

CITY OF NEWNAN, GEORGIA

FINACIAL STATEMENTS AS OF
DECEMBER 31, 2021 AND
INDEPENDENT AUDITOR'S REPORT

CITY OF NEWNAN, GEORGIA

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April 27, 2023

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of Newnan, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited 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** (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Major Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Newnan Water, Sewerage, and Light Commission which represents 99 percent, 99 percent, and 99 percent, respectively, of the assets, net position, and revenues of the component units. Those financial statements were audited by other auditors whose report thereon 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, Georgia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, the schedule of changes in the net pension liability and related ratios on page 65, the schedule of contributions on page 66, and the notes to the required supplementary information on pages 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide

any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, the component units' financial statements, the schedule of projects constructed with special sales tax proceeds, the schedule of project expenditures with rental motor vehicle excise tax revenue are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, the component units' financial statements, the schedule of projects constructed with special sales tax proceeds, 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, the combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, the component units' financial statements, the schedule of projects constructed with special sales tax proceeds, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2023, 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, Georgia'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.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION & ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Newnan, Georgia's (the "City") annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2021. 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 19 to enhance their understanding of the Government's financial performance.

2021 Financial Highlights

- The assets and deferred outflows of the City of Newnan exceeded its liabilities and deferred inflows by \$185,842,334 (net position) at the close of the calendar year reported.
- The City's total net position, on an entity-wide basis, decreased by \$257,158, or .14%. Governmental activities increased by \$59,195, while business-type activities (Sanitation) decreased by \$316,353. The increase in governmental activities is primarily due to the increase of approximately \$6.8 million in total assets plus the decrease in deferred outflows related to pensions of over \$1.5 million, offset by the increase in liabilities of about \$1.4 million. Total governmental activities capital outlay for 2021 was \$17,930,000 with depreciation expenses of \$6,210,669. Please see page 20 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 \$165,286,216, include property and equipment, net of depreciation. Of this amount, \$251,526 is attributed to business-type activities in the Sanitation fund.
 - (2) Net position of \$5,335,384 is restricted by constraints imposed from outside the City, such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net position of \$15,853,163 represents the portion available to maintain the City's continuing obligations to citizens and creditors; of which \$141,596 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 \$29,167,084 this year. This compares to the prior year combined ending fund balances of \$40,897,551, showing a decrease of \$11,730,467 or 28.7%, during the current year.
- **Nonspendable** fund balance decreased by \$820,410 due primarily to an increase of \$50,000 to the note receivable for an intergovernmental loan to NURA and \$851,666 in prepayments recognized in 2021 for group health premiums and escrow payments made in 2020. **Restricted** fund balance decreased by about \$3.8 million due mainly to decreases in the SPLOST 2019 fund restricted for capital outlay of \$948,264 and SPLOST 2013 for \$1,558,255, and decreases in the funds restricted for Economic Development in the amount of \$1,664,942 and offset by Impact Fees fund in the amount of \$141,516.
- Finally, **assigned** fund balance decreased by approximately \$147,000, mainly due to the decrease in the Street Improvement fund balance, where funds from the Georgia Department of Revenue are now paid in advance, rather than as reimbursements. **Unassigned** fund balance, all in the general fund, totaled \$22,693,454, which amounts to 53.6% of total general fund expenditures of \$42,303,053. In comparison, the general fund unassigned fund balance for 2020 was 106.2% of general fund expenditures. At the end of the current calendar year, fund balance for the general fund totaled \$23,607,891, an decrease of 27.9% from 2020, at \$32,736,277.

- 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 \$954,373, a decrease of \$2,130, or .2%, from 2020.
- Overall, the City continues to maintain a strong financial position. However, the ratio of current assets to current liabilities is 3.4 to 1 at the end of 2021, which is a decrease from 2020 where the ratio was 8.8 to 1.

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 out. 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. Green For Life Environmental (GFL) 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 19 & 20 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 68. 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 21-28 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 (city-wide brush/bulk services and downtown trash collection only) and one internal service fund for group health insurance (Fund 601). Fund 601 was created at the end of 2021 to account for all activities related to employee group health activities and insurance claims for the City. The basic proprietary fund financial statements can be found on pages 29-32 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 33-34 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 37 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 68.

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.

