drew Holloway, FF David Rowe and FF Todd Mahoney.



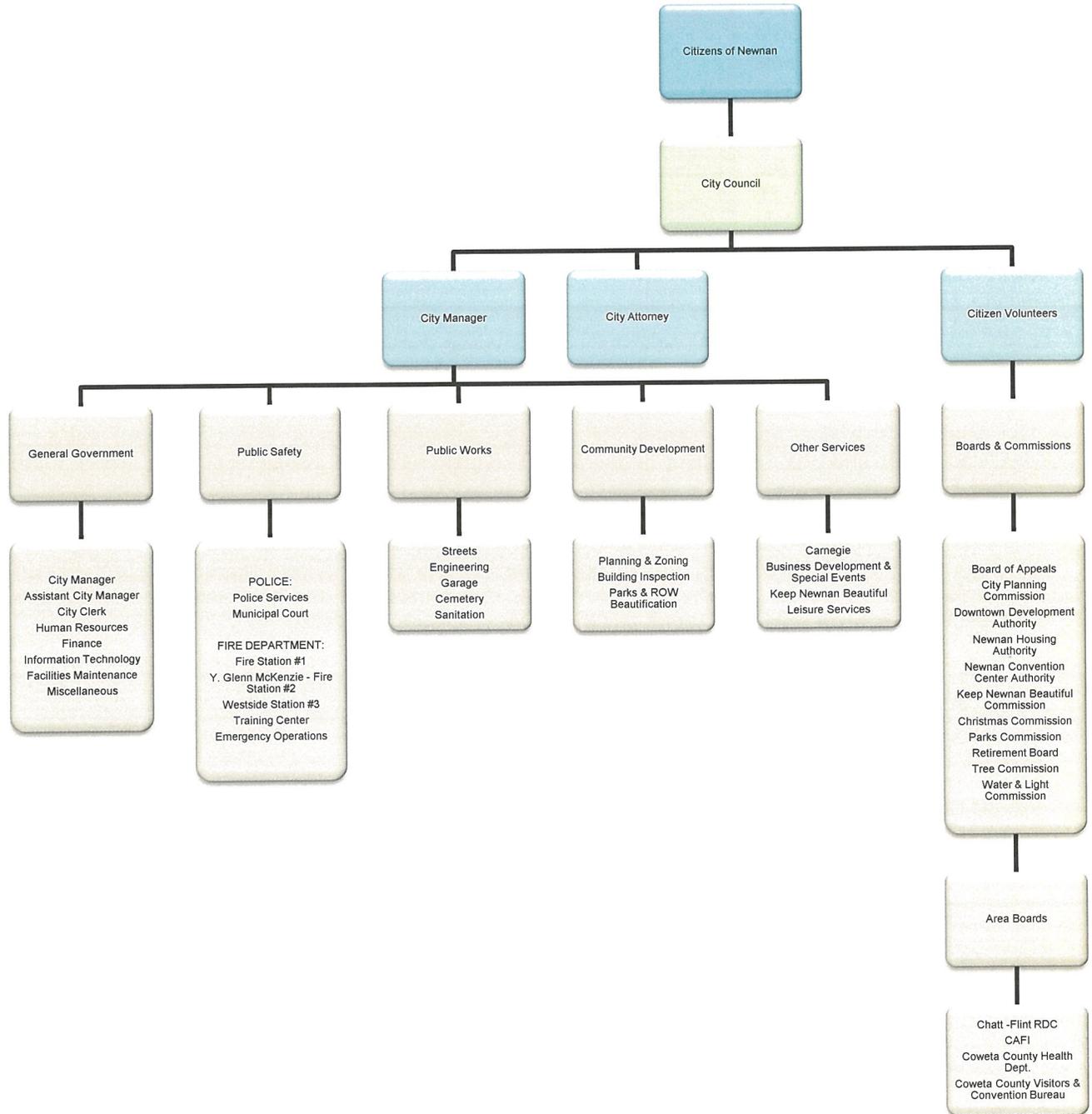
The timely preparation and publication of this Comprehensive Annual Financial Report represents significant effort and accomplishment by the Finance department. The independent audit firm of Clifton, Lipford, Hardison and Parker, LLC is also to be commended for their cooperation and invaluable assistance 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*

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](http://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:	Paul Guillaume	2018
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
Comm. Officer	Ashley Copeland	25 LaGrange Street	770-254-2358
Public Works	Michael Klahr	55 Boone Drive	770-253-0327
Sanitation	Ray Norton	55 Boone Drive	770-253-1823
Streets	Ray Norton	55 Boone Drive	770-253-1823



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Newnan  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**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, 2018, 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, 2018, 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 20-41, the schedule of changes in the net pension liability and related ratios on page 89, the schedule of contributions on page 90, and the notes to the required supplementary information on pages 91-92 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 and other auditors 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*

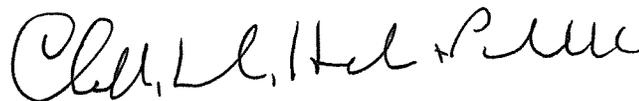
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newnan, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, 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 relates 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 by us and other auditors. In our opinion, based on our audit, the procedures described above, and the report of other auditors, 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, 2019, 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, 2019

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Newnan, Georgia's (the "City") comprehensive annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2018. 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 42 to enhance their understanding of the Government's financial performance.

### 2018 Financial Highlights

- The assets and deferred outflows of the City of Newnan exceeded its liabilities and deferred inflows by \$173,258,016 (net position) at the close of the calendar year reported.
- The City's total net position, on an entity-wide basis, increased by \$5,766,152, or 3.4%. Governmental activities increased by \$5,677,013, with the remaining increase of \$89,139 attributed to business-type activities (Sanitation). The increase in governmental activities is primarily due to the increase in total assets in the amount of \$5,892,057. Total capital outlay for 2018 was \$7,713,595 with depreciation expenses of \$4,685,975. Please see page 43 of this report for detail of the other items, which make up the total increase in net position.
- Total net position is comprised of the following:
  - (1) Capital assets totaling \$143,541,319, include property and equipment, net of depreciation. Of this amount, \$303,756 is attributed to business-type activities in the Sanitation fund.
  - (2) Net position of \$8,502,774 is restricted by constraints imposed from outside the City, such as debt covenants, grantors, laws or regulations.
  - (3) Unrestricted net position of \$21,213,933 represents the portion available to maintain the City's continuing obligations to citizens and creditors; of which \$532,867 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 \$34,796,881 this year. This compares to the prior year combined ending fund balances of \$33,755,160, showing an increase of \$1,041,721, or 3.1%, during the current year. **Nonspendable** fund balance decreased by \$753,630, or 95.2%, due to the final repayment of an advance from the general fund to the SPLOST 2013 fund during 2018 of \$750,000.
- **Restricted** fund balance decreased by \$635,233, or 7%, due mainly to an increase of \$1,581,739 in the funds restricted for capital outlay in the SPLOST 2013 fund, offset by reductions in the SPLOST 2007 fund of \$579,177 and Impact Fees fund of \$1,834,568. The **Committed** fund balance increased by \$70,161, or 100%, due to commitment of funds for downtown sanitation and Greenville Street Park lighting improvements during 2018. No funds were committed at the end of 2017.
- Finally, **Assigned** fund balance increased by approximately \$203,000 due to assignment of funds during the year for the new Sprayberry Road Park. **Unassigned** fund balance, all in the general fund, totaled \$24,807,716, which amounts to 98.6% of total general fund expenditures of \$25,156,319. In comparison, the general fund unassigned fund balance for 2017 was 90.4% of general fund expenditures. At the end of the current calendar year, fund balance for the general fund totaled \$25,940,613, an increase of 7.4% from 2017, at \$24,143,129.

- 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 pension liability and employee compensated absences (earned sick, vacation, personal, banked and comp time) in the amount of \$794,346, a decrease of \$32,122, or 3.9%, from 2017. Earned vacation debt decreased by \$4,085, holiday leave decreased by \$18,834 due to forfeitures of earned leave, and banked leave decreased by \$12,473 due to payout for employee retirements. Other categories of compensated absences increased slightly over 2017 levels. Please note that FICA/Medicare taxes payable due to this liability also decreased by \$2,283 during 2018.
- Overall, the City continues to maintain a strong financial position. The ratio of current assets to current liabilities is 10.8 to 1, which is consistent with 10.7 to 1 in 2017.

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, tourism development and public works. The business-type activities of the City of Newnan include collection and disposal of brush (yard debris) and bulk items, in addition to providing trash services to the downtown area only, which the City started in 2018. Waste Industries handles all other Sanitation

activities, including collection and disposal of residential solid waste (trash), the City's designated contractor for such services.

The government-wide financial statements are presented on pages 42 & 43 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 93. 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 44-52 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 53-56 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 57 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 58 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 93.

**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.

<b>City of Newnan, Georgia</b>						
<b>Comparative Schedule of Net Position</b>						
<b>December 31, 2018</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Assets:</b>						
Current assets	\$ 37,884,487	\$ 36,805,389	\$ 666,644	\$ 668,461	\$ 38,551,131	\$ 37,473,850
Capital assets	143,237,553	138,511,584	303,756	214,951	143,541,309	138,726,535
<b>Total assets</b>	<b>181,122,040</b>	<b>175,316,973</b>	<b>970,400</b>	<b>883,412</b>	<b>182,092,440</b>	<b>176,200,385</b>
Deferred outflows of resources related to pensions	2,160,931	1,712,104	37,371	29,609	2,198,302	1,741,713
<b>Liabilities:</b>						
Current liabilities	3,517,484	3,441,529	45,247	48,464	3,562,731	3,489,993
Noncurrent liabilities	6,496,401	5,851,836	111,241	99,929	6,607,642	5,951,765
<b>Total Liabilities</b>	<b>10,013,885</b>	<b>9,293,365</b>	<b>156,488</b>	<b>148,393</b>	<b>10,170,373</b>	<b>9,441,758</b>
Deferred inflows of resources related to pensions	847,693	991,332	14,660	17,144	862,353	1,008,476
<b>Net position :</b>						
Net investment in capital assets	143,237,553	138,511,584	303,756	214,951	143,541,309	138,726,535
Restricted	8,502,774	9,138,007	-	-	8,502,774	9,138,007
Unrestricted	20,681,066	19,094,789	532,867	532,533	21,213,933	19,627,322
<b>Total Net Position</b>	<b>\$ 172,421,393</b>	<b>\$ 166,744,380</b>	<b>\$ 836,623</b>	<b>\$ 747,484</b>	<b>\$173,258,016</b>	<b>\$ 167,491,864</b>

The City's total net position at calendar year-end was \$173,258,016, which is an increase of \$5,766,152, or 3.5%. The largest portion of net position (82.8%) reflects the City's net investment in capital assets, which is consistent with 2017 at 83.1%. Current assets increased by \$1,077,281, or 2.9%, primarily due to the increase in cash and cash equivalents. The \$4,814,774 increase in capital assets is mainly due to the increase in construction in progress at year end, primarily for the new linear park, McIntosh Parkway improvements, and construction of a fourth fire station.

Current liabilities increased by \$72,738, or 2.1%, due to the increase in unearned revenues and accrued expenses offset by decreases in accounts payable and compensated absences. Current liabilities decreased from 37% of the total liabilities in 2017 to 35% of the total liabilities in 2018. Noncurrent liabilities showed an increase of \$655,877, primarily a result of the net pension liability increase of \$669,686 recorded for 2018. Thus, noncurrent liabilities made up 65% of total liabilities at the end of 2018.

Restricted net position decreased by \$635,233, or 7%, primarily due to a \$616,764 decrease in funds restricted for capital outlay. 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 10.8 to 1, which is strong. The ratio for 2017 was 10.7 to 1.

City of Newnan, Georgia						
Comparative Schedule of Changes in Net Position						
December 31, 2018						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues						
Charges for services	\$ 4,519,612	\$ 3,956,820	\$ 765,791	\$ 660,612	\$ 5,285,403	\$ 4,617,432
Operating grants	25,000	25,000	38,658	-	63,658	25,000
Capital grants	9,610,915	11,041,565	-	-	9,610,915	11,041,565
Total Program Revenues:	14,155,527	15,023,385	804,449	660,612	14,959,976	15,683,997
General Revenues:						
Taxes	22,972,484	21,527,066	-	-	22,972,484	21,527,066
Investment earnings	143,906	66,700	8,446	5,032	152,352	71,732
Total General Revenues:	23,116,390	21,593,766	8,446	5,032	23,124,836	21,598,798
Total Revenues:	37,271,917	36,617,151	812,895	665,644	38,084,812	37,282,795
Expenses:						
General government	6,046,153	5,666,943	-	-	6,046,153	5,666,943
Tourism development	393,082	481,142	-	-	393,082	481,142
Public safety	13,282,026	13,378,962	-	-	13,282,026	13,378,962
Public works	7,558,830	8,403,971	-	-	7,558,830	8,403,971
Community development	4,164,813	3,791,556	-	-	4,164,813	3,791,556
Sanitation - Yard Waste, Downtown	-	-	873,756	608,498	873,756	608,498
Total Expenses:	31,444,904	31,722,574	873,756	608,498	32,318,660	32,331,072
Change in net position	5,827,013	4,894,577	(60,861)	57,146	5,766,152	4,951,723
Transfers						
Transfers	(150,000)	-	150,000	-	-	-
Total Transfers	(150,000)	-	150,000	-	-	-
Beginning net position	166,744,380	161,849,803	747,484	690,338	167,491,864	162,540,141
Ending Net Position	\$ 172,421,393	\$ 166,744,380	\$ 836,623	\$ 747,484	\$ 173,258,016	\$ 167,491,864

Please note that 82.8% of the governmental activities net position is tied up in capital. At the end of 2017, capital assets equaled 83.1% 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 \$5,766,152. Key elements of this increase are detailed in the chart on the prior page.

Capital grants and contributions decreased by approximately \$1.4 million, primarily due to the decrease of \$405,683 in SPLOST receipts and \$261,071 in intergovernmental revenue for the public works function, and a \$1.1 million reduction in SPLOST receipts for the public safety function. The decreases were offset to some extent by the increase of about \$524,000 in the community development function, due to the change in impact fee collections. Additionally, developers contributed about \$170,000 more in 2018 for right-of-way (land) and streets, than in 2017.

Property taxes increased by approximately \$620,000, sales taxes increased by \$557,413, motor vehicle taxes increased by \$309,049 and insurance premium taxes showed an increase of \$182,802 over 2017. The increases were offset by slight decreases in franchise and occupational taxes for 2018.

Overall, governmental activities reported a decrease in expenses totaling \$277,670, or 0.9%, for 2018. The general government function showed an increase of \$379,210, or 6.7%, primarily due to the change in capital outlay of approximately \$1.6 million less than for 2017. The decrease in capital outlay was offset by a reduction in expenditures (\$1.4 million) and pension contributions in excess of the change in pension liability (approximately \$143,000) for 2018.

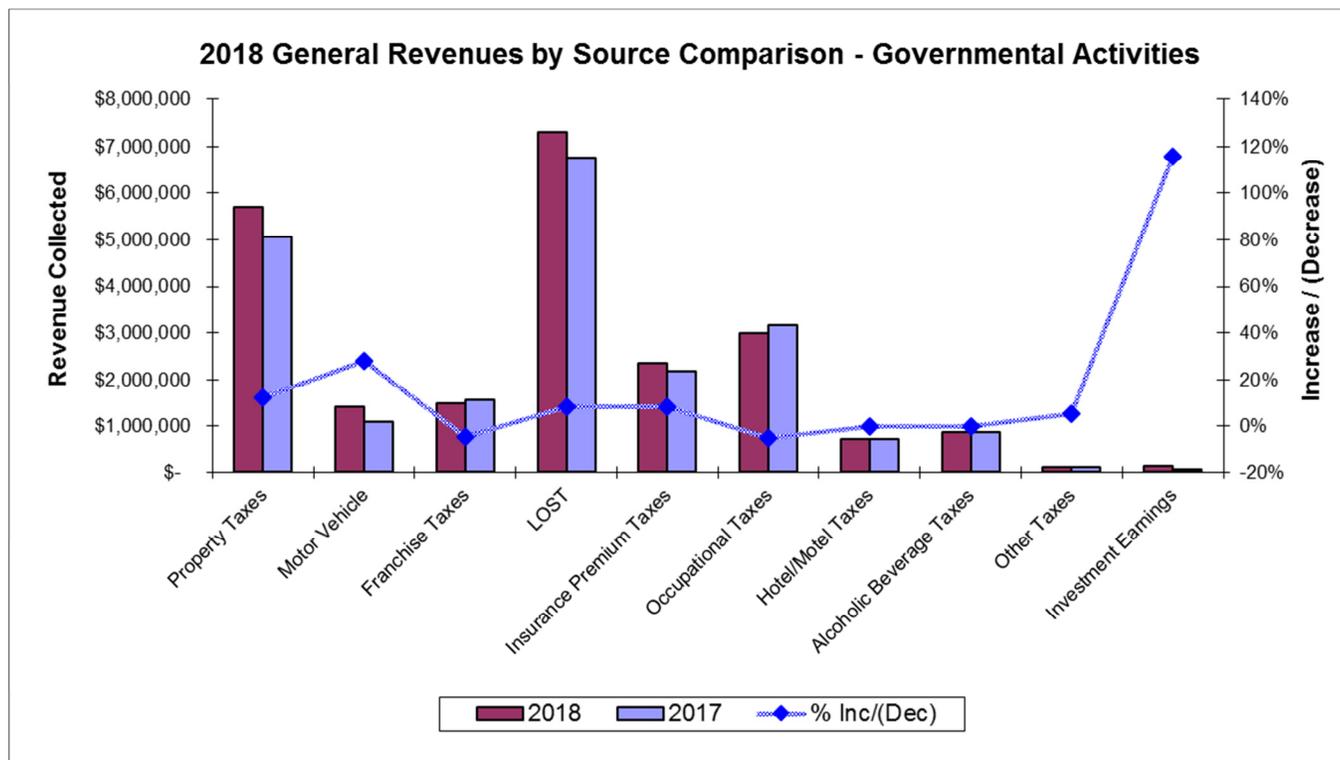
The community development function also recorded an increase in expenses of \$373,257 from 2017 to 2018, mainly due to the difference in real capital outlay and the allocation for capital outlay included in the function for 2018 versus that recorded for 2017. A decrease of \$845,141, or 10.1%, was reported for public works, which is a result of increased operations totaling \$559,174 and a decrease in pension contributions in excess of the change in pension liability of \$246,589, and the difference in real capital outlay and the allocation for capital outlay included in the function for 2018 versus that recorded for 2017.