City of Newnan, Georgia Comparative Schedule of Net Position December 31, 2021 and 2020						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current assets	\$ 40,609,607	\$ 45,499,177	\$ 345,498	\$ 558,100	\$ 40,955,105	\$ 46,057,277
Capital assets	165,034,690	153,344,670	251,526	337,731	165,286,216	153,682,401
Total Assets	205,644,297	198,843,847	597,024	895,831	206,241,321	199,739,678
Deferred outflows of resources related to pensions	5,096,809	6,561,128	88,144	113,468	5,184,953	6,674,596
Liabilities:						
Current liabilities	12,008,976	5,199,537	63,157	44,488	12,072,133	5,244,025
Noncurrent liabilities	9,429,356	14,815,421	162,246	255,336	9,591,602	15,070,757
Total Liabilities	21,438,332	20,014,958	225,403	299,824	21,663,735	20,314,782
Deferred inflows of resources related to pensions	3,853,562	-	66,643	-	3,920,205	-
Net position:						
Net investment in capital assets	164,402,261	153,344,670	251,526	337,731	164,653,787	153,682,401
Restricted	5,335,384	9,215,743	-	-	5,335,384	9,215,743
Unrestricted	15,711,567	22,829,604	141,596	371,744	15,853,163	23,201,348
Total Net Position	\$ 185,449,212	\$ 185,390,017	\$ 393,122	\$ 709,475	\$ 185,842,334	\$ 186,099,492

The City's total net position at calendar year-end was \$185,842,334, which is a decrease of \$257,158, or .1%. The largest portion of net position (88.6%) reflects the City's net investment in capital assets, which is consistent with 2020 at 82.6%. Current assets decreased by approximately \$5.1 million, or 11%, primarily due to the decrease in cash and cash equivalents, including certificates of deposit. The \$11,603,815 increase in capital assets is mainly due to the capitalization of various projects.

Current liabilities increased in total by \$6,828,108, or 130%, due to the unearned revenues for the ARPA fund. Current liabilities increased from 25.8% of the total liabilities in 2020 to 55.7% of the total liabilities in 2021. Noncurrent liabilities showed a decrease of about \$5.5 million, due to the net pension liability decrease recorded for 2021. Thus, noncurrent liabilities made up 44.3% of total liabilities at the end of 2021.

The City continues to maintain a high current ratio of current assets to current liabilities. 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 3.4 to 1, which is strong. The ratio for 2020 was 8.7 to 1.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2021

City of Newnan, Georgia

December 31, 2021 and 2020						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues						
Charges for services	\$ 4,532,184	\$ 3,937,049	\$ 828,219	\$ 760,145	\$ 5,360,403	\$ 4,697,194
Operating grants	529,368	3,888,880	-	1,362	529,368	3,890,242
Capital Grants	10,967,629	11,325,492	-	-	10,967,629	11,325,492
Total Program Revenues:	16,029,181	19,151,421	828,219	761,507	16,857,400	19,912,928
General Revenues						
Taxes	28,562,063	25,761,281	-	-	28,562,063	25,761,281
Investment earnings	17,875	245,689	141	2,774	18,016	248,463
Total General Revenues	28,579,938	26,006,970	141	2,774	28,580,079	26,009,744
Total Revenues	44,609,119	45,158,391	828,360	764,281	45,437,479	45,922,672
Expenses:						
General Government	8,187,445	5,419,907	-	-	8,187,445	5,419,907
Tourism development	788,305	464,663	-	-	788,305	464,663
Public safety	13,933,429	18,054,308	-	-	13,933,429	18,054,308
Public works	15,756,981	9,367,433	-	-	15,756,981	9,367,433
Community development	5,743,764	5,030,658	-	-	5,743,764	5,030,658
Sanitation	-	-	1,284,713	1,102,670	1,284,713	1,102,670
Total Expenses:	44,409,924	38,336,969	1,284,713	1,102,670	45,694,637	39,439,639
Excess / (Deficiency)	199,195	6,821,422	(456,353)	(338,389)	(257,158)	6,483,033
Transfers	(140,000)	(140,000)	140,000	140,000	-	-
Change in net position	59,195	6,681,422	(316,353)	(198,389)	(257,158)	6,483,033
Beginning net position	185,390,017	178,708,595	709,475	907,864	186,099,492	179,616,459
Ending Net Position	\$ 185,449,212	\$ 185,390,017	\$ 393,122	\$ 709,475	\$ 185,842,334	\$ 186,099,492

Please note that 88.7% of the governmental activities net position is tied up in capital assets, which is consistent with 2020, where capital assets totaled 82.6% 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 decreased the City of Newnan's net position by \$257,158, or .1%.