Tourism development reported a decrease of \$88,060 for 2018, or 18.3%, which is attributed to the decrease in transfers to the convention center of 10% from 2017 levels. Finally, the public safety function showed a decrease of \$96,936 for 2018. The decrease is mainly attributed to the difference in real capital outlay and the allocation for capital outlay included in the function for 2018 versus that recorded for 2017, along with an increase in operations totaling about \$680,000.

### **Governmental Activities**

Program revenues represent 38.1% of total revenues in 2018, as compared to 41% in 2017. The most significant changes are reported in the community development, public works and public safety functions, mainly due to changes in the allocation of SPLOST revenues and the increase in impact fee receipts, as discussed above in this document.

General revenues make up the remaining 61.9% of total receipts, almost all of which is taxes. This is up slightly from 59% in 2017. Most every revenue category showed an increase over 2018. The chart on the next page shows all sources of general revenues for 2018.

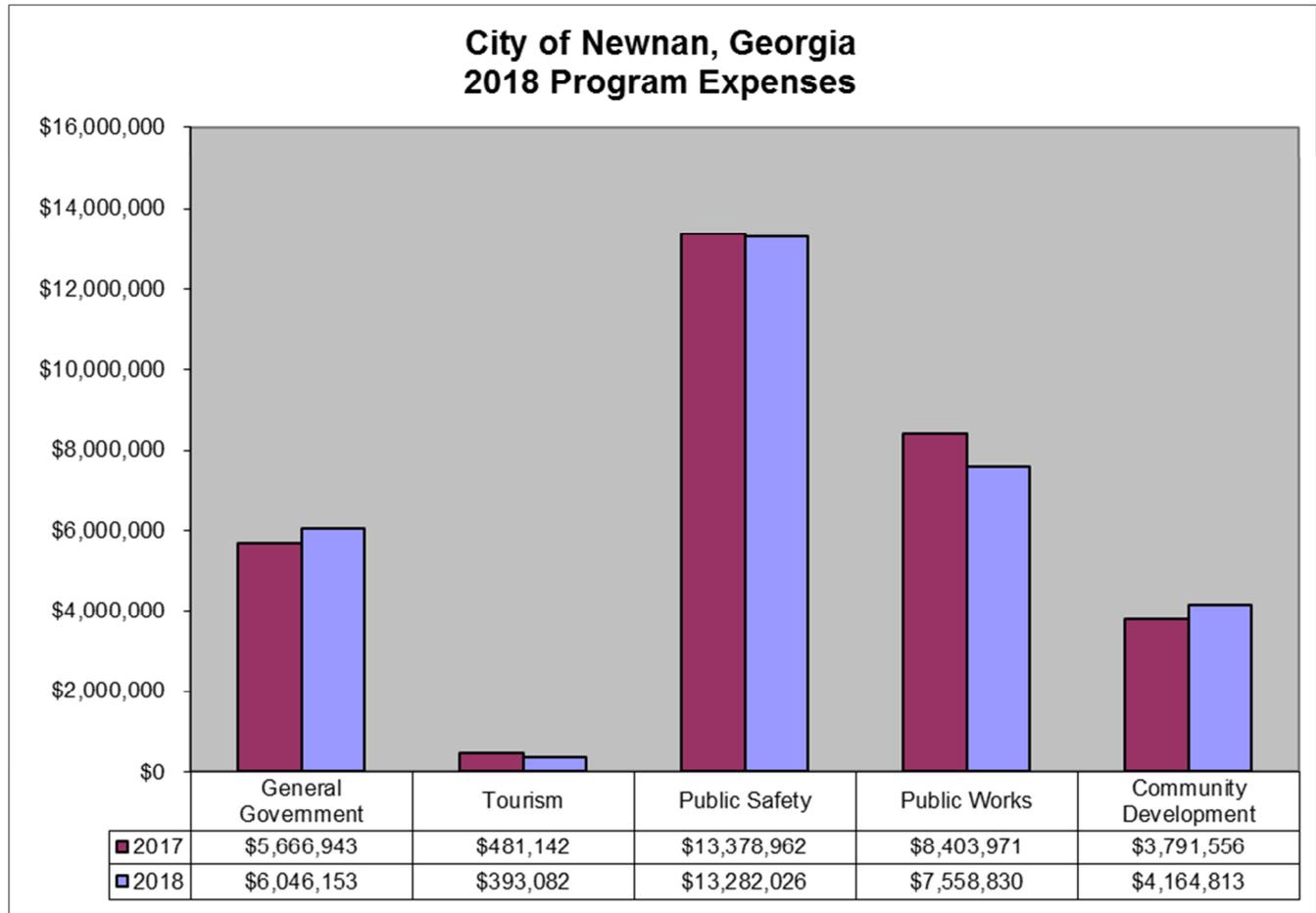


As shown by the chart above, most all general revenue sources increased over 2018, with the exception of franchise taxes and occupational taxes. Franchise fees were down by \$68,686 as compared to 2017, due to a reduction in cable TV franchise taxes specifically, which have been impacted by technological advancements over the past few years. The reduction in occupational taxes is not industry specific, but rather related to one specific business in Newnan, which is large enough to influence the total.

Property taxes showed the largest increase (\$620,357), due to an increase in the population and a growing local economy. Local option sales taxes increased by \$557,413 and motor vehicle taxes increased by \$309,049, all primarily due to the growth in Newnan. The largest percentage increase was shown in investment earnings at 115.8%, followed by motor vehicle taxes at 28.1% and property taxes at 12.2%.

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 2019 due to changes in the population and the local economy in both commercial and residential sectors.

Program expenses decreased by 0.9%, or \$277,670, in 2018. The largest decrease was in the public works function, with expenses going from \$8,403,971 in 2017 to \$7,558,830 in 2018. The decrease was primarily due to a decrease in pension contributions in excess of the change in pension liability and the difference in real capital outlay recorded for the function, offset by increased operations, as discussed earlier in this document. The decrease in revenues for public works was offset by increases in program expenses for the community development and general government functions from 2017 to 2018.



Program Expenses by Function												
	General Government		Tourism	Public Safety	Public Works	Community Development		Total				
2018	\$	6,046,153	\$	393,082	\$	13,282,026	\$	7,558,830	\$	4,164,813	\$	31,444,904
2017		5,666,943		481,142		13,378,962		8,403,971		3,791,556		31,722,574
Variance	\$	379,210	\$	(88,060)	\$	(96,936)	\$	(845,141)	\$	373,257	\$	(277,670)
% Change		6.69%		-18.30%		-0.72%		-10.06%		9.84%		-0.88%

### GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales tax, the largest general revenue source in 2018, provided 31.6% of the City's total general governmental revenues; by comparison, in 2017 sales taxes provided 31.3% of that total. Property taxes are the second largest general revenue source with approximately \$5.7 million of revenues, or 24.6% of the total, as compared to 23.5% for 2017. The City has contracted with the Coweta Tax Commissioner to bill and collect its property taxes since 2015. Additionally, the City's millage rate increased slightly, going from 3.87 mills in 2017 to 4.0 mills per thousand dollars of assessed value for 2018.

Occupational taxes, the City's third largest general revenue source, produced \$2,992,768 in 2018, down from \$3,155,970 in 2017, mainly due to the decrease in gross receipts reported for one specific business in Newnan. This decrease is not considered indicative of the general economy in Newnan however. 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 8.4% 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 2018, which was consistent with 2017.

The City's dependency upon property and sales tax receipts is apparent as about 56.2% of governmental activities are supported through these general receipts, which was fairly consistent with 2017 at 54.8%. Sales and property taxes are historically the two largest forms of general revenues for the City of Newnan, followed by occupational taxes at 12.9% and insurance premium taxes at 10.2% of the total general revenues for 2018.

Program revenues (excluding capital revenues) covered 14.5% of governmental operating expenses, up slightly from 12.6% in 2017. This means that the government's taxpayers and the City's other general governmental revenues funded about 85% of the governmental activities in 2018, as compared to 87% in 2017. 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 decreased by 0.9% during 2018, down from \$31,722,574 in 2017. However, the City shows a net cost of \$17,289,377 for these services, as compared to 2017 where the same services showed a total cost to the City of \$16,699,186.

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 2018.

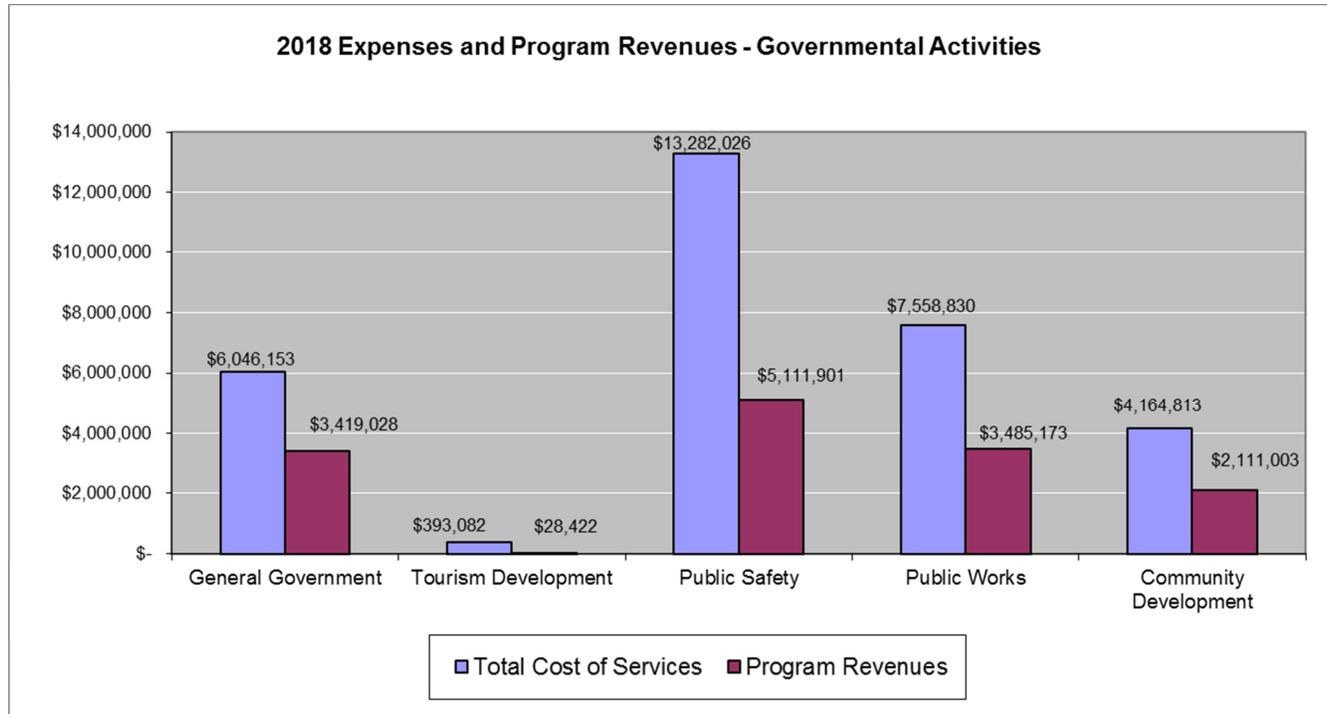
	Total Cost of Services	% of Total	Net (Cost)/ Benefit of Services	% of Costs Covered
General Government	\$ 6,046,153	19.23%	\$ (2,627,124)	56.55%
Tourism Development	393,082	1.25%	(364,660)	7.23%
Public Safety	13,282,026	42.24%	(8,170,125)	38.49%
Public Works	7,558,830	24.04%	(4,073,657)	46.11%
Community Development	4,164,813	13.24%	(2,053,810)	50.69%
Total	\$ 31,444,904	100.00%	\$ (17,289,377)	45.02%

Public safety function costs make up 42.2% of total governmental activities expenses, which was consistent with 2017. Public works makes up 24% of the total cost versus 2017, where their portion was 26.5%.

General government is 19.2% of the total, as compared to 17.9% last year. The community development function made up 12% of the total in 2017 as compared to about 13.2% for 2018.

Costs for general government increased by \$379,210, mainly due to a reduction in expenditures and pension liability, offset by the change in capital outlay of approximately \$1.6 million less than what was recorded for 2017. The public works function decrease of \$845,141 was primarily attributed to increased operations, a decrease in pension contributions, and the difference in real capital outlay included in the function for 2018 versus

that recorded for 2017, as discussed earlier in this document. The community development function costs showed an increase of about \$373,000, mainly due to the increases in capital outlay from 2017 to 2018.



The General government function revenues covered 56.6% of its total costs, down from 64.9% for 2017. Public safety function program revenues covered 38.5% of its total costs, down from 44.2% in 2017. Public works function revenues covered approximately 46.1% of total costs versus 49.6% in 2017. The community development showed an increase in percentage of covered costs from 2017 to 2018, going from 32.8% of covered costs to 50.7%.

Overall, the City was able to cover 45% of total costs in 2018 versus 47.4% in 2017. The decrease in the percentage of costs covered is mainly attributed to the increase in capital outlay reported for 2018 versus 2017. The table above is a graphical representation of the relationship between the 2018 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 \$34,796,881, an increase of 3.1% from the 2017 ending balance of \$33,755,160. Of this 2018 year-end total, \$24,807,716 is **unassigned**, indicating availability for continuing City service requirements. At the end of 2017, unassigned fund balance was \$22,650,396. Therefore, unassigned fund balance increased by 9.5%, or about \$2.2 million, which is due primarily to operations during 2018. Actual revenues exceeded expenses by approximately \$1.9 million for 2018.

**Committed** fund balance increased by \$70,161, or 100%, due to the new commitments by council during 2018 for downtown sanitation and lighting improvements at Greenville Street Park. The reduction in **nonspendable** fund balances of \$753,630 was due to decrease in the interfund loan balance from the general fund to the SPLOST 2013 fund of \$750,000 – the final payment on that interfund loan. 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 \$8,502,774, a decrease of about \$635,000 from the 2017 restricted fund balances total of \$9.1 million. This balance includes \$1,009,703 for capital outlay in the SPLOST 2007 fund, \$6,135,395 for capital outlay in the SPLOST 2013 fund, \$638,048 reserved for capital outlay in the Impact Fees fund and \$675,110, 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 \$1,581,739 from 2017 to 2018.

### *Major Governmental Funds*

The **General Fund** is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's ending fund balance increased from \$24,143,129 to \$25,940,613, which is a 7.4% increase from 2017. The net change in fund balance was \$1,797,484. As indicated, 95.6% (\$24,807,716) of this balance is unassigned and available for continuing City services at the designated levels, which is an increase from 2017 at 93.8%. The unassigned fund balance is considered very adequate, representing the equivalent of 98.6% of annual expenditures. In comparison, the ending fund balance for 2017 represented 90.4% 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 2017. 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, through a federal grant program. 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 **Impact Fees** fund's ending fund balance was \$638,048, down from \$2,472,616 at the end of 2017. The net change in fund balance was \$1,834,568. This fund was created in 2004 specifically, in order to collect impact fees levied on developers, with funds earmarked for capital improvements in transportation, fire and police services and recreation/beautification projects. Impact fee collections totaled \$930,683 for 2018, with interest earnings of \$4,988. The City is using a large portion of these funds for the construction of a new fire station on the Bypass in Newnan, which is slated for completion in 2019.

**SPLOST 2007** fund's ending fund balance was \$1,009,703, which is a decrease of \$579,177, or 36.5%, from 2017, which ended with \$1,588,880. This SPLOST issue expired at the end of 2012; therefore, the only revenues collected during 2018 were interest earnings in the amount of \$3,772 and a reimbursement of \$23,762 from the Newnan Utilities, a component unit of the city, for a joint project on McIntosh Parkway. Expenditures included \$542,487 in capital outlay for the McIntosh Parkway improvements, as well as city hall building improvements. Any remaining balances carry over to next year for budgeting purposes, as projects related to this fund are life-to-date.

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 \$6,135,395, an increase of \$1,581,739 from 2017, which ended with a balance of \$4,553,656. Sales tax collections were \$6,084,317 and interest earnings totaled \$11,405. Additionally, the City received a reimbursement from Newnan Utilities for the McIntosh Parkway project in the amount of \$41,434 and a GDOT grant of \$5,780 for reimbursement for a feasibility study for improvements to Jefferson, Jackson and Clark streets. Expenditures totaled \$4,561,197 and included McIntosh Parkway improvements, a street sweeper for the street department, various streetscapes projects, a new pedestrian signal on Jackson street, a new fire truck, construction costs for fire station number 4 and the new linear park and a new trolley; as well as the transfer of 16% of revenues collected to Newnan Utilities, per the SPLOST agreement. The \$750,000 balance on the advance from the general fund to SPLOST 2013 was also paid back in full during 2018.

### *Revenue Category Comparisons*

#### **Sales Taxes**

Local option sales tax revenue actually increased by 8.3% when compared to calendar year 2017, from \$6,753,211 to \$7,310,624. Special Purpose sales tax collections also increased from \$5,620,502 to \$6,084,317 for 2018. Sales taxes from all sources, including Special Purpose, showed a \$1,021,228 increase, or 8.3%, from 2017. The total generated in 2018 for all sales tax was \$13,394,940, as compared to \$12,373,713 in 2017.

The City renegotiated the LOST distribution percentage with Coweta County in 2013. The City's portion of the distribution increased from 21.89% to 31.19%, beginning with the January 2014 distribution. The increase was phased in over the course of 3 years to minimize the impact on the County's revenues, with 2014 starting at 25.95%. The City's percentage 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 12.9% from that of calendar year 2017, going from \$5,090,827 to \$5,748,180 for 2018. New home additions, as well as changes in the digest, contributed to the increase. Additionally, the City's 2018 millage rate was set at 4.0, up from 3.87 mills per thousand dollars of assessed value in 2017. The millage rate is projected to remain at 4.0 mills for 2019 also. Beginning with 2015, the City of Newnan contracted with the Coweta County Tax Commissioner to bill and collect property taxes for the City.

The 2017 digest was \$1,343,202,923, increasing to \$1,434,712,753 in 2018, which is an approximate 6.8% increase in valuations. Property reassessments increased the 2018 digest by approximately \$33.4 million, while other changes to the digest resulted in an increase of approximately \$58.1 million in real property valuation, for a total increase of \$91.5 million in 2018. Motor vehicle taxes actually showed a decrease in the digest (\$5.6 million); however, this change was included in the other changes to the digest noted above.

#### **Occupational Taxes (formerly Business Licenses)**

Occupational tax revenue decreased by 5.2%, or \$163,202, when compared to 2017. This decrease is mainly due to the decrease in gross receipts reported for one specific business in Newnan, rather than economic conditions in Newnan. Revenue receipts totaled \$2,992,768 for 2018. The 2000 census population for the City of Newnan was 16,242; the estimated 2018 population for the City is 38,909. 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 2018, receipts totaled \$2,357,604 as compared to 2017, where receipts were \$2,174,802. The increase of \$182,802, or 8.4%, 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 decreased by 4.4% during 2018, from \$1,567,698 to \$1,499,012. The main factor for the decrease was cable TV collections, dropping from \$520,686 to \$408,239. Collections for electricity and gas showed slight increases over 2017, while telephone collections showed a slight decrease from 2017. 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 2018 were \$1,407,361 as compared to \$1,098,312 in 2017. Vehicle ad valorem taxes decreased by \$14,268, while title ad valorem taxes increased by \$323,317. 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 81.4% of the total revenues for this category in 2018, which is higher than 2017 at 74%. Building permit revenues increased by 45.9% in 2018; going from \$723,182 to \$1,055,401. Building permit valuations, residential and commercial combined, increased by 54.5%, or \$68.7 million, during 2018, up from approximately \$126 million in 2017 to about \$194.7 million in 2018. Overall, residential permit valuations increased by about 10%, while commercial permit valuations increased by 163%. The actual number of permits issued for commercial building was 203 in 2018 versus 85 in 2017. The number of residential permits issued for 2018 totaled 335 versus 313 in 2017. Trend analysis and anticipated construction starts are the primary forecasting tools for this revenue stream.

Alcoholic beverage licenses made up the remaining 18.6% of revenues for this category. This revenue stream increased slightly from \$184,810 in 2017 to \$196,025 in 2018. 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 2018 were \$717,630. In 2017, we recorded collections of \$716,575, showing an increase of \$1,055, or 0.1%, for 2018. 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 \$69,612 in 2018, going from \$49,161 to \$118,776, which is a 58.6% increase when compared to 2017. Overall, all funds included, interest on investments increased by \$77,206 in 2018. We do not expect to see any major increases in revenue from interest earnings in the next year; however, interest rates continues to climb slowly year over year.

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**Fines & Forfeitures Revenue**

Police Fines increased by 7.2%, or \$40,044, from 2017; up from \$558,138 to \$598,182 in 2018. 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.

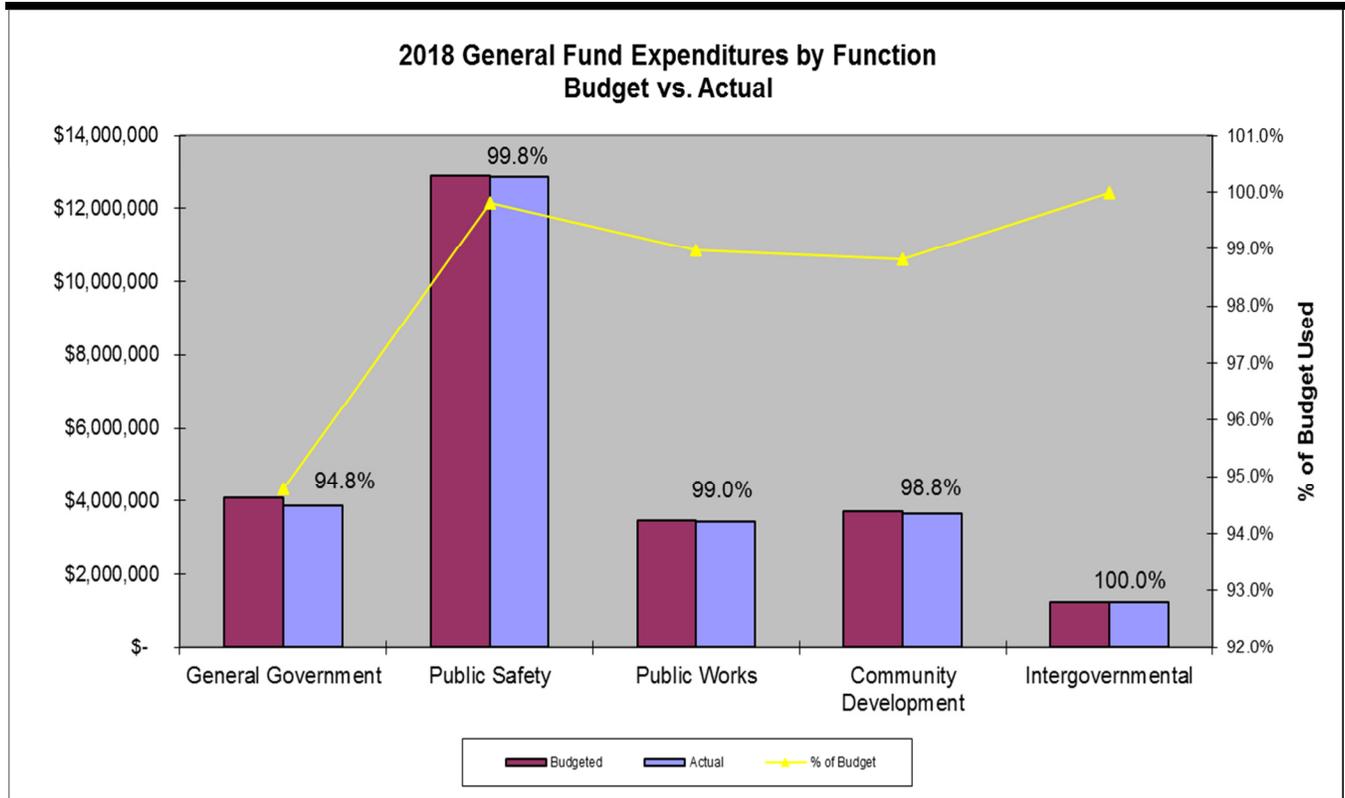
**Budgetary Highlights**

*The general fund* – The adopted 2018 revenue budget for the general fund was \$24,251,100, including a projected transfer in from the tourism fund of \$405,000, representing approximately 60% of budgeted hotel/motel tax collections, which is the portion retained by the general fund.

The 2018 final revenue budget for the general fund was \$24,251,100, which is \$1,331,600 more than the 2017 final budget of \$22,919,500. Actual revenue collections, including transfers, for 2018 were \$27,328,801, or 113%, of budgeted collections. The actual transfer in from the tourism fund was \$430,578. Per council action, the general fund retained 60% of the actual funds collected during 2018.

The adopted 2018 expenditure budget for the general fund was \$24,251,100, including transfers out to the street fund in the amount of \$225,000. The 2018 general fund expenditure budget was amended to include an additional \$1,525,117 in operating expenditures, including approximately \$160,000 for renovations to the CAFI Building, \$538,000 for construction of a new linear park and Greenville Street Park lighting improvements, an additional \$506,000 for pay-off of the UWG Loan debt, \$60,000 for the new Oak Hill Cemetery fence and wall, and a \$150,000 transfer to the Sanitation fund to assist with expenses associated with downtown sanitation services. Actual expenditures (on an encumbrance basis) for 2018 were \$25,458,411, or 99%, of the budgeted amount, including transfers.

The charts on the next page show a breakdown of the 2018 general fund budgeted versus actual expenditures, excluding interfund transfers. As presented, all functions operated within their final adopted budgeted levels.



**2018 General Fund Expenditures by Function  
(excluding Interfund Transfers)**

	Budgeted	Actual	% of Budget	Budget less Actual Exp
General Government	\$ 4,098,451	\$ 3,884,963	94.8%	\$ 213,488
Public Safety	12,888,662	12,863,589	99.8%	25,073
Public Works	3,464,468	3,429,037	99.0%	35,431
Community Development	3,710,455	3,666,640	98.8%	43,815
Intergovernmental	1,239,181	1,239,181	100.0%	(0)
	<b>\$ 25,401,217</b>	<b>\$ 25,083,411</b>	<b>98.7%</b>	<b>\$ 317,806</b>

**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, 2018, was \$143,541,309, up by \$4,814,774, or 3.5%, from 2017, primarily as a result of the increase of \$4,784,602, or 123.9%, in construction in progress at the end of 2018. The city's investment in machinery and equipment also increased by approximately \$860,000, net of depreciation. The increases were offset by decreases in assets for buildings, parks and infrastructure mainly due to depreciation expenses recorded for 2018.

City of Newnan's Capital Assets						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 23,412,330	\$ 23,199,424	\$ -	\$ -	\$ 23,412,330	\$ 23,199,424
Construction in progress	8,647,729	3,863,127	-	-	8,647,729	3,863,127
Total non-depreciable	32,060,059	27,062,551	-	-	32,060,059	27,062,551
Depreciable assets:						
Buildings and parks	40,823,359	40,612,330	-	-	40,823,359	40,612,330
Other improvements	13,124,030	12,647,472	-	-	13,124,030	12,647,472
Machinery and equipment	15,362,426	13,594,835	396,270	244,749	15,758,696	13,839,584
Infrastructure	95,469,790	93,625,447	-	-	95,469,790	93,625,447
Total depreciable assets	164,779,605	160,480,084	396,270	244,749	165,175,875	160,724,833
Less accumulated depreciation	(53,602,111)	(49,031,051)	(92,514)	(29,798)	(53,694,625)	(49,060,849)
Book value - depreciable assets	111,177,494	111,449,033	303,756	214,951	111,481,250	111,663,984
Percentage depreciated	-33%	-31%	-23%	-12%	-33%	-31%
<b>Book value - all assets</b>	<b>\$ 143,237,553</b>	<b>\$ 138,511,584</b>	<b>\$ 303,756</b>	<b>\$ 214,951</b>	<b>\$ 143,541,309</b>	<b>\$ 138,726,535</b>

Major capital asset items acquired or projects completed during the 2018 current calendar year included the following:

- Renovations and/or new office space at city hall
- CAFI building renovations
- Oak Hill Cemetery fencing and wall
- Municipal Auditorium renovations
- Various Streetscapes projects (Salbide Avenue, Madison Street, Perry Street)
- Jackson Street pedestrian signal and crosswalk
- Lighting upgrades at Greenville Street and First Avenue Parks
- Construction of Linc – Phase 1
- Initiated construction of Fire station 4
- Repaving of various streets

Due to asset activity during the year, an increase of \$212,906 was recorded in the land classification, machinery and equipment increased by \$1,767,591, buildings and parks increased by \$211,029; other improvements increased by \$476,558 and infrastructure increased by \$1,844,343. Additionally, accumulated depreciation increased by \$4,571,060 due to the current years depreciation expenses, netted with the sale of surplus items during the year.

Depreciation is calculated based on the actual acquisition date of the asset. Readers who desire more detailed information on capital asset activity during 2018 may refer to Note 3-B on page 70 of this document. The table above provides a summary of capital asset activity.

Additionally, several projects were under construction as of December 31, 2018, including construction of a new park on Sprayberry Road, construction of a linear park (LINC), McIntosh Parkway improvements, widening of Lower Fayetteville Road, and additional 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, 2018 was \$8,647,729. At the end of 2017, construction in progress totaled \$3,863,127. The City added approximately \$5.7 million to construction in progress during the year, but then capitalized about \$830,000 at year-end, thus accounting for the 123.9% increase. The chart on the prior page shows the changes by category for capital assets from 2017 to 2018.

At December 31, 2018, the depreciable capital assets for governmental activities were 33% depreciated. This compares to 31% at December 31, 2017. 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 \$6,422,731, with \$109,186 of that amount attributed to business-type activities in the Sanitation fund. This reflects an 11.6% increase for 2018, with the total for 2017 at \$5,753,045.

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 2018 amount payable totals \$794,346, as compared to \$826,468 at the end of 2017. Debt for business-type activities in the Sanitation fund accounts for \$12,393 of the total amount payable.

The decrease in compensated absences of 3.9% is primarily due to the decreases in liability for holiday leave in the amount of \$18,674 (forfeited per policy) and banked leave in the amount of \$12,473 due to retirements. Current debt (payable within one year) is \$609,435, with the remaining \$184,911 booked as noncurrent debt. Please refer to pages 74-77 for information concerning component unit debt.

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 87 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 are paid back to the general fund as revenues are collected in future years. All advances to other funds and the debt for the UWG loan were paid in full by the end of 2018.

### 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 \$1,041,721 to fund balances at the end of 2018. 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. Interest rates have picked up and earnings have increased on the city's investments.

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 about 22,500 students and nearly 3,000 employees. There are also a number of high quality private and religious sponsored schools in the community. The graduation rate for Coweta County is about 86%.



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 enrollment continues to increase as educational opportunities are added to complement local business needs. Additionally, West Georgia Technical College in Newnan provides both core curriculum and trade specific training to its 1,000+ students.

Sales tax revenue is strong and is representative of the growth in the City and county. In 2018, 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 6.8% from 2017 to 2018. The 2019 projection allows for a slight increase also. 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

remained steady for the past several years. Finally, fuel costs have remained relatively consistent for a couple of years, which helps with efficient management of the city's fleet of vehicles and equipment.

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, 2018, unassigned fund balance in the general fund was \$24,807,716, increasing from \$22,650,396 in 2017, which is a 9.5% increase. Next year's (2019) budgeted revenues are projected to be made up of sales taxes (27%), property taxes (22%), occupational taxes (11%), insurance premium taxes (8%), an intergovernmental transfer from Water and light (9%) and excise (franchise) taxes (5%). The remaining 18% is expected to be generated by motor vehicle taxes, inspections and permits, alcohol licensing, service charges, fines and forfeitures, other local and intergovernmental revenues, including an operating transfer from the Tourism fund in the amount of \$420,000. The total general fund revenue budget for 2019, including transfers, is \$25,962,900.

Budgeted revenues are projected to increase by 7.1%, or 1,7,11,800, from \$24,251,100 (including amendments, if any) in 2018 to \$25,962,900 in 2019, including interfund transfers. From 2018 to 2019, property tax collections are projected to increase by \$562,500, local option sales taxes show an increase of \$400,000, insurance premium taxes show a \$100,000 increase, the intergovernmental revenue increased by \$329,000, and interest earnings reflect an increase of \$185,000. Additionally, motor vehicles taxes shown an increase of \$90,000, permit revenues increased by \$55,000 and the interfund transfer from the hotel/motel tax fund increased by \$15,000. The only categories showing slight decreases were occupational taxes, franchise taxes and police fines, mostly attributed to the local economy.

The 2019 general fund expenditures budget increased by \$186,683, or 0.7%, going to \$25,962,900 from \$25,776,217 (including amendments) for 2018. The chart below shows the *major* changes in budgeted expenditures from 2018 to 2019, along with actual expenditures for 2018. Please note that all budgeted line items are not listed in this chart.

The most significant decreases from 2018 to 2019 relates to the budget variance of \$1,239,181 for appropriations to the DDA for UWG debt repayments, which was paid in full by the end of 2018 and, therefore, not budgeted for 2019. Another significant change was in the decrease in the budgeted amount of \$563,372 for buildings and grounds repairs and maintenance. The funds were budgeted and spent in 2018 for section #4 of the LINC and Greenville Street Park lighting improvements. Building renovations for the CAFI building were completed in 2018, thus a budget decrease of \$213,546 is showing for building improvements.

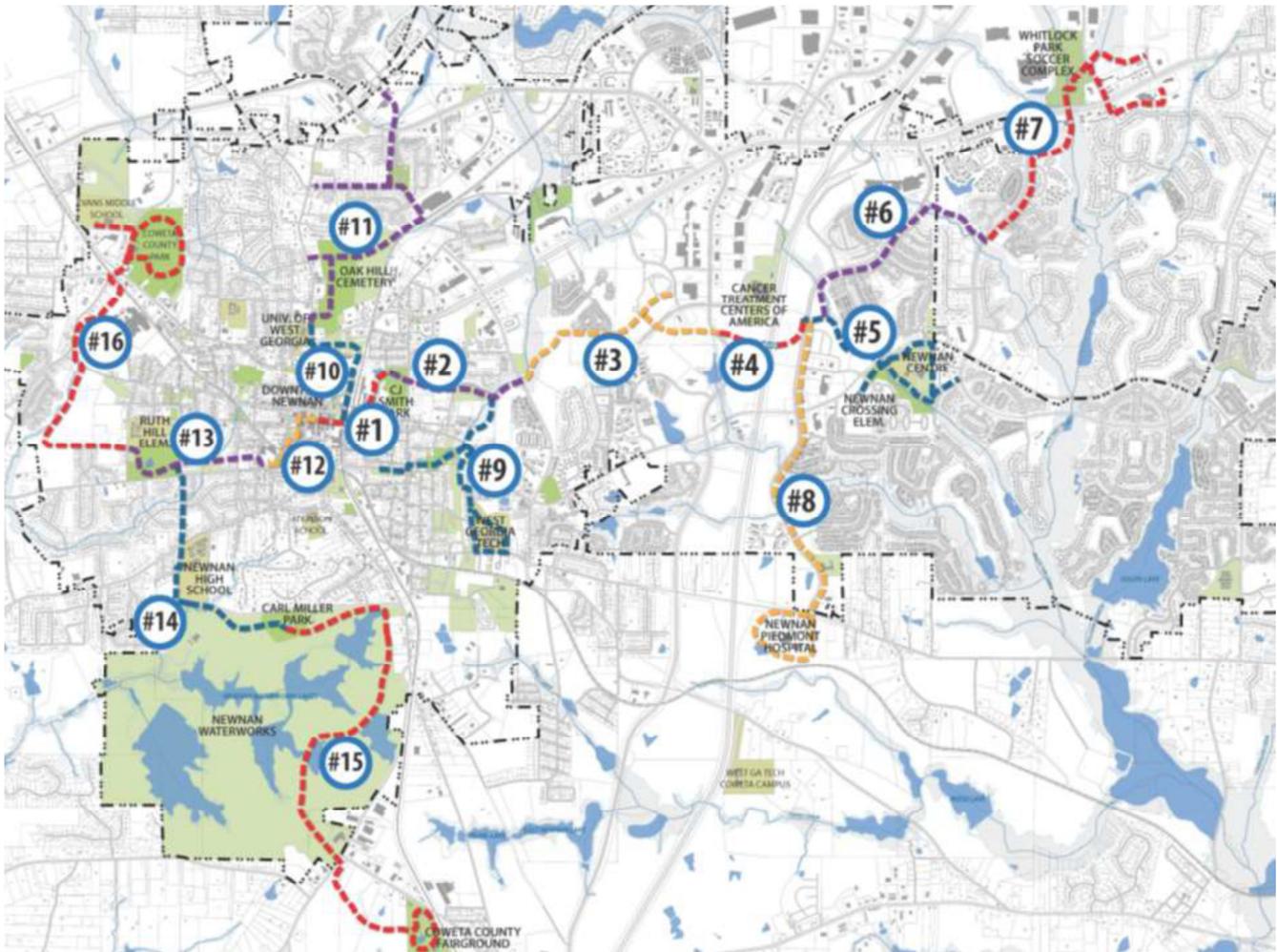
City of Newnan, Georgia General Fund Budgeted Expenditures by Use Major Line Item Changes from 2018 to 2019						
Description	2018 Final Adopted Budget	2018 Actual Expenditures	2019 Adopted Budget	2018 - 2019 Budget Variance	2018 - 2019 Budget % Change	
Wages - Full Time Employees	\$ 11,763,729	\$ 11,933,708	\$ 12,575,723	\$ 811,994	6.9%	
Employee Ins (Life/Health/Dent)	2,983,262	2,804,553	3,589,744	606,482	20.3%	
Other Contractual Services	565,624	480,001	860,648	295,024	52.2%	
Retirement	1,135,704	994,519	1,257,755	122,051	10.7%	
Repairs and Maintenance	548,556	543,741	661,894	113,338	20.7%	
FICA (Soc Sec)	943,390	900,468	1,008,393	65,003	6.9%	
Storage Facility	-	-	55,000	55,000	N/A	
Minor Equipment	66,829	75,443	117,420	50,591	75.7%	
Communications	176,876	219,979	225,748	48,872	27.6%	
Protective Equipment	40,000	78,002	78,000	38,000	95.0%	
Contracted Labor - Non-Employees	125,000	179,876	156,928	31,928	25.5%	
Vehicles/Equipment	-	-	30,500	30,500	N/A	
Materials and Supplies	100,873	184,696	126,220	25,347	25.1%	
Payments to Other Agencies	41,000	11,250	16,500	(24,500)	-59.8%	
Transfer to Street Fund	225,000	225,000	200,000	(25,000)	-11.1%	
Professional Services	439,013	420,645	401,105	(37,908)	-8.6%	
Site Improvements	59,855	103,855	-	(59,855)	-100.0%	
Buildings/Building Improvements	245,046	265,846	31,500	(213,546)	-87.1%	
Bldgs & Grounds Rep/Maint	563,372	563,372	-	(563,372)	-100.0%	
Appropriations to DDA for UWG Debt Payments	1,239,181	1,239,181	-	(1,239,181)	-100.0%	