Per the chart, charges for services increased by \$663,209, mainly due the increase of in permits issued in 2021 versus 2020. Operating grants decreased by approximately \$3.4 million, primarily due to the funds received from the State of Georgia for COVID mitigation and relief received during 2020.

Overall, governmental activities reported an increase in expenses totaling \$6,072,955, or 15.8%, for 2021. The public safety function showed a decrease of \$4,120,879 for 2021, or 22.8%. The decrease is mainly attributed to the difference in operational costs 2020 to 2021, along with the change in pension liability for the function. An increase of \$6,389,548, or 68.2%, was reported for public works, which is a result of increased operations resulting from storm damage.

Additionally, the community development function recorded an increase in expenses of \$713,106 from 2020 to 2021.

Governmental Activities

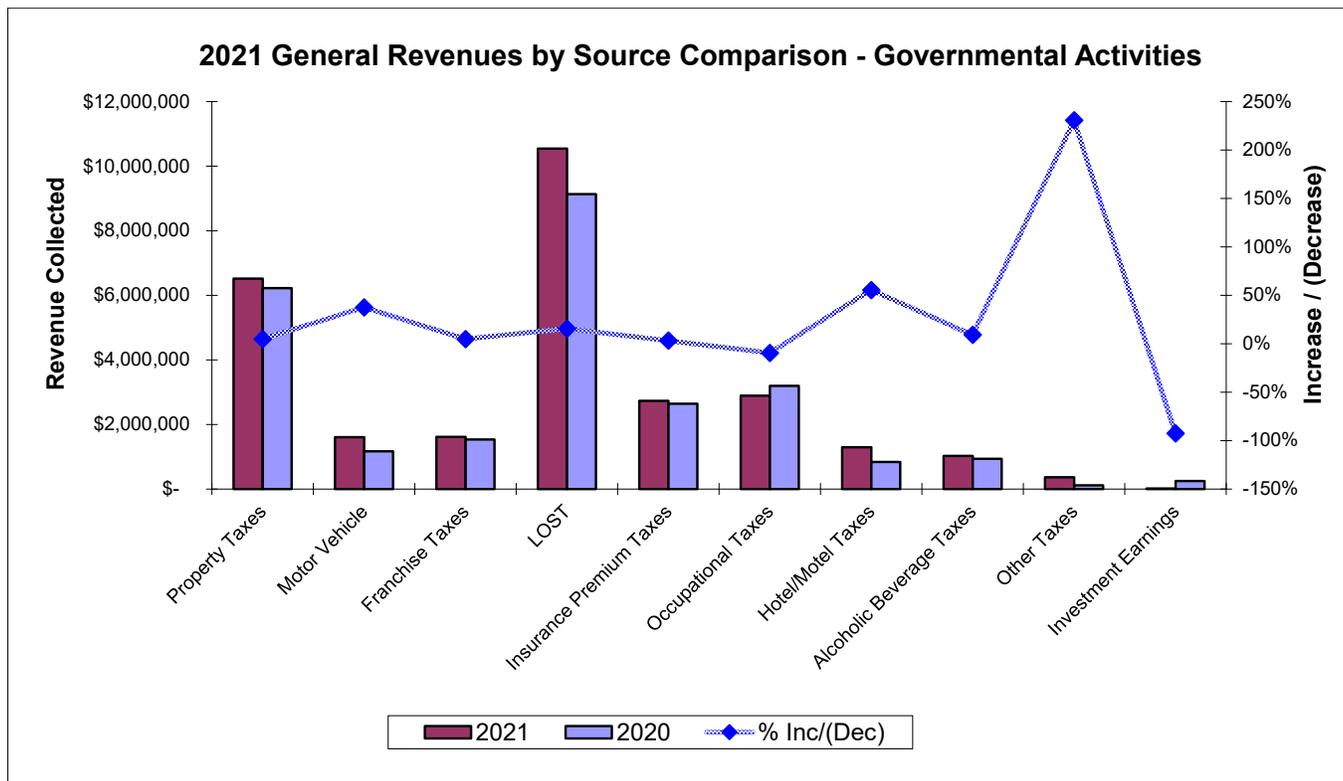
Program revenues represent 37.1% of total revenues in 2021, as compared to 43.4% in 2020. The most significant changes are reported in the public works and public safety functions, mainly due to changes in the allocation of SPLOST revenues and the increase in operating and capital grants, such as the CARES relief for COVID and Georgia Department of Transportation grants.