Per the chart, the largest increase, dollar-wise, was in full time wages due to changes in salaries brought about by the addition of a new Leisure Services department and nine (9) other new positions – six (6) new firefighters, two (2) beautification workers and one (1) new police officer – along with 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. Retirement premiums also increased by 9.5% for 2019.

Other contractual services showed a 52.2% budget increase over 2018. The police department's costs increased by almost \$100,000 each for the Axon system annual maintenance contract and the addition of a new district attorney position contracted to assist with Municipal Court cases. Additionally, contractual costs for maintaining city right-of-ways for McIntosh Parkway, Newnan Crossing Boulevard East, Newnan Bypass and the Convention Center round-a-bout increased by \$72,870.

Repairs and maintenance costs also increased by \$113,338, or 20.7%, from 2018 to 2019, mainly due to operating systems maintenance and support contracts utilized by various departments, including information technology, fire, police, facilities maintenance, municipal court and beautification.

*Major Upcoming Initiatives*



The City, in conjunction with Coweta County, continues construction of 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, connecting Newnan Crossing Boulevard to the Nixon Centre, Newnan Crossing Elementary School and the residential neighborhoods along Highwoods Parkway and Shenandoah Boulevard will be opened in early 2019. 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 also continues on McIntosh Parkway, which will link the retail area of Ashley Park to downtown Newnan. This project is expected to be complete in early 2019. The Sprayberry Road Park, Fire Station #4, Lower Fayetteville Road widening and various repaving projects are planned for 2019, as well.

### **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](mailto: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](http://www.ci.newnan.ga.us) on the Finance Department page.

## **FINANCIAL STATEMENTS**

CITY OF NEWNAN, GEORGIA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Water Sewerage and Light Commission	Convention Center Authority	Downtown Development Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 30,395,682	\$ -	\$ 30,395,682	\$ 10,527,720	\$ 732,063	130,032
Investments	3,270,086	482,820	3,752,906	36,500,366	-	-
Receivables, net of allowance	4,180,866	183,824	4,364,690	6,343,270	172,865	104
Inventory	37,853	-	37,853	2,079,749	-	-
Prepaid items	-	-	-	414,932	6,236	-
Restricted assets	-	-	-	9,503,347	-	-
Other assets:						
Deferred compensation funding arrangements	-	-	-	5,454,229	-	-
Net pension asset	-	-	-	5,812,000	-	-
Capital assets not being depreciated:						
Land	23,412,330	-	23,412,330	7,797,571	-	-
Construction in progress	8,647,729	-	8,647,729	3,672,979	-	-
Capital assets net of accumulated depreciation:						
Buildings and parks	30,821,421	-	30,821,421	-	-	-
Structures, lines and improvements	-	-	-	107,336,272	-	-
Other improvements	6,702,156	-	6,702,156	-	-	-
Machinery and equipment	4,523,335	303,756	4,827,091	8,108,077	9,934	-
Infrastructure	69,130,582	-	69,130,582	-	-	-
Total assets	<u>181,122,040</u>	<u>970,400</u>	<u>182,092,440</u>	<u>203,550,512</u>	<u>921,098</u>	<u>130,136</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred refunding loss	-	-	-	590,363	-	-
Deferred outflows of resources related to pensions	2,160,931	37,371	2,198,302	73,077	-	-
	<u>2,160,931</u>	<u>37,371</u>	<u>2,198,302</u>	<u>663,440</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>						
Accounts payable	1,826,796	31,370	1,858,166	3,766,003	1,343	2,078
Accrued expenses	212,019	3,539	215,558	985,969	-	-
Accrued interest payable	-	-	-	385,224	-	-
Unearned revenues	879,572	-	879,572	-	-	-
Customer deposits	-	-	-	1,933,524	39,710	-
Compensated absences	599,097	10,338	609,435	256,300	-	-
Note payable	-	-	-	-	-	-
Revenue bonds	-	-	-	2,164,531	-	-
Noncurrent liabilities:						
Net pension liability	6,313,545	109,186	6,422,731	-	-	-
Revenue bonds, net	-	-	-	23,829,393	-	-
Note payable	-	-	-	-	-	-
Compensated absences	182,856	2,055	184,911	1,538,455	-	-
Total liabilities	<u>10,013,885</u>	<u>156,488</u>	<u>10,170,373</u>	<u>34,859,399</u>	<u>41,053</u>	<u>2,078</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Lease revenue	-	-	-	494,521	-	-
Deferred refunding gain	-	-	-	39,447	-	-
Deferred inflows of resources related to pensions	847,693	14,660	862,353	1,303,460	-	-
Total deferred inflows of resources	<u>847,693</u>	<u>14,660</u>	<u>862,353</u>	<u>1,837,428</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	143,237,553	303,756	143,541,309	101,471,891	9,934	-
Restricted for:						
Capital outlay	8,180,374	-	8,180,374	-	-	-
Capital improvements and debt service	-	-	-	9,503,347	-	-
Law enforcement	122,155	-	122,155	-	-	-
Tourism	155,727	-	155,727	-	-	-
Economic development	44,518	-	44,518	-	-	-
Unrestricted	20,681,066	532,867	21,213,933	56,541,887	870,111	128,058
Total net position	<u>\$ 172,421,393</u>	<u>\$ 836,623</u>	<u>\$ 173,258,016</u>	<u>\$ 167,517,125</u>	<u>\$ 880,045</u>	<u>\$ 128,058</u>

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, 2018

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	\$ 6,046,153	\$ 2,431,335	\$ -	\$ 987,693	\$ (2,627,124)	\$ -	\$ (2,627,124)				
Tourism development	393,082	-	25,000	3,422	(364,660)	-	(364,660)				
Public safety	13,282,026	1,021,661	-	4,090,240	(8,170,125)	-	(8,170,125)				
Public works	7,558,830	-	-	3,485,173	(4,073,657)	-	(4,073,657)				
Community development	4,164,813	1,066,616	-	1,044,387	(2,053,810)	-	(2,053,810)				
Total governmental activities	<u>31,444,904</u>	<u>4,519,612</u>	<u>25,000</u>	<u>9,610,915</u>	<u>(17,289,377)</u>	<u>-</u>	<u>(17,289,377)</u>				
Business-type Activities:											
Sanitation Fund	873,756	765,791	38,658	-	-	(69,307)	(69,307)				
Total business-type activities	<u>873,756</u>	<u>765,791</u>	<u>38,658</u>	<u>-</u>	<u>-</u>	<u>(69,307)</u>	<u>(69,307)</u>				
Total Primary Government	<u>\$ 32,318,660</u>	<u>\$ 5,285,403</u>	<u>\$ 63,658</u>	<u>\$ 9,610,915</u>	<u>(17,289,377)</u>	<u>(69,307)</u>	<u>(17,358,684)</u>				
Component Units:											
Water, Sewerage & Light Commission	\$ 54,003,830	\$ 63,595,146	\$ -	\$ 1,433,653			\$ 11,024,969	\$ -	\$ -		
Convention Center Authority	538,212	301,069	388,654	-			-	151,511	-		
Downtown Development Authority	182,238	178,666	1,239,181	-			-	-	-	1,235,609	
Total component units	<u>\$ 54,724,280</u>	<u>\$ 64,074,881</u>	<u>\$ 1,627,835</u>	<u>\$ 1,433,653</u>			<u>11,024,969</u>	<u>151,511</u>	<u>1,235,609</u>		
General revenues:											
Property taxes					5,692,084	-	5,692,084	-	-	-	-
Motor vehicle taxes					1,407,361	-	1,407,361	-	-	-	-
Sales taxes					7,310,624	-	7,310,624	972,967	-	-	-
Occupational taxes					2,992,768	-	2,992,768	-	-	-	-
Franchise taxes					1,499,012	-	1,499,012	-	-	-	-
Insurance premium taxes					2,357,604	-	2,357,604	-	-	-	-
Hotel/Motel taxes					717,630	-	717,630	-	-	-	-
Alcoholic beverage taxes					881,540	-	881,540	-	-	-	-
Other taxes					113,861	-	113,861	-	-	-	-
Investment earnings					143,906	8,446	152,352	549,522	66	553	
Transfers					(150,000)	150,000	-	-	-	-	-
Total general revenues and transfers					<u>22,966,390</u>	<u>158,446</u>	<u>23,124,836</u>	<u>1,522,489</u>	<u>66</u>	<u>553</u>	
Change in net position					5,677,013	89,139	5,766,152	12,547,458	151,577	1,236,162	
Net position (deficit) - beginning of year, as restated					166,744,380	747,484	167,491,864	154,969,667	728,468	(1,108,104)	
Net position- ending of year					<u>\$ 172,421,393</u>	<u>\$ 836,623</u>	<u>\$ 173,258,016</u>	<u>\$ 167,517,125</u>	<u>\$ 880,045</u>	<u>\$ 128,058</u>	

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	General	2013 SPLOST	2007 SPLOST	Impact Fees
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,633,827	\$ 5,866,292	\$ 1,096,406	962,108
Investments	2,090,064	-	-	-
Taxes receivable	660,876	-	-	-
Intergovernmental	1,123,709	1,119,408	-	-
Other receivables	1,108,744	-	-	-
Inventories	37,853	-	-	-
<b>Total assets</b>	<b>\$ 26,655,073</b>	<b>\$ 6,985,700</b>	<b>\$ 1,096,406</b>	<b>\$ 962,108</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 333,222	\$ 850,305	\$ 86,703	324,060
Accrued expenditures	212,019	-	-	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>545,241</b>	<b>850,305</b>	<b>86,703</b>	<b>324,060</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	169,219	-	-	-
<b>Total deferred inflows of resources</b>	<b>169,219</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable	37,853	-	-	-
Restricted	44,518	6,135,395	1,009,703	638,048
Committed	70,161	-	-	-
Assigned	980,365	-	-	-
Unassigned	24,807,716	-	-	-
<b>Total fund balances</b>	<b>25,940,613</b>	<b>6,135,395</b>	<b>1,009,703</b>	<b>638,048</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 26,655,073</b>	<b>\$ 6,985,700</b>	<b>\$ 1,096,406</b>	<b>\$ 962,108</b>

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018  
(CONTINUED)

NSP Grant	Other Governmental Funds	Total Governmental Funds
\$ 759,261	\$ 77,788	\$ 30,395,682
-	1,180,022	3,270,086
-	117,865	778,741
-	-	2,243,117
50,264	-	1,159,008
-	-	37,853
<u>\$ 809,525</u>	<u>\$ 1,375,675</u>	<u>\$ 37,884,487</u>
\$ -	\$ 232,506	\$ 1,826,796
-	-	212,019
809,525	70,047	879,572
<u>809,525</u>	<u>302,553</u>	<u>2,918,387</u>
-	-	169,219
-	-	169,219
-	-	37,853
-	675,110	8,502,774
-	-	70,161
-	398,012	1,378,377
-	-	24,807,716
<u>-</u>	<u>1,073,122</u>	<u>34,796,881</u>
<u>\$ 809,525</u>	<u>\$ 1,375,675</u>	<u>\$ 37,884,487</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, 2018

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

Total fund balances - governmental funds		\$ 34,796,881
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the assets	196,839,664	
Accumulated depreciation	<u>(53,602,111)</u>	
		143,237,553
Deferred outflows of resources		
Pension contributions		2,160,931
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		169,219
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		(781,953)
Net pension liability		(6,313,545)
Deferred inflows of resources		
Net difference between projected and actual investment earnings on pension plan investments		<u>(847,693)</u>
Net position of governmental activities		<u>\$ 172,421,393</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, 2018

	General	2013 SPLOST	2007 SPLOST	Impact Fees
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,748,180	\$ -	\$ -	\$ -
Motor vehicle	1,407,361	-	-	-
Franchise	1,499,012	-	-	-
Sales	7,310,624	-	-	-
Insurance premium	2,357,604	-	-	-
Occupational	2,992,768	-	-	-
Hotel/motel	-	-	-	-
Alcoholic Beverage	881,540	-	-	-
Other taxes	12,288	-	-	-
License and permits	1,251,426	-	-	-
Impact fees	-	-	-	930,683
Court condemnations	-	-	-	-
Intergovernmental	498,772	6,131,531	23,762	-
Intergovernmental-utility	1,725,507	-	-	-
Fines and forfeitures	598,182	-	-	-
Investment earnings	118,776	11,405	3,772	4,988
Program revenue	-	-	-	-
Miscellaneous	418,406	-	-	-
Total revenues	26,820,446	6,142,936	27,534	935,671
<b>EXPENDITURES</b>				
Current:				
General government	4,001,494	38,047	31,007	-
Tourism development	-	-	-	-
Public safety	12,798,993	600	-	1,380
Public works	3,488,319	640,547	24,262	19,946
Community development	3,628,332	22,143	8,955	25,835
Intergovernmental	1,239,181	973,491	-	-
Capital outlay	-	2,886,369	542,487	2,723,078
Total expenditures	25,156,319	4,561,197	606,711	2,770,239
Excess (deficiency) of revenues over (under) expenditures	1,664,127	1,581,739	(579,177)	(1,834,568)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	3,900	-	-	-
Insurance recoveries	73,879	-	-	-
Transfers in	430,578	-	-	-
Transfers out	(375,000)	-	-	-
Total other financing sources (uses)	133,357	-	-	-
Net change in fund balances	1,797,484	1,581,739	(579,177)	(1,834,568)
Fund balances - beginning of year	24,143,129	4,553,656	1,588,880	2,472,616
Fund balances - end of year	\$ 25,940,613	\$ 6,135,395	\$ 1,009,703	\$ 638,048

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, 2018  
(CONTINUED)

NSP Grant	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,748,180
-	-	1,407,361
-	-	1,499,012
-	-	7,310,624
-	-	2,357,604
-	-	2,992,768
-	717,630	717,630
-	-	881,540
-	101,573	113,861
-	-	1,251,426
-	-	930,683
-	141,770	141,770
-	421,922	7,075,987
-	-	1,725,507
-	-	598,182
1,103	19,039	159,083
89,312	-	89,312
-	71,349	489,755
<u>90,415</u>	<u>1,473,283</u>	<u>35,490,285</u>
-	321	4,070,869
-	392,390	392,390
-	162,701	12,963,674
-	561,234	4,734,308
90,415	-	3,775,680
-	-	2,212,672
-	74,816	6,226,750
<u>90,415</u>	<u>1,191,462</u>	<u>34,376,343</u>
-	281,821	1,113,942
-	-	3,900
-	-	73,879
-	225,000	655,578
-	(430,578)	(805,578)
-	(205,578)	(72,221)
-	76,243	1,041,721
-	996,879	33,755,160
<u>\$ -</u>	<u>\$ 1,073,122</u>	<u>\$ 34,796,881</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, 2018

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

Net Change in Fund Balances - total governmental funds \$ 1,041,721

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	\$ 7,713,595	
Total depreciation	<u>(4,685,975)</u>	3,027,620

The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net position. 1,698,349

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 448,827

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 143,639

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		31,255
Change in pension liability		(658,302)

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.

(56,096)

Change in net position of governmental activities

\$ 5,677,013

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, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,091,500	\$ 5,091,500	\$ 5,748,180	\$ 656,680
Motor vehicle	1,050,000	1,050,000	1,407,361	357,361
Franchise	1,395,000	1,395,000	1,499,012	104,012
Sales	6,600,000	6,600,000	7,310,624	710,624
Insurance premium	2,100,000	2,100,000	2,357,604	257,604
Occupational	2,930,000	2,930,000	2,992,768	62,768
Alcoholic beverage	880,000	880,000	881,540	1,540
Other taxes	8,000	8,000	12,288	4,288
License and permits	810,000	810,000	1,251,426	441,426
Intergovernmental	339,500	339,500	498,772	159,272
Intergovernmental-utility	1,650,000	1,650,000	1,725,507	75,507
Fines and forfeitures	594,500	594,500	598,182	3,682
Interest earnings	40,000	40,000	118,776	78,776
Miscellaneous	332,600	332,600	418,406	85,806
Total revenues	23,821,100	23,821,100	26,820,446	2,999,346
<b>EXPENDITURES</b>				
Current:				
General government:				
Council	308,795	308,795	248,838	59,957
Manager	954,355	954,355	919,971	34,384
Attorney	89,750	89,750	74,774	14,976
Finance	606,787	606,787	580,012	26,775
Human resources	357,312	357,312	291,490	65,822
Information technologies	530,403	530,403	519,024	11,379
Municipal court	269,419	299,319	299,294	25
Facilities maintenance	791,684	951,730	951,560	170
Total general government	3,908,505	4,098,451	3,884,963	213,488
Public safety:				
Police	8,408,681	8,408,681	8,383,803	24,878
Fire	4,475,569	4,479,981	4,479,786	195
Total public safety	12,884,250	12,888,662	12,863,589	25,073

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, 2018  
 (CONTINUED)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public works:				
Administration	\$ 246,022	\$ 274,336	\$ 274,136	\$ 200
Engineer	307,855	307,855	295,898	11,957
Streets	1,820,223	1,820,223	1,797,133	23,090
Garage	420,010	421,759	421,732	27
Cemetery	580,440	640,295	640,137	158
Total public works	3,374,550	3,464,468	3,429,036	35,432
Community development:				
Planning and zoning	403,598	416,707	416,701	6
Business development and special events	253,457	260,355	260,172	183
Library	204,175	204,175	202,381	1,794
Leisure services	-	91,500	50,240	41,260
Parks & ROW beautification	1,339,864	1,878,236	1,877,907	329
Building inspection	832,701	859,482	859,239	243
Total community development	3,033,795	3,710,455	3,666,640	43,815
Intergovernmental	825,000	1,239,181	1,239,181	-
Total expenditures	24,026,100	25,401,217	25,083,409	317,808
Excess (deficiency) of revenue over (under) expenditure	(205,000)	(1,580,117)	1,737,037	3,317,154
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	25,000	25,000	3,900	(21,100)
Insurance recoveries	-	-	73,879	73,879
Transfers in	405,000	405,000	430,578	25,578
Transfers out	(225,000)	(375,000)	(375,000)	-
Total other financing sources (uses)	205,000	55,000	133,357	78,357
Net change in fund balances	\$ -	\$ (1,525,117)	1,870,394	\$ 3,395,511
Fund balances - beginning of year			23,684,884	
Fund balances - end of year			\$ 25,555,278	

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, 2018

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 2,000	\$ -	\$ (2,000)
Program income	170,000	89,312	(80,688)
Investment earnings	40	1,103	1,063
<b>Total Revenues</b>	<b>172,040</b>	<b>90,415</b>	<b>(81,625)</b>
<b>EXPENDITURES</b>			
Current			
Community development	172,040	90,415	81,625
<b>Total Expenditures</b>	<b>172,040</b>	<b>90,415</b>	<b>81,625</b>
Net change in fund balances	-	-	-
Fund balances - beginning of year	-	-	-
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2018

		Business-type Activities Enterprise Fund
		Sanitation Fund
<u>ASSETS</u>		
Current assets		
Investments	\$	482,820
Accounts receivable, net of allowance		183,824
Total current assets		666,644
Noncurrent assets		
Capital assets:		
Machinery and equipment		396,270
Less accumulated depreciation		(92,514)
Total capital assets, net		303,756
Total noncurrent assets		303,756
Total Assets	\$	970,400
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources related to pensions		37,371
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$	31,370
Salaries payable		3,539
Compensated absences		10,338
Total current liabilities		45,247
Noncurrent liabilities		
Compensated absences		2,055
Net pension liability		109,186
Total noncurrent liabilities		111,241
Total Liabilities		156,488
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources related to pensions		14,660
<u>NET POSITION</u>		
Investment in capital assets		303,756
Unrestricted		532,867
Total Net Position	\$	836,623

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, 2018

	Business-type Activities Enterprise Fund
	Sanitation Fund
<u>Operating revenues:</u>	
Charges for sales and services	765,791
Total operating revenues	765,791
<u>Operating expenses:</u>	
Purchased/contracted services	253,650
Salaries and benefits	421,704
Supplies and materials	120,183
Other costs	15,503
Depreciation	62,716
Total operating expenses	873,756
Operating income (loss)	(107,965)
<u>Nonoperating revenues (expenses):</u>	
Investment earnings	8,446
Intergovernmental revenues	38,658
Total nonoperating revenues (expenses)	47,104
Income (loss) before transfers	(60,861)
Transfers in	150,000
Total other financing sources (uses)	150,000
Change in net position	89,139
Total net position - beginning of year	747,484
Total net position - end of year	\$ 836,623

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, 2018

	Business-type Activities Enterprise Fund	Sanitation Fund
<u>Cash Flows from Operating Activities:</u>		
Cash received from customers	\$ 701,484	
Cash payments to employees for services	(420,043)	
Cash payments to other suppliers of goods or services	(393,149)	
	(111,708)	
<u>Cash Flows from Non Capital Financing Activities:</u>		
Payments received from grantors	38,658	
Transfer to/from other funds	150,000	
	188,658	
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of assets	(151,521)	
	(151,521)	
<u>Cash Flows from Investing Activities:</u>		
Sales of investments	66,125	
Interest received	8,446	
	74,571	
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, 2018  
(CONTINUED)

	Business-type Activities Enterprise Fund	Sanitation Fund
<u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</u>		
Net Operating Income (Loss)	\$	(107,965)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation		62,716
Changes in Assets and Liabilities:		
(Increase) decrease in accounts receivable		(64,307)
(Increase) decrease in deferred outflows of resources related to pensions		(7,762)
Increase (decrease) in accounts payable		(3,813)
Increase (decrease) in salaries payable		1,390
Increase (decrease) in compensated absences		(867)
Increase (decrease) in net pension liability		11,384
Increase (decrease) in deferred inflows of resources related to pensions		(2,484)
		(3,743)
Total Adjustments		(3,743)
Net Cash Provided (Used) by operating activities	\$	(111,708)

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, 2018

	<u>Agency Fund</u>
ASSETS	
Cash	<u>\$ 104,426</u>
Total assets	<u>\$ 104,426</u>
LIABILITY	
Payable from Assets	
Confiscated assets pending disposition	<u>\$ 104,426</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, 2018

**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, 2018. 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, 2018

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

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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.

*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.

*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.

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The City reports the following major 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.

*Agency 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.

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*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,

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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 2018, 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

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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

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***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, 2018:

	General Fund	2013 SPLOST	2007 SPLOST	Impact Fees	Nonmajor Governmental	Total
Fund Balances:						
Nonspendable						
Inventories	\$ 37,853	\$ -	\$ -	\$ -	\$ -	\$ 37,853
Restricted for:						
Capital outlay	-	6,135,395	1,009,703	638,048	397,228	8,180,374
Economic development	44,518	-	-	-	-	44,518
Street improvements	-	-	-	-	-	-
Law enforcement	-	-	-	-	122,155	122,155
Tourism	-	-	-	-	155,727	155,727
Committed for:						
Downtown Refuse	60,000	-	-	-	-	60,000
Greenville Parking Lighting	10,161	-	-	-	-	10,161
Assigned for:						
Capital projects	980,365	-	-	-	398,012	1,378,377
Unassigned	24,807,716	-	-	-	-	24,807,716
Total fund balances	\$ 25,940,613	\$ 6,135,395	\$ 1,009,703	\$ 638,048	\$ 1,073,122	\$ 34,796,881

***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.

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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	\$ 1,870,394
Add: Current year encumbrances	344,161
Deduct: Prior year encumbrances paid in the current year	<u>(417,071)</u>
Generally accepted accounting principles basis-excess revenues and other financing sources over expenditures and other financing uses	<u>\$ 1,797,484</u>
Budgetary basis-fund balance, ending	\$ 25,555,278
Add: Current year encumbrances	344,161
Add: Prior year encumbrances outstanding at year-end	1,725
Add: Prior year encumbrances voided	<u>39,449</u>
Generally accepted accounting principles basis-fund balance, ending	<u>\$ 25,940,613</u>

CITY OF NEWNAN, GEORGIA

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**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, 2018, 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, 2018, the Newnan Water, Sewerage and Light Commission, a discretely presented component unit’s bank balances were entirely insured or collateralized with securities held by the Commission’s agent in the Commission’s name.

*Investments - Primary Government*

Investment Type	Credit Rating	Value	Maturity
Office of State Treasurer	AAAf rated	\$ 3,752,906	21 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, 2018.

*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 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.

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**Fair Value Measurements**

As of December 31, 2018, 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, 2018, the Commission had the following investments:

Investment	Maturities in Years				Total
	Under One	One-Three	Three-Seven	Over Ten	
U.S. Government securities	\$ 8,605,136	\$ 7,276,183	\$ -	\$ -	\$ 15,881,319
U.S. Government agency notes and bonds	8,163,543	5,733,844	1,996,317	-	15,893,704
Money market mutual funds and certificates of deposit	4,725,343	-	-	-	4,725,343
Total investments	\$ 21,494,022	\$ 13,010,027	\$ 1,996,317	\$ -	\$ 36,500,366

*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 statues authorize the Commission to invest in obligations of the State of Georgia; obligations issued by the U.S. Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers’ acceptances; the Georgia Fund I established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The investment policy implemented by the Commission further restricts the types, amounts, and allocation of assets, as defined in the investment policy. 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.

*Concentration of Credit Risk* – The Commission’s investment policy limits the exposure to credit risk by placing maximum exposure restrictions by security type. External investments with one issuer that comprised 5% or more of the Commissions investments portfolio (excluding those issued or explicitly guaranteed by the U.S.

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Government as well as mutual funds) as of December 31, 2018 are Federal National Mortgage Association 6.9%, Freddie Mac 12.2%, State of Georgia Municipal 6.2%, US Treasury 55.7%, MEAG Investment Trust 17.6% and Fannie Mae 1.4%.

*Fair Value Measurements – Component Unit*

The Commission categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable. The Commission has the following recurring fair value measurements as of December 31, 2018:

Investment Type	Total	Level 1	Level 2	Level 3
Investments at fair value:				
US government securities	\$ 15,881,319	\$ 15,768,914	\$ -	\$ 112,405
US government agency notes and bonds	15,893,704	9,711,107	-	6,182,597
Money market mutual funds and certificates of deposit	4,725,343	4,580,140	-	145,203
Total	<u>\$ 36,500,366</u>	<u>\$ 30,060,161</u>	<u>\$ -</u>	<u>\$ 6,440,205</u>

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**B. Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

*Primary Government*

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 23,199,424	\$ 212,906	\$ -	\$ -	\$ 23,412,330
Construction in progress	3,863,127	5,679,521	(65,500)	(829,419)	8,647,729
Total capital assets, not being depreciated	27,062,551	5,892,427	(65,500)	(829,419)	32,060,059
Capital assets, being depreciated:					
Buildings and parks	40,612,330	-	-	211,029	40,823,359
Other improvements	12,647,472	310,314	(18,500)	184,744	13,124,030
Machinery and equipment	13,594,835	1,864,006	(96,415)	-	15,362,426
Infrastructure	93,625,447	1,410,697	-	433,646	95,469,790
Total capital assets being depreciated	160,480,084	3,585,017	(114,915)	829,419	164,779,605
Less accumulated depreciation for:					
Buildings and parks	(9,063,623)	(938,315)	-	-	(10,001,938)
Other improvements	(5,935,728)	(504,646)	18,500	-	(6,421,874)
Machinery and equipment	(9,931,009)	(1,004,497)	96,415	-	(10,839,091)
Infrastructure	(24,100,691)	(2,238,517)	-	-	(26,339,208)
Total accumulated depreciation	(49,031,051)	(4,685,975)	114,915	-	(53,602,111)
Total capital assets, being depreciated, net	111,449,033	(1,100,958)	-	829,419	111,177,494
Governmental activities capital assets, net	\$ 138,511,584	\$ 4,791,469	\$ (65,500)	\$ -	\$ 143,237,553

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Machinery and equipment	244,749	151,521	-	396,270
Total capital assets, being depreciated	244,749	151,521	-	396,270
Less accumulated depreciation for:				
Machinery and equipment	(29,798)	(62,716)	-	(92,514)
Total accumulated depreciation	(29,798)	(62,716)	-	(92,514)
Total capital assets, being depreciated, net	214,951	88,805	-	303,756
Business-type activities capital assets, net	\$ 214,951	\$ 88,805	\$ -	\$ 303,756

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

<b>Governmental Activities:</b>	
General government	\$ 55,548
Public safety	613,113
Public works	2,999,412
Community development and leisure services	1,017,902
Total governmental activities depreciation expense	\$ 4,685,975
<b>Business-Type Activities:</b>	
Sanitation Fund	\$ 62,716

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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	3,785,379	4,269,327	-	(4,381,727)	3,672,979
Total capital assets, not being depreciated	11,582,950	4,269,327	-	(4,381,727)	11,470,550
Capital assets, being depreciated:					
Buildings, lines and improvements	184,253,659	6,859,436	(57,663)	-	191,055,432
Equipment and other	14,014,529	2,466,464	(909,367)	-	15,571,626
Total capital assets being depreciated	198,268,188	9,325,900	(967,030)	-	206,627,058
Less accumulated depreciation for:					
Buildings, lines and improvements	(77,577,142)	(6,142,018)	-	-	(83,719,160)
Equipment and other	(7,048,131)	(1,382,093)	966,675	-	(7,463,549)
Total accumulated depreciation	(84,625,273)	(7,524,111)	966,675	-	(91,182,709)
Total capital assets, being depreciated, net	113,642,915	1,801,789	(355)	-	115,444,349
Capital assets, net	\$ 125,225,865	\$ 6,071,116	\$ (355)	\$ (4,381,727)	\$ 126,914,899

**C. Transfers and Component Unit Appropriations**

Transfers for the year ended December 31, 2018, are as follows:

Transfers Out:	Transfers In:			Total
	General Fund	Nonmajor Governmental Fund	Sanitation Fund	
General fund	\$ -	\$ 225,000	\$ 150,000	\$ 375,000
Nonmajor Governmental fund	430,578	-	-	430,578
<b>Total</b>	<b>\$ 430,578</b>	<b>\$ 225,000</b>	<b>\$ 150,000</b>	<b>\$ 805,578</b>

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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 2018, 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.

During 2018, the City made a transfer from the General Fund to the Sanitation Fund in the amount of \$150,000 to assist with the cost of capital equipment.

***Component Unit appropriations***

During 2018, the City appropriated \$388,654 to the Newnan Convention Center Authority for operations and \$1,239,181 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, 2018, 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:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Net pension liability	\$ 5,655,243	\$ 3,731,992	\$ 3,073,690	\$ 6,313,545	\$ -
Compensated absences	813,208	1,232,162	1,263,417	781,953	599,097
	<u>\$ 6,468,451</u>	<u>\$ 4,964,154</u>	<u>\$ 4,337,107</u>	<u>\$ 7,095,498</u>	<u>\$ 599,097</u>
Business-Type activities:					
Net pension liability	\$ 97,802	\$ 64,541	\$ 53,157	\$ 109,186	\$ -
Compensated absences	13,260	14,796	15,663	12,393	10,338
	<u>\$ 111,062</u>	<u>\$ 79,337</u>	<u>\$ 68,820</u>	<u>\$ 121,579</u>	<u>\$ 10,338</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.

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*Component Unit – Newnan Downtown Development Authority*

The Authority had a note payable to United Bank to fund the University of West Georgia Project. The note was paid in full in 2018.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ 1,225,856	\$ -	\$ 1,225,856	\$ -	\$ -
	\$ 1,225,856	\$ -	\$ 1,225,856	\$ -	\$ -

During 2018, the Authority paid \$13,325 in interest on the note.

*Component Unit – Newnan Water, Sewerage and Light Commission*

**Long-Term Debt** – The Newnan Water, Sewerage and Light Commission had one type of long-term debt during the fiscal year 2018, revenue bonds.

**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, 2018 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. The bond premium relative to the 2006 Bonds is \$68,718.

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, 2018, total debt service requirements to maturity for the Series 2006A Bonds were as follows:

Year	Principal	Interest	Total
2019	\$ -	\$ 172,725	\$ 172,725
2020	-	172,725	172,725
2021	-	172,725	172,725
2022	-	172,725	172,725
2023	-	172,725	172,725
2024-2026	3,290,000	264,863	3,554,863
Total	\$ 3,290,000	\$ 1,128,488	\$ 4,418,488

**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 bond premium and bond discount relative to the Series 2015 Revenue Bonds are \$488,459 and \$(3,784) respectively.

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, 2018 was \$170,116.

As of December 31, 2018, total debt service requirements to maturity for the Series 2015 Bonds were as follows:

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Year	Principal	Interest	Total
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	10,000	258,350	268,350
2024-2028	1,230,000	1,030,326	2,260,326
2029-2033	3,375,000	967,076	4,342,076
2034-2036	2,350,000	289,850	2,639,850
Total	\$ 10,655,000	\$ 3,783,982	\$ 14,438,982

**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, 2018 was \$128,745.

As of December 31, 2018, total debt service requirements to maturity for the Series 2017 Bonds were as follows:

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Year	Principal	Interest	Total
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	2,371,430	146,462	2,517,892
2024-2028	2,624,871	333,165	2,958,036
2029-2031	1,236,139	47,176	1,283,315
Total	\$ 11,495,531	\$ 1,417,845	\$ 12,913,376

**Component Unit**

The changes in long-term debt are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Deferred Compensation	\$ 1,947,359	\$ -	\$ (152,604)	\$ 1,794,755	\$ 256,300
Revenue bonds	28,137,606	-	(2,143,682)	25,993,924	2,164,531
Total	\$ 30,084,965	\$ -	\$ (2,296,286)	\$ 27,788,679	\$ 2,420,831

**E. Property Taxes**

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

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

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

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The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	<u>Motor Vehicles</u>
Assessment date	January 1	January 1
Levy date	August 14	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, 2018, all of which are healthcare facilities.

<u>Purpose</u>	<u>Agreement Date</u>	<u>2018 % Abated</u>
Healthcare Facility (New) <sup>(1)</sup>	5/7/2009	44% Real Property
Healthcare Facility (Expansion) <sup>(2)</sup>	12/1/2014	86% Real Property and 50% Personal Property
Healthcare Facility (New) <sup>(3)</sup>	8/26/2014	60% Real Property and 50% Personal Property

<sup>(1)</sup> 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 following incentives: expediting permitting, bond financing, property tax abatement, and 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%

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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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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, 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 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. 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.

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**G. Hotel/Motel Taxes**

The City levies and collects a 5% lodging tax which is reported in the Hotel/Motel Tourism Enhancement Fund. The City retains 60% of the funds collected. Tax receipts for the year were \$717,630. Of the current year expenditures \$2,754 was relative to repairs and maintenance for the Newnan Male Academy Museum and \$287,052 for operating costs of the Newnan Convention Center. As of December 31, 2018, the balance of funds not expended was \$120,748. 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 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

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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, 2018, 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
- (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.

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**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	84
Inactive employees entitled to but not yet receiving benefits	65
Active employees	244

***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 9.31% 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, 2018, the City reported a net pension liability. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2018. An expected total pension liability as of March 31, 2018 was determined using standard roll-forward techniques.

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For the year ended December 31, 2018, the City recognized pension expense relative to GMEBS in the amount of \$1,085,989. At December 31, 2018, 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>
Differences between expected and actual experience	\$ 1,114,250	\$ -
Changes of assumptions	319,792	140,243
Net difference between projected and actual earnings on pension plan investments	-	722,110
Employer contributions subsequent to the measurement date	<u>764,260</u>	<u>-</u>
	<u>\$ 2,198,302</u>	<u>\$ 862,353</u>

City contributions subsequent to the measurement date of March 31, 2018 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, 2018. 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>	
2019	\$ 155,973
2020	281,738
2021	6,593
2022	127,385

**Actuarial Assumptions:** The total pension liability as of December 31, 2018 was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-8.25%, including inflation adjustment
Investment rate of return	7.50%, 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.

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

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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, 2018	\$ 23,673,530	\$ 17,920,485	\$ 5,753,045
Changes for the year:			
Service cost	471,446	-	471,446
Interest	1,800,719	-	1,800,719
Difference between expected and actual experience	1,078,922	-	1,078,922
Contributions - employer	-	897,255	(897,255)
Net investment income	-	2,229,592	(2,229,592)
Benefit payments	(876,903)	(876,903)	-
Administrative expense	-	(45,704)	45,704
Other	399,742	-	399,742
Net changes	2,873,926	2,204,240	669,686
Balance at December 31, 2018	\$ 26,547,456	\$ 20,124,725	\$ 6,422,731

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 \$6,313,545 and \$109,186, 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.

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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, 2018 are summarized in the following table:

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 7.50%. 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 9,890,182	\$ 6,422,731	\$ 3,532,211

**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](http://www.gmanet.com).

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The assumptions used in the July 1, 2018 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 16 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	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%

*Changes of assumptions:*

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%.

*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

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Parkway NE in Conyers, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the City's financial statements.

**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. In 2018, the City fulfilled the commitment by 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, 2018 is as follows:

	Governmental Activities	Business Type Activities
Cost of capital assets	\$ 196,839,664	\$ 396,270
Less accumulated depreciation	(53,602,111)	(92,514)
Book value	143,237,553	303,756
Less all capital related debt	-	-
ment in capital assets	<u>\$ 143,237,553</u>	<u>\$ 303,756</u>

**O. Subsequent Events**

The City assessed events that have occurred subsequent to December 31, 2018 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, 2019.

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**P. Prior Period Adjustment – Change in Accounting Principles**

*Newnan Water, Sewerage and Light Commission Component Unit*

The Commission implemented Governmental Accounting Standard Board (GASB) Statement NO. 75, Postemployment Benefits Other than Pensions, through which accounting for OPEB plans and the related disclosure requirements were modified. A restatement to the January 1, 2018 beginning net position was required to recognize these changes in accounting principles. The resulting adjustments to the financial statements are as follows:

Beginning Net Position, as previously reported	\$ 155,710,798
Adjustment to correct OPEB liability	<u>(741,131)</u>
Beginning Net Position, as restated	<u><u>\$ 154,969,667</u></u>

The above adjustment decreased the change in net position in the amount of \$741,131 for the prior year and had no impact on the current year change in net position.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF NEWNAN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION  
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2018	2017	2016	2015
<i>Total Pension Liability</i>				
Service cost	\$ 471,446	\$ 401,175	\$ 404,718	\$ 421,030
Interest	1,800,719	1,588,662	1,486,432	1,428,183
Differences between expected and actual experience	1,078,922	167,523	201,802	349,394
Changes in benefit terms	-	-	-	-
Changes in assumptions	-	-	-	(701,214)
Other changes	399,742	1,412,078	-	-
Benefit payments, including refunds of employee contributions	(876,903)	(789,534)	(758,180)	(733,416)
Net change in total pension liability	2,873,926	2,779,904	1,334,772	763,977
Total pension liability - beginning	23,673,530	20,893,626	19,558,854	18,794,877
Total pension liability - ending	\$ 26,547,456	\$ 23,673,530	\$ 20,893,626	\$ 19,558,854
<i>Plan Fiduciary Net Position</i>				
Contributions - employer	\$ 897,255	\$ 844,941	\$ 901,568	\$ 934,855
Contributions - employee	-	-	-	-
Net investment income	2,229,592	2,004,621	50,727	1,383,645
Benefit payments, including refunds of employee contributions	(876,903)	(789,534)	(758,180)	(733,416)
Administrative expense	(45,704)	(46,562)	(34,735)	(31,914)
Other	-	-	-	-
Net change in fiduciary net position	2,204,240	2,013,466	159,380	1,553,170
Plan fiduciary net position - beginning	17,920,485	15,907,019	15,747,639	14,194,469
Plan fiduciary net position - ending	\$ 20,124,725	\$ 17,920,485	\$ 15,907,019	\$ 15,747,639
<i>Net Pension Liability</i>				
Net pension liability - ending	\$ 6,422,731	\$ 5,753,045	\$ 4,986,607	\$ 3,811,215
Plan's fiduciary net position as a percentage of the total pension liability	75.81%	75.70%	76.13%	80.51%
Covered payroll	11,019,866	10,770,659	\$ 10,607,616	\$ 9,970,405
Net pension liability as a percentage of covered payroll	58.28%	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, 2018

SCHEDULE OF CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,019,013	\$ 856,669	\$ 841,031	\$ 921,747
Contributions in relation to the actuarially determined contribution	<u>\$ 1,019,013</u>	<u>\$ 856,669</u>	<u>\$ 841,031</u>	<u>\$ 922,797</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,050)</u>
 City's covered payroll	 10,945,360	 10,775,711	 10,605,687	 9,965,410
Contributions as a percentage of covered payroll	9.31%	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, 2018  
(CONTINUED)

Georgia Municipal Employee Benefit System

*Changes of assumptions:*

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%

*Benefit changes*

Effective, April 15, 2017, the Plan was amended to change the eligibility for receiving the 1.5% benefit formula as well as early retirement eligibility.

Valuation date

The actuarially determined contribution was determined as of July 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2019.

*Methods and assumptions used to determine contribution rates:*

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 16 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.

CITY OF NEWNAN, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018  
(CONTINUED)

Actuarial Assumptions:

Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% 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

## **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.

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.

CITY OF NEWNAN, GEORGIA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	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	LMIG Fund	Total	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 6,833	\$ 70,955	\$ -	\$ -	\$ 77,788	\$ -	\$ -	\$ -	\$ 77,788
Investments	116,073	-	131,425	60,306	307,804	474,990	397,228	872,218	1,180,022
Taxes receivable	-	-	108,794	9,071	117,865	-	-	-	117,865
<b>Total assets</b>	<b>\$ 122,906</b>	<b>\$ 70,955</b>	<b>\$ 240,219</b>	<b>\$ 69,377</b>	<b>\$ 503,457</b>	<b>\$ 474,990</b>	<b>\$ 397,228</b>	<b>\$ 872,218</b>	<b>\$ 1,375,675</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 751	\$ 908	\$ 119,471	\$ 34,398	\$ 155,528	\$ 76,978	\$ -	\$ 76,978	\$ 232,506
Unearned revenue	-	70,047	-	-	70,047	-	-	-	70,047
<b>Total liabilities</b>	<b>751</b>	<b>70,955</b>	<b>119,471</b>	<b>34,398</b>	<b>225,575</b>	<b>76,978</b>	<b>-</b>	<b>76,978</b>	<b>302,553</b>
<b>FUND BALANCES</b>									
Restricted	122,155	-	120,748	34,979	277,882	-	397,228	397,228	675,110
Assigned	-	-	-	-	-	398,012	-	398,012	398,012
<b>Total fund balances</b>	<b>122,155</b>	<b>-</b>	<b>120,748</b>	<b>34,979</b>	<b>277,882</b>	<b>398,012</b>	<b>397,228</b>	<b>795,240</b>	<b>1,073,122</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 122,906</b>	<b>\$ 70,955</b>	<b>\$ 240,219</b>	<b>\$ 69,377</b>	<b>\$ 503,457</b>	<b>\$ 474,990</b>	<b>\$ 397,228</b>	<b>\$ 872,218</b>	<b>\$ 1,375,675</b>

CITY OF NEWNAN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Confiscated Assets	Miscellaneous Grants	Hotel/Motel	Rental Motor	Total	Street Improvement	LMIG	Total	
			Tourism Enhancement	Vehicle Excise Tax			Fund		
<b>REVENUES</b>									
Hotel/motel taxes	\$ -	\$ -	\$ 717,630	\$ -	\$ 717,630	\$ -	\$ -	\$ -	\$ 717,630
Court condemnations	141,770	-	-	-	141,770	-	-	-	141,770
Intergovernmental	-	24,940	-	-	24,940	-	396,982	396,982	421,922
Excise taxes	-	-	-	101,573	101,573	-	-	-	101,573
Other revenues	-	29,486	-	-	29,486	41,863	-	41,863	71,349
Investment earnings	2,341	-	3,604	1,011	6,956	8,006	4,077	12,083	19,039
Total revenues	144,111	54,426	721,234	102,584	1,022,355	49,869	401,059	450,928	1,473,283
<b>EXPENDITURES</b>									
Current									
General government	-	321	-	-	321	-	-	-	321
Tourism development	-	-	289,806	102,584	392,390	-	-	-	392,390
Public safety	108,596	54,105	-	-	162,701	-	-	-	162,701
Public works	-	-	-	-	-	375,417	185,817	561,234	561,234
Capital outlay	5,112	-	-	-	5,112	69,704	-	69,704	74,816
Total expenditures	113,708	54,426	289,806	102,584	560,524	445,121	185,817	630,938	1,191,462
Excess (deficiency) of revenues over (under) expenditures	30,403	-	431,428	-	461,831	(395,252)	215,242	(180,010)	281,821
Other financing sources (uses)									
Transfers in	-	-	-	-	-	225,000	-	225,000	225,000
Transfers out	-	-	(430,578)	-	(430,578)	-	-	-	(430,578)
Total other financing sources (uses)	-	-	(430,578)	-	(430,578)	225,000	-	225,000	(205,578)
Net change in fund balances	30,403	-	850	-	31,253	(170,252)	215,242	44,990	76,243
Fund balances - beginning of year	91,752	-	119,898	34,979	246,629	568,264	181,986	750,250	996,879
Fund balances - end of year	\$ 122,155	\$ -	\$ 120,748	\$ 34,979	\$ 277,882	\$ 398,012	\$ 397,228	\$ 795,240	\$ 1,073,122

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, 2018

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Court condemnations	\$ 32,000	\$ 141,770	\$ 109,770
Investment earnings	1,210	2,341	1,131
<b>Total Revenues</b>	<b>33,210</b>	<b>144,111</b>	<b>110,901</b>
<b>EXPENDITURES</b>			
Current			
Law enforcement	108,596	108,596	-
Capital outlay	5,113	5,112	1
<b>Total Expenditures</b>	<b>113,709</b>	<b>113,708</b>	<b>1</b>
Net change in fund balance	(80,499)	30,403	110,902
Fund balances - beginning of year	91,752	91,752	-
<b>Fund balances - end of year</b>	<b>\$ 11,253</b>	<b>\$ 122,155</b>	<b>\$ 110,902</b>

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, 2018

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Other revenues	\$ -	\$ 29,486	\$ 29,486
Intergovernmental	81,000	24,940	(56,060)
<b>Total Revenues</b>	<b>81,000</b>	<b>54,426</b>	<b>(26,574)</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	322	321	1
Community development	26,553	-	26,553
Public safety	54,125	54,105	20
<b>Total Expenditures</b>	<b>81,000</b>	<b>54,426</b>	<b>26,574</b>
Net change in fund balance	-	-	-
Fund balances - beginning of year	-	-	-
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2018

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Hotel/motel taxes	\$ 675,000	\$ 717,630	\$ 42,630
Investment earnings	1,000	3,604	2,604
<b>Total Revenues</b>	<b>676,000</b>	<b>721,234</b>	<b>45,234</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
Tourism development	289,852	289,806	46
<b>Total Expenditures</b>	<b>289,852</b>	<b>289,806</b>	<b>46</b>
Excess (deficiency) of revenues over (under) expenditures	386,148	431,428	45,280
<b>Other Financing Use</b>			
Transfer out	(430,579)	(430,578)	1
Net change in fund balances	(44,431)	850	45,281
Fund balances - beginning of year	119,898	119,898	-
<b>Fund balances - end of year</b>	<b>\$ 75,467</b>	<b>\$ 120,748</b>	<b>\$ 45,281</b>

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, 2018

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Excise tax	\$ 90,000	\$ 101,573	\$ 11,573
Investment earnings	500	1,011	511
<b>Total Revenues</b>	<b>90,500</b>	<b>102,584</b>	<b>12,084</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
Tourism development	102,585	102,584	1
<b>Total Expenditures</b>	<b>102,585</b>	<b>102,584</b>	<b>1</b>
 Net change in fund balances	 (12,085)	 -	 12,085
Fund balances - beginning of year	34,979	34,979	-
 Fund balances - end of year	 \$ 22,894	 \$ 34,979	 \$ 12,085

CITY OF NEWNAN, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITY  
 AGENCY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>December 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2018</u>
<u>Police Pre-Confiscated Assets Fund</u>				
<b>ASSETS</b>				
Cash	\$ 101,089	\$ 13,168	\$ 9,831	\$ 104,426
Total assets	<u>\$ 101,089</u>	<u>\$ 13,168</u>	<u>\$ 9,831</u>	<u>\$ 104,426</u>
<b>LIABILITY</b>				
Payable from assets				
Confiscated assets pending disposition	<u>\$ 101,089</u>	<u>\$ 13,168</u>	<u>\$ 9,831</u>	<u>\$ 104,426</u>

CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY  
 BALANCE SHEET  
 DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$ 130,032
Receivables	104
Total Assets	<u>\$ 130,136</u>

LIABILITIES AND FUND BALANCES

Accounts payable	<u>\$ 2,078</u>
Total Liabilities	<u>2,078</u>
Fund Balances:	
Unassigned	<u>128,058</u>
Total Fund Balances	<u>128,058</u>
Total Liabilities and Fund Balances	<u>\$ 130,136</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>\$ -</u>
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Total net position (deficit) of governmental activities	<u>\$ 128,058</u>
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CITY OF NEWNAN, GEORGIA  
 COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 DECEMBER 31, 2018

REVENUES:

Intergovernmental revenues	\$ 1,239,181
Event income	160,998
Sponsorship income	14,660
Miscellaneous revenues	3,008
Interest earnings	553
	1,418,400
Total Revenues	1,418,400

EXPENDITURES:

Current:	
Promotion	168,913
Debt Service:	
Principal	1,225,856
Interest	13,325
Total Expenditures	1,408,094

Net change in fund balances	10,306
Fund Balance - Beginning of year	117,752
Fund Balance - End of year	\$ 128,058

Amounts reported for governmental activities in the Statement of Activities are different because:  
 Under the modified accrual basis of accounting 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:

Repayment of principal	1,225,856
Change in Net Position of Governmental Activities.	\$ 1,236,162

CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN CONVENTION CENTER AUTHORITY  
 BALANCE SHEET  
 DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	\$ 732,063
Accounts receivable	24,324
Receivable - primary government	148,541
Prepaid items	<u>6,236</u>
Total Assets	<u><u>\$ 911,164</u></u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 1,343
Customer deposits	<u>39,710</u>
Total Liabilities	<u>41,053</u>
Fund Balances:	
Unassigned	<u>870,111</u>
Total Fund Balances	<u>870,111</u>
Total Liabilities and Fund Balances	<u><u>\$ 911,164</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	15,193
Accumulated depreciation	<u>(5,259)</u>

Total net position of governmental activities	<u><u>\$ 880,045</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, 2018

REVENUES:

Intergovernmental	\$ 388,654
Rental	287,167
Miscellaneous revenues	385
Interest earnings	<u>66</u>
Total Revenues	<u>676,272</u>

EXPENDITURES:

Current:	
General government	<u>542,667</u>
Total Expenditures	<u>542,667</u>
Excess (deficiency of revenues over (under) expenditures	133,605

OTHER FINANCING SOURCES (USES)

Insurance recoveries	<u>13,517</u>
Net change in fund balance	147,122
Fund Balance -Beginning of year	<u>722,989</u>
Fund Balance - End of year	<u><u>\$ 870,111</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.

Total capital outlays	\$ 6,243
Total depreciation expense	<u>(1,788)</u>
	4,455

Change in Net Position of Governmental Activities.	<u><u>\$ 151,577</u></u>
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CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH  
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2007)  
FOR THE YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Current Estimated Costs	Expenditures		
			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	6,493,891	121,893	6,615,784
Parks and Recreation	1,200,000	1,200,000	1,188,558	8,955	1,197,513
Streets	14,925,333	13,844,852	12,459,699	452,101	12,911,800
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>\$ 27,031,254</u>	<u>\$ 582,949</u>	<u>\$ 27,614,203</u>
Total Expenditures per financial statements	\$ 606,711				
Less: Newnan Utilities reimbursement	(23,762)				
Total SPLOST current year expenditures above	<u>\$ 582,949</u>				

During 2018, the City was reimbursed in the amount of \$23,762 by Newnan Utilities for their portion of the McIntosh Pkwy 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, 2018

Project	Expenditures				
	Original Estimated Cost	Current Estimated Costs	Prior Years	Current Year	Total
Streets, drainage, sidewalks, and equipment	\$ 15,207,600	\$ 15,207,600	\$ 8,024,786	\$ 2,450,613 *	\$ 10,475,399
Public safety	10,450,000	10,450,000	8,260,208	901,018	9,161,226
Parks and recreation	1,500,000	1,500,000	1,405,173	150,814	1,555,987
Buildings and facilities	100,000	100,000	99,161	-	99,161
Information Systems	100,000	100,000	61,952	38,047	99,999
Transfer to Water, Sewerage and Light Commission	4,982,400	4,982,400	4,264,570	973,491	5,238,061
	<u>\$ 32,340,000</u>	<u>\$ 32,340,000</u>	<u>\$ 22,115,850</u>	<u>\$ 4,513,983</u>	<u>\$ 26,629,833</u>
Total Expenditures per financial statements	\$ 4,561,197				
Less: GDOT Reimbursement for JJCB	(5,780)				
Less: Newnan Utilities reimbursement	(41,434)				
Total SPLOST current year expenditures above	<u>\$ 4,513,983</u>				

\* During 2018, the City received reimbursement from Newnan Utilities for the McIntosh Parkway project in the amount of \$41,434 for costs incurred on their behalf. The schedule has been adjusted for these costs.

\* During 2018, the City received a grant from GDOT in the amount of \$5,780. The schedule has been adjusted for this contribution.

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH  
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2018

Project	Current Expenditures
Tourism	
Operation of Convention Center	102,584
	<u>\$ 102,584</u>

**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.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	107-113
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	114-121
<b>Debt Capacity</b> 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.	122-123
<b>Demographic and Economic Information</b> 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.	124-126
<b>Operating Information</b> 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.	127-128

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

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

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 143,237,553
Restricted	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	8,502,774
Unrestricted	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	20,681,066
<b>Total governmental activities net position</b>	<b>\$ 139,010,423</b>	<b>\$ 143,727,282</b>	<b>\$ 147,802,008</b>	<b>\$ 152,309,724</b>	<b>\$ 166,760,634</b>	<b>\$ 182,737,683</b>	<b>\$ 158,860,194</b>	<b>\$ 161,849,803</b>	<b>\$ 166,744,380</b>	<b>\$ 172,421,393</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 82,734	\$ 59,779	\$ 41,736	\$ 197,313	\$ 214,951	\$ 303,756
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	236,457	348,838	455,306	493,025	532,533	532,867
<b>Total business-type activities net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 319,190</b>	<b>\$ 408,617</b>	<b>\$ 497,042</b>	<b>\$ 690,338</b>	<b>\$ 747,484</b>	<b>\$ 836,623</b>
<b>TOTAL PRIMARY GOVERNMENT</b>										
Net investment in capital assets	\$ 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	\$ 143,541,309
Restricted	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	8,502,774
Unrestricted	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	21,213,933
<b>Total primary government net position</b>	<b>\$ 139,010,423</b>	<b>\$ 143,727,282</b>	<b>\$ 147,802,008</b>	<b>\$ 152,309,724</b>	<b>\$ 167,079,824</b>	<b>\$ 183,146,300</b>	<b>\$ 159,357,236</b>	<b>\$ 162,540,141</b>	<b>\$ 167,491,864</b>	<b>\$ 173,258,016</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 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	\$ 5,677,013
Business-type activities	-	-	-	-	319,190	89,427	165,347	193,296	57,146	89,139
<b>Total primary government</b>	<b>\$ 1,946,657</b>	<b>\$ 4,716,859</b>	<b>\$ 4,074,726</b>	<b>\$ 4,507,716</b>	<b>\$ 14,770,100</b>	<b>\$ 16,066,476</b>	<b>\$ (19,963,557)</b>	<b>\$ 3,182,905</b>	<b>\$ 4,951,723</b>	<b>\$ 5,766,152</b>

**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. Downtown sanitation services were added in January 2018.

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

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses:</b>										
Governmental activities:										
General Government	\$ 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	\$ 6,046,153
Community Development	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	4,164,813
Public Safety	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	13,282,026
Public Works	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	7,558,830
Tourism Development	9,304	3,691	2,588	121,726	248,989	322,479	376,488	383,577	481,142	393,082
Other Services	-	-	-	-	146	-	-	-	-	-
Total governmental activities expenses	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	31,444,904
Business-type activities:										
Sanitation - Brush & Bulk	-	-	-	-	398,955	467,952	446,366	481,189	608,498	873,756
Total business-type activities expenses	-	-	-	-	398,955	467,952	446,366	481,189	608,498	873,756
Total primary government expenses	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	32,318,660
<b>Program Revenues:</b>										
Governmental activities:										
Charges for Services										
General Government	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	2,431,335
Tourism Development	17,560	23,104	29,537	31,245	36,474	-	-	-	-	-
Public Safety	855,249	2,918,872	850,972	725,106	835,395	921,592	877,744	901,445	837,354	1,021,661
Public Works	-	-	-	-	74,450	-	-	-	-	-
Community Development	375,840	267,248	335,381	531,393	663,990	584,997	788,927	759,001	723,182	1,066,616
Total charges for services	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	4,519,612
Operating grants and contributions	96,152	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capital grants and contributions	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	9,610,915
Total governmental activities program revenues	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	14,155,527
Business-type activities:										
Charges for Services										
Sanitation - Brush & Bulk	-	-	-	-	439,606	557,079	611,083	637,487	660,612	765,791
Total Charges for Services	-	-	-	-	439,606	557,079	611,083	637,487	660,612	765,791
Operating grants and contributions	-	-	-	-	-	-	-	-	-	38,658
Total business-type activities expenses	-	-	-	-	439,606	557,079	611,083	637,487	660,612	804,449
Total primary government program revenues	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	14,959,976
<b>Net (Expenses)/Revenue</b>										
Governmental activities	(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)	(17,289,377)
Business-type activities	-	-	-	-	40,651	89,127	164,717	156,298	52,114	(69,307)
Total primary government net (expense)/revenue	\$ (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)	\$ (17,358,684)

**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. Downtown sanitation services were added in January 2018.

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

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property Taxes	\$ 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	5,692,084
Motor Vehicle Taxes (Ad Valorem & TAVT)	249,931	249,579	273,376	300,866	1,094,431	1,275,827	1,274,622	972,605	1,098,312	1,407,361
Sales Taxes	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	7,310,624
Occupational Taxes	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	2,992,768
Franchise Taxes	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	1,499,012
Insurance Premium Taxes	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	2,357,604
Hotel Motel Taxes	240,642	223,694	253,718	283,321	337,102	384,002	589,378	582,222	716,575	717,630
Alcoholic Beverage Taxes	742,731	737,209	757,381	822,432	812,992	856,438	881,758	889,718	880,578	881,540
Other Taxes	34,544	44,909	125,950	101,620	123,094	114,835	106,096	106,400	108,194	113,861
Interest Revenue	105,671	32,524	26,179	29,369	30,481	30,104	36,852	49,770	66,700	143,906
Gain/(Loss) on Sale of Assets	-	-	-	-	-	6,360	(19,468,959)	-	-	-
Transfer	-	-	-	-	(196,016)	-	-	(35,000)	-	(150,000)
Contributed Capital	-	-	-	-	(82,411)	-	-	-	-	-
<b>Total governmental activities</b>	<b>13,849,497</b>	<b>13,999,464</b>	<b>14,772,791</b>	<b>14,975,597</b>	<b>16,118,763</b>	<b>18,423,989</b>	<b>220,623</b>	<b>20,410,856</b>	<b>21,593,766</b>	<b>22,966,390</b>
Business-type activities:										
Unrestricted Investment Earnings	-	-	-	-	112	300	630	1,998	5,032	8,446
Transfers	-	-	-	-	196,016	-	-	-	-	150,000
Contributed Capital - General Fund	-	-	-	-	21,652	-	-	35,000	-	-
Contributed Capital - SPLOST	-	-	-	-	60,759	-	-	-	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,539</b>	<b>300</b>	<b>630</b>	<b>36,998</b>	<b>5,032</b>	<b>158,446</b>
<b>Total Primary Government</b>	<b>13,849,497</b>	<b>13,999,464</b>	<b>14,772,791</b>	<b>14,975,597</b>	<b>16,397,302</b>	<b>18,424,289</b>	<b>221,253</b>	<b>20,447,854</b>	<b>21,598,798</b>	<b>23,124,836</b>
<b>Change in Net Position</b>										
Governmental Activities	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	5,677,013
Business-type Activities	-	-	-	-	319,190	89,427	165,347	193,296	57,146	89,139
<b>Total Primary Government</b>	<b>\$ 1,946,657</b>	<b>\$ 4,716,859</b>	<b>\$ 4,074,726</b>	<b>\$ 4,507,716</b>	<b>\$ 14,770,099</b>	<b>\$ 16,066,475</b>	<b>\$ (19,963,557)</b>	<b>\$ 3,182,905</b>	<b>\$ 4,951,723</b>	<b>\$ 5,766,152</b>

**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. Downtown sanitation services were added in January 2018.

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

Function/Program	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General Government	\$ 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	\$ 3,419,028
Community Development	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	2,111,003
Public Safety	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	5,111,901
Public Works	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	3,485,173
Tourist Development	17,560	23,104	29,537	56,245	226,474	25,000	35,500	26,605	27,148	28,422
Other Services	-	-	-	-	-	-	-	-	-	-
Subtotal governmental activities	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	14,155,527
Business-type activities:										
Sanitation - Brush & Bulk	-	-	-	-	439,606	557,079	611,083	637,487	660,612	804,449
Subtotal business-type activities	-	-	-	-	439,606	557,079	611,083	637,487	660,612	804,449
Total primary government	\$ 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	\$ 14,959,976

**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. Downtown sanitation services were added in January 2018.

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

	Calendar Year									
	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved	\$ 135,435	\$ 125,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,315,495	14,746,505	-	-	-	-	-	-	-	-
Nonspendable <sup>(a)</sup>	-	-	3,378	6,647	16,728	3,027,727	2,284,814	1,543,948	791,483	37,853
Restricted	-	-	51,645	61,140	137,715	33,670	30,404	15,470	94,240	44,518
Assigned <sup>(b)</sup>	-	-	567,919	548,916	385,070	395,476	449,037	704,848	607,010	980,365
Committed	-	-	-	-	1,400,871	2,500,000	1,150,000	2,353,593	-	70,161
Unassigned <sup>(c)</sup>	-	-	16,925,008	18,460,690	19,340,624	17,194,562	20,297,243	19,619,524	22,650,396	24,807,716
<b>Total General Fund</b>	<b>\$ 13,450,930</b>	<b>\$ 14,872,441</b>	<b>\$ 17,547,950</b>	<b>\$ 19,077,393</b>	<b>\$ 21,281,008</b>	<b>\$ 23,151,435</b>	<b>\$ 24,211,497</b>	<b>\$ 24,237,383</b>	<b>\$ 24,143,129</b>	<b>\$ 25,940,613</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 13,683,686	\$ 16,869,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	820,018	978,802	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted:										
Special Revenue Funds	-	-	1,938,745	1,720,349	417,634	361,748	256,544	348,155	246,629	277,882
Capital Projects Funds <sup>(d)</sup>	-	-	14,498,443	14,727,036	16,109,286	10,073,465	5,943,171	6,165,620	8,797,138	8,180,374
Assigned <sup>(e)</sup>	-	-	406,878	443,409	342,590	374,027	618,489	407,660	568,264	398,012
Unassigned	-	-	-	-	-	(1,345,488)	(425,416)	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 14,503,704</b>	<b>\$ 17,848,788</b>	<b>\$ 16,844,066</b>	<b>\$ 16,890,794</b>	<b>\$ 16,869,510</b>	<b>\$ 9,463,752</b>	<b>\$ 6,392,788</b>	<b>\$ 6,921,436</b>	<b>\$ 9,612,031</b>	<b>\$ 8,856,268</b>
<b>Total Fund Balances</b>	<b>\$ 27,954,634</b>	<b>\$ 32,721,229</b>	<b>\$ 34,392,016</b>	<b>\$ 35,968,187</b>	<b>\$ 38,150,517</b>	<b>\$ 32,615,187</b>	<b>\$ 30,604,285</b>	<b>\$ 31,158,819</b>	<b>\$ 33,755,160</b>	<b>\$ 34,796,881</b>

\* 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 2018.

(b) \$445,000 was assigned to a new park on Sprayberry Road in 2018. Additionally, the reserve for encumbrances decreased by \$83,851.

(c) Current year operations increased unassigned fund balance by \$1.9 million for 2018

(d) SPLOST 2013 fund balance increased by about \$1.6 million, while SPLOST 2007 fund balance decreased by \$579,177 and Impact Fees Fund balance decreased by \$1.8 million during 2018.

(e) Street Fund balance decreased by \$170,000 for 2018.

**CITY OF NEWNAN, GEORGIA**  
**CHANGES IN 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	2018
<b>Revenues</b>											
Taxes:											
Alcohol Beverage Taxes	\$ 731,681	\$ 742,731	\$ 737,209	\$ 757,381	\$ 822,432	\$ 812,992	\$ 856,438	\$ 881,758	\$ 889,718	\$ 880,578	\$ 881,540
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	1,499,012
Hotel/Motel Taxes	258,001	240,642	223,694	253,718	283,321	337,102	384,002	589,378	582,222	716,575	717,630
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	2,357,604
Motor Vehicles <sup>(1)</sup>	270,781	249,931	249,579	273,376	300,866	1,094,431	1,275,827	1,274,622	972,605	1,098,312	1,407,361
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	2,992,768
Other Taxes	33,524	34,544	44,909	49,162	34,289	47,224	35,269	15,546	19,268	15,403	12,288
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	5,748,180
Rental Motor Vehicle Taxes	-	-	-	76,788	67,331	75,870	79,566	90,550	87,132	92,791	101,573
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	7,310,624
Court Condemnations	165,240	163,338	2,204,972	179,123	56,105	149,347	175,491	42,591	146,193	57,851	141,770
Fines and Forfeitures	669,929	691,911	624,181	575,724	666,838	684,937	746,101	581,587	552,137	558,138	598,182
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	930,683
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	7,075,987
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	1,725,507
Investment Earnings	547,677	105,671	55,409	44,246	48,873	45,354	39,540	47,045	60,823	79,241	159,083
Alcohol Licenses	183,775	179,050	186,354	176,845	174,500	174,899	211,210	185,210	185,285	184,810	196,025
Other Revenues	185,955	315,606	243,361	272,389	347,561	477,217	582,522	532,239	637,998	634,327	489,755
Donations	-	-	-	-	-	4,100,000	-	-	-	-	-
Program Revenue	-	-	-	30,925	17,711	69,126	74,577	109,377	22,405	-	89,312
Permits & Inspections	486,125	259,895	267,249	335,381	356,893	663,990	584,995	788,927	758,926	723,182	1,055,401
<b>Total Revenues</b>	<b>23,667,468</b>	<b>21,138,600</b>	<b>25,744,460</b>	<b>23,134,591</b>	<b>24,115,610</b>	<b>31,041,930</b>	<b>41,843,933</b>	<b>30,547,797</b>	<b>31,035,377</b>	<b>35,050,553</b>	<b>35,490,285</b>
<b>Expenditures</b>											
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	4,070,869
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	3,775,680
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	12,963,674
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	4,734,308
Tourist Development	4,274	9,304	3,691	2,588	121,726	248,989	322,479	387,481	381,534	453,065	392,390
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	2,212,672
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	6,226,750
<b>Total Expenditures</b>	<b>23,081,024</b>	<b>22,148,209</b>	<b>20,995,340</b>	<b>21,476,046</b>	<b>23,205,503</b>	<b>28,856,518</b>	<b>47,408,580</b>	<b>38,339,600</b>	<b>30,509,473</b>	<b>32,560,030</b>	<b>34,376,343</b>
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	\$ 1,113,942

(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.

**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	2018
<b>Other Financing Sources (Uses)</b>											
Transfers from other Funds	\$ 861,413	\$ 867,985	\$ 453,216	\$ 500,704	\$ 169,992	\$ 420,379	\$ 76,800	\$ 680,640	\$ 366,111	\$ 583,287	\$ 655,578
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)	(805,578)
Insurance recoveries	-	-	-	-	-	-	-	23,654	51,195	77,888	73,879
Sale of Capital Assets	-	-	17,475	12,242	38,316	27,934	29,317	5,057,941	12,436	27,930	3,900
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>17,475</b>	<b>12,242</b>	<b>666,064</b>	<b>(3,082)</b>	<b>29,317</b>	<b>5,081,595</b>	<b>28,631</b>	<b>105,818</b>	<b>(72,221)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 586,444</b>	<b>\$ (1,009,609)</b>	<b>\$ 4,766,595</b>	<b>\$ 1,670,787</b>	<b>\$ 1,576,171</b>	<b>\$ 2,182,330</b>	<b>\$ (5,535,330)</b>	<b>\$ (2,710,208)</b>	<b>\$ 554,535</b>	<b>\$ 2,596,341</b>	<b>\$ 1,041,721</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	0.0%	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)

<b>Calendar Year</b>	<b>General Property</b> <sup>(1)</sup>	<b>Franchise</b> <sup>(2)</sup>	<b>Insurance Premium</b> <sup>(3)</sup>	<b>Occupational</b> <sup>(4)</sup>	<b>Alcoholic Beverage</b>	<b>Hotel / Motel</b>	<b>Local Option Sales Tax</b> <sup>(3)</sup>	<b>Motor Vehicle</b> <sup>(5)</sup>	<b>Other</b>	<b>Total</b>
<b>2009</b>	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
<b>2010</b>	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
<b>2011</b>	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
<b>2012</b>	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
<b>2013</b>	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
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	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
<b>2017</b>	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
<b>2018</b>	5,748,180	1,499,012	2,357,604	2,992,768	881,540	717,630	7,310,624	1,407,361	113,861	23,028,580
<b>% Change 2017- 2018</b>	<b>12.9%</b>	<b>-4.4%</b>	<b>8.4%</b>	<b>-5.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>8.3%</b>	<b>28.1%</b>	<b>5.2%</b>	<b>6.9%</b>

<sup>(1)</sup> Property tax collections increased by 12.2% over 2017 and the City's millage rate increased from 3.87 to 4.0 for 2018.

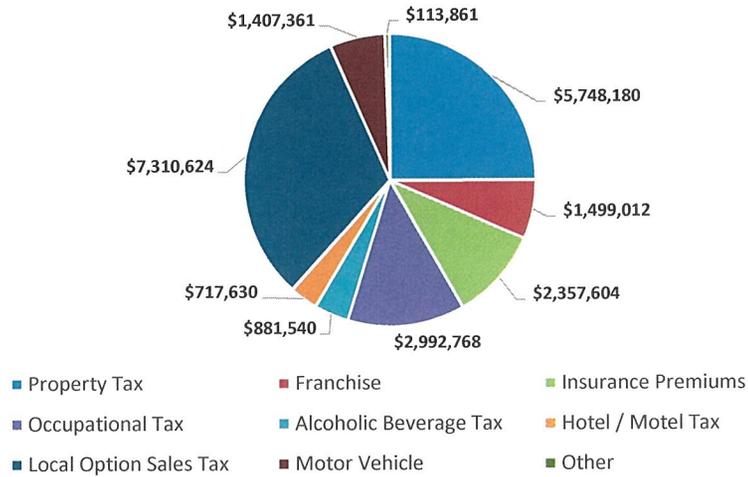
<sup>(2)</sup> Franchise taxes decreased by 4.4% for 2018; primarily due to the reduction in cable TV franchise fees.

<sup>(3)</sup> The increase in insurance premiums and local option sales tax is primarily attributed to the growth in population and new businesses in Newnan.

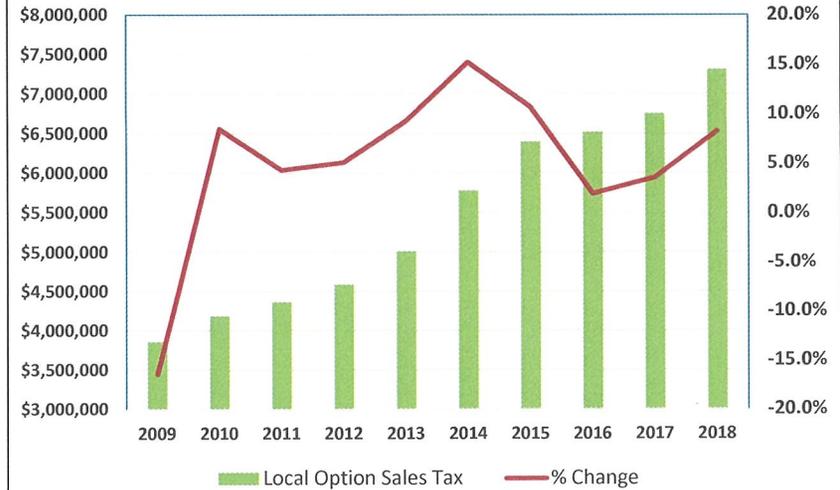
<sup>(4)</sup> Occupational taxes decreased by approximately \$163,000 during 2018, mainly attributed to the change in gross receipts reported by one particular business in Newnan.

<sup>(5)</sup> Motor vehicle taxes increased by 28.1% as a result of the increase in title ad valorem taxes of approximately \$323,000.

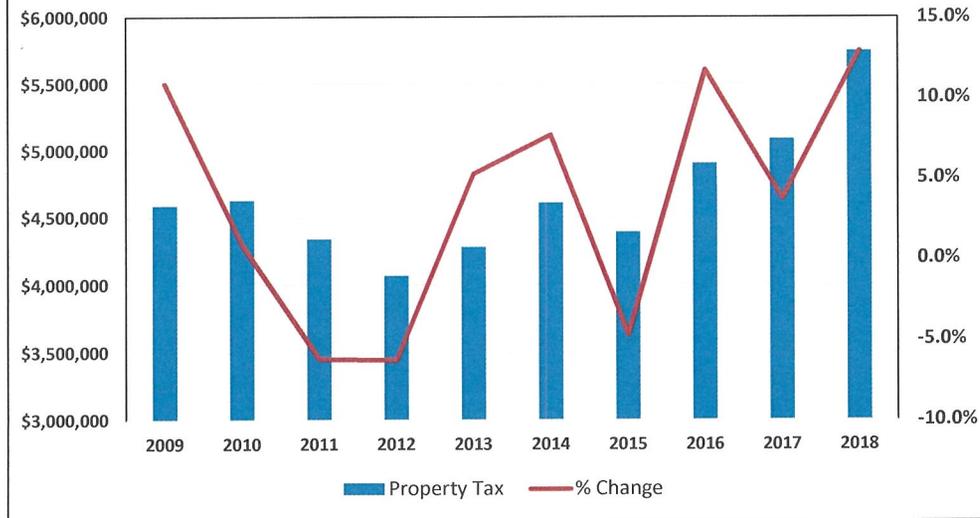
**2018 Governmental Tax Revenues by Source**



**Local Option Sales Tax Collections**



**Property Tax Collections**



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

<b>Calendar Year Ended December 31,</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
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%
2018	1,293,514,303	113,935,110	-	1,407,449,413	4.00	3,518,623,531	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
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
2018	4.00	0.00	4.00	0.00	7.63	18.59	-	30.22

**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.

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

Taxpayer	2009			2018		
	Taxable Assessed Value	Rank	Percentage of Total City Tax Levy	Taxable Assessed Value	Rank	Percentage of Total City Tax Levy
Coweta County Development Authority				\$ 41,766,513	1	2.97%
Ashley Park Property Owner LLC				23,739,725	2	1.69%
The Trees of Newnan LLC				20,737,595	3	1.47%
VR Newnan Holdings Limited Partnership				15,160,000	4	1.08%
RPAI Newnan Crossing LLC				14,972,080	5	1.06%
Bon L Manufacturing	10,690,253	5	1.01%	14,103,153	6	1.00%
Progress Residential				13,870,313	7	0.99%
Southeastern Regional Medical Center				13,544,713	8	0.96%
Chartwell Preston Mill LLC				9,945,080	9	0.71%
Wilkinson CGR Newnan LLC				9,906,435	10	0.70%
Fourth Quarter Properties	28,940,571	1	2.74%			
EGO Products	14,195,074	2	1.35%			
Inland Southeast Newnan LLC	12,272,995	3	1.16%			
Coweta Fayette EMC	11,838,420	4	1.12%			
Wal-Mart	8,527,350	6	0.81%			
WPRE	8,498,923	7	0.81%			
HC Cable (NuLink)	7,730,640	8	0.73%			
Newnan Development Partners	7,567,937	9	0.72%			
Diplomat Hotels	6,490,309	10	0.62%			
<b>Total</b>	<b>\$ 116,752,472</b>		<b>11.07%</b>	<b>\$ 177,745,605</b>		<b>12.63%</b>

**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
2009	4,507,635	4,090,388	90.74%	415,083	4,505,471	99.95%
2010	4,597,973	4,191,653	91.16%	400,912	4,592,565	99.88%
2011	4,339,097	4,004,319	92.28%	331,534	4,335,853	99.93%
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%	219,654	4,087,425	99.89%
2014	4,479,867	4,289,462	95.75%	182,169	4,471,631	99.82%
2015	4,516,086	4,330,231	95.88%	184,198	4,514,429	99.96%
2016	4,849,059	4,690,676	96.73%	156,048	4,846,724	99.95%
2017	5,025,648	4,880,179	97.11%	140,344	5,020,523	99.90%
2018	5,629,798	5,532,347	98.27%	-	5,532,347	98.27%

**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>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>	<u>2018</u>
Accommodations <sup>(1)</sup>	\$ 53,972	\$ 83,090	\$ 108,870	\$ 112,012	\$ 113,493	\$ 130,415	\$ 167,258	\$ 187,616	\$ 224,331	\$ 241,429
Apparel	234,779	-	-	-	-	-	-	-	-	-
Automotive	2,816,514	2,198,045	2,136,427	2,262,067	1,072,920	442,597	479,336	561,385	596,564	637,483
Construction <sup>(1)</sup>	31,972	94,584	102,177	84,101	61,131	140,787	112,887	108,889	126,222	141,462
Food	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	4,426,662
General	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	3,495,465
Home	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	2,026,162
Lumber	391,677	-	-	-	-	-	-	-	-	-
Manufacturing	1,059,659	762,408	772,057	866,136	811,622	949,342	1,093,488	1,102,711	1,169,687	1,413,059
Miscellaneous	472,311	-	-	-	-	-	-	-	-	-
Miscellaneous Services	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	1,950,912
Other Retail <sup>(1)</sup>	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	3,818,702
Other Services <sup>(1)</sup>	151,802	226,837	357,111	434,245	373,192	353,686	333,449	409,914	951,097	1,038,112
Utilities	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	1,912,452
Wholesale <sup>(1)</sup>	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	2,125,650
<b>Total</b>	<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>	<u>\$ 23,227,549</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.

<sup>(1)</sup> 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>
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%
2018	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, 2018**

<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 <sup>(1)</sup>	\$ 175,365,197	100%
Total Overlapping Debt	175,365,197	100%
Total Direct and Overlapping Debt	\$ 175,365,197	

**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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Assessed Value	\$ 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	\$ 1,419,667,563
Debt Limit - 10% of Assessed Value	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	141,966,756
Debt Applicable to Debt Limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<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>	<u>141,966,756</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**

<b>Calendar Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income<sup>2,5</sup></b>	<b>Median Age<sup>1,2,6</sup></b>	<b>School Enrollment<sup>2,4</sup></b>	<b>Unemployment Rate<sup>2,3</sup></b>
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%
2018	39,784	1,201,914	30,211	34.6	22,753	5.7%

<sup>1</sup> Per 2010 Census and the City's estimate; ARC Community Profile for City of Newnan; US Census Bureau

<sup>2</sup> ARC Community Profile for City of Newnan; US Census Bureau

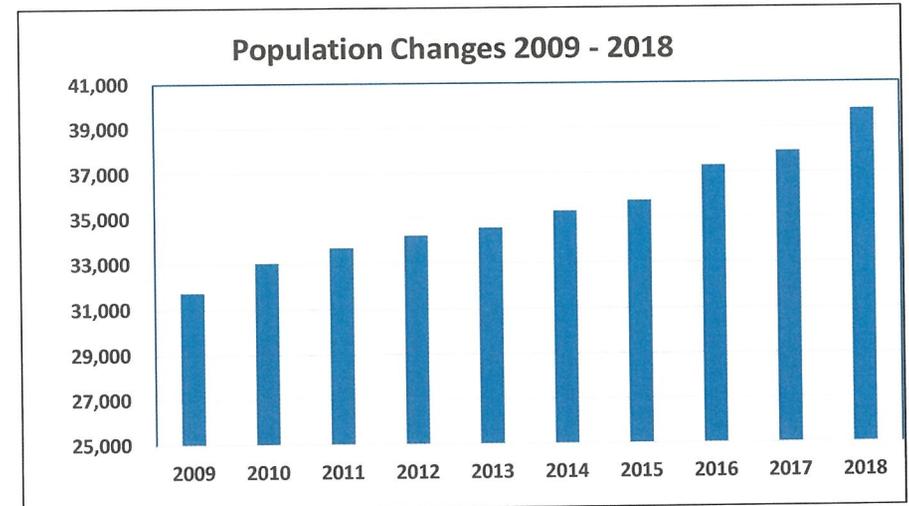
<sup>3</sup> US Census - American Community Survey 5-year Estimate

<sup>4</sup> Coweta County Board of Education

<sup>5</sup> BEA Regional Economic Analysis; US Census Bureau

<sup>6</sup> 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**

<b>Employer</b>	<b>Type of Industry</b>	<b>2009</b>			<b>2018</b>		
		<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Coweta County School System	Education	3,043	1	5.50%	2,956	1	4.14%
Piedmont Newnan Hospital	Healthcare				1,450	2	2.03%
Yamaha Motor Manufacturing	Manufacturing	1,250	2	2.26%	1,300	3	1.82%
Cancer Treatment Centers of America	Healthcare				978	4	1.37%
Coweta County, Georgia	Government	810	3	1.46%	907	5	1.27%
Pet Smart Distribution Center	Retail Distribution	445	5	0.80%	560	6	0.78%
Bonnell Aluminum	Manufacturing	352	7	0.64%	460	7	0.64%
Cargill Meat Solutions	Packaging	350	8	0.63%	417	8	0.58%
Yokogawa Corporation	Manufacturing	381	6	0.69%	360	9	0.50%
Variety Wholesalers	Manufacturing				310	10	0.43%
Wal-Mart Supercenter	Retailer	500	4	0.90%			
Georgia Power - Plant Yates	Utilities	350	8	0.63%			
Rite Aid Distribution Center	Distribution	340	9	0.61%			
K-Mart Distribution Center	Distribution	327	10	0.59%			
<b>City of Newnan, Georgia</b>	<b>Government</b>	<b>224</b>		<b>0.41%</b>	<b>257</b>		<b>0.36%</b>
All other employers		46,923		84.86%	61,479		86.06%
Total Labor Force		55,295		100.00%	71,434		100.00%
	City Unemployment Rate	9.5%			5.7%		
	County Unemployment Rate	9.5%			3.3%		
	Georgia Unemployment Rate	9.9%			3.9%		
	US Unemployment Rate	10.0%			3.9%		

**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**

<b>Function/Program</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>General Government</b>										
City Manager	2	2	2	2	4	5	5	6	6	6
City Attorney	1	1	1	1	0	0	0	0	0	0
<b>Administrative</b>										
Finance	5	5	5	5	5	6	6	6	6	6
City Clerk	1	1	1	1	1	0	0	0	0	0
Human Resources <sup>(1)</sup>	2	2	2	2	2	2	2	2	2	3
Information Technology	1	1	1	1	2	2	3	3	3	3
Public Information	1	1	1	1	0	0	0	0	0	0
Facilities Maintenance	3	3	3	2	2	2	3	3	3	3
<b>Public Safety</b>										
<b>Police</b>										
Officers	75	75	75	75	77	78	80	82	84	84
Civilians	6	6	6	6	6	6	6	6	6	6
Administrative	3	3	4	4	4	4	5	5	5	5
Municipal Court	1	1	1	1	1	1	1	1	1	1
<b>Fire Department</b>										
Firefighters <sup>(2)</sup>	49	49	50	50	51	53	54	56	56	57
Administrative	1	1	1	1	1	1	1	1	1	1
<b>Community Development</b>										
Administration	2	2	0	0	0	0	0	0	0	0
Planning & Zoning	3	3	3	4	4	4	4	4	5	5
Parks & ROW Beautification	14	14	14	14	14	14	14	16	16	16
Building Inspection	9	8	8	8	9	10	10	10	10	10
<b>Public Works</b>										
Administration	2	2	2	3	3	3	3	3	3	3
Streets	22	22	20	20	19	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	3	2	2	2	3	3	3	3
<b>Other Services</b>										
Carnegie Building	1	1	2	1	1	1	2	2	2	2
Business Development & Main Special Events	2	2	2	3	3	3	3	3	2	2
Leisure Services <sup>(3)</sup>	0	0	0	0	0	0	0	0	0	1
<b>Sanitation <sup>(4)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>7</b>
<b>Total Full-Time Employees</b>	<b>224</b>	<b>223</b>	<b>221</b>	<b>221</b>	<b>229</b>	<b>234</b>	<b>242</b>	<b>249</b>	<b>251</b>	<b>257</b>

**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) Added a new Risk Manager position.

**Note:** Various position changes were made in public safety also.

(2) Added one (1) Firefighter position.

(3) Added a new Leisure Services Manager position

(4) Added two (2) Sanitation Operator and one Collector (1) positions.

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

Function/Program	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Occupational Tax Certificates Maintained	1,819	1,807	1,890	1,687	1,755	1,740	1,855	1,842	1,814	
Alcohol Licenses Issued	92	99	102	99	102	103	101	98	96	
Property Tax Bills Issued <sup>(1)</sup>	13,856	13,896	13,857	13,824	13,770	13,757	-	-	-	-
<b>Community Development</b>										
Building Permits Issued - Commercial	3	27	32	42	57	45	65	87	85	203
Building Permits Issued - Residential	69	122	88	159	263	268	321	352	313	335
<b>Police</b>										
Physical Arrests	804	1,352	1,508	1,313	1,420	1,536	1,307	1,114	1,237	1,383
Parking Violations	1,545	1,254	375	143	127	265	214	141	196	107
Traffic Violations	6,216	6,191	5,379	7,383	9,297	9,200	5,096	4,865	6,710	6,913
<b>Fire</b>										
Emergency Responses	2,631	3,590	3,715	4,013	4,045	4,350	4,489	4,806	5,050	3,297
Fires Extinguished	69	101	137	111	100	83	90	128	77	83
<b>Public Works</b>										
Streets Resurfaced (Miles)										
Full Depth Reclamation (FDR)	3.6565	0.9130	0.0000	0.6570	-	1.2100	1.7238	0.0000	0.0000	0.0000
LARP Resurfacing	3.4750	0.0000	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	7.3140	2.7900	2.6200	0.0000	3.9600	3.1000
Other Resurfacing	0.8269	2.3450	2.3700	1.5470	-	N/A	0.2557	0.0000	0.0000	0.9300

**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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
<b>Police</b>										
Stations	3	3	3	3	4	4	1	1	1	1
Patrol Cars	66	68	68	74	81	85	88	90	118	126
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	6	6	6	6	12	14	14	14	16	16
Fire Hydrants	1,964	2,005	2,010	2,040	2,043	2,063	2,058	2,076	1,905	2,112
<b>Community Development</b>										
<b>Recreation</b>										
Community Centers	1	0	0	0	0	0	0	0	1	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	0	0	0	0	0	0
<b>Planning</b>										
<b>Streets</b>										
Streets (miles)	185	172	176	169	169	170	172	172	174	175
Sidewalks (miles)	N/A	159	163	166	166	166	170	171	174	176
Number of Streets	651	618	620	639	639	641	649	651	662	669
New Sidewalk Construction (LF)	N/A	3,806	3,616	724	0	2,297	12,240	14,490	17,318	25,873

Source: Various City departments and Newnan Utilities

**GOVERNMENTAL REPORT**



**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 aggregate remaining fund information of the City of Newnan, Georgia as of and for the year ended December 31, 2018, 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, 2019. 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.

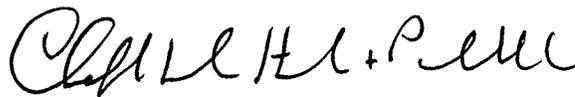
Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Macon, Georgia  
June 19, 2019