General revenues make up the remaining 62.9% of total receipts, almost all of which is taxes. This is up slightly from 56.6% in 2020. Every revenue category showed an increase over 2020, with the exception of motor vehicle taxes, franchise taxes and investment earnings. The following chart shows all sources of general revenues for 2021.

As shown by that chart, local option sales tax (LOST) increased by approximately \$1,077,493, property taxes increased by \$321,082, insurance premium taxes increased by \$83,953 and occupational taxes showed a decrease of \$302,609 over 2020.

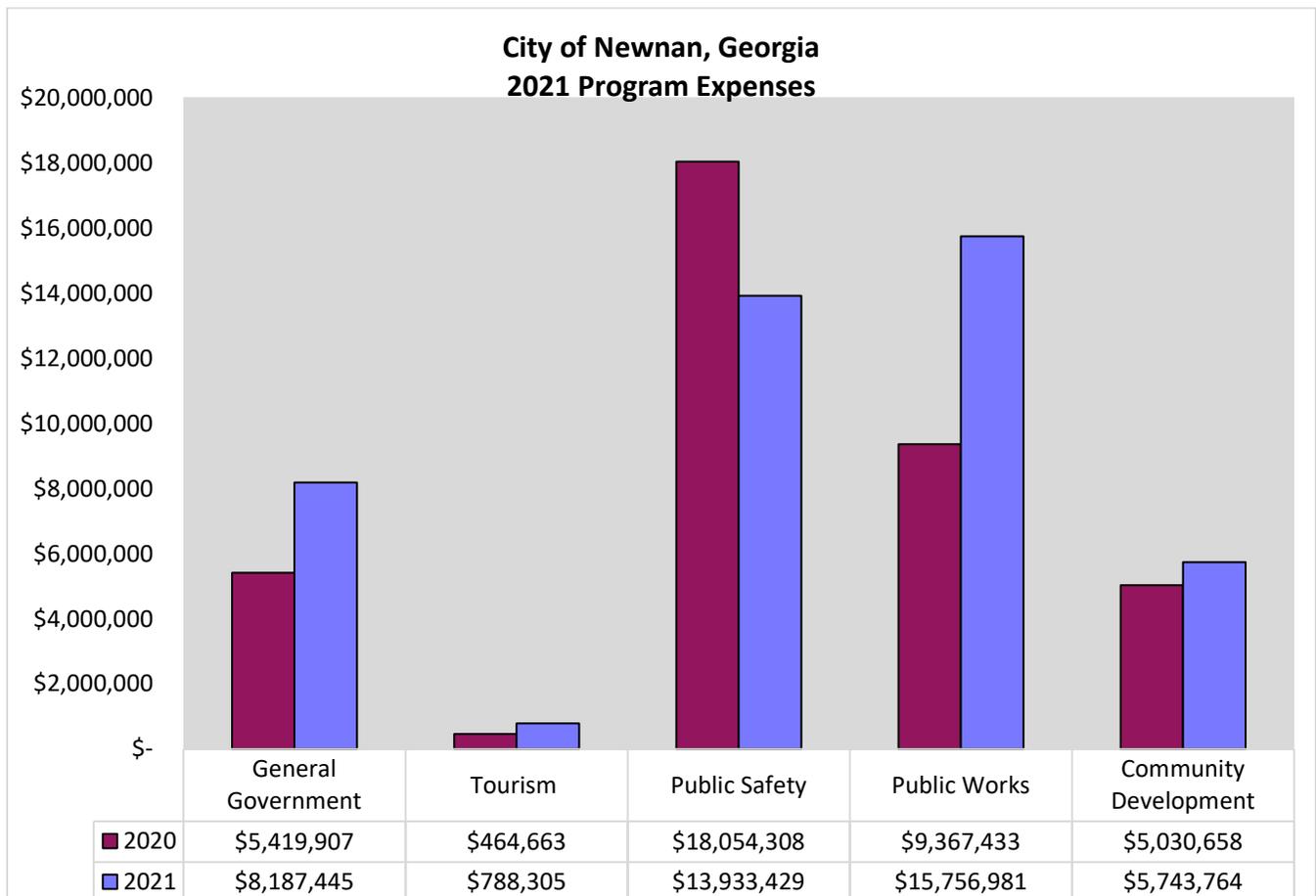
Sales tax showed the largest dollar increase, due to an increase in the population and a growing local economy, followed by property taxes and insurance premium taxes.

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 2021 due to changes in the population and the local economy in both commercial and residential sectors, however, the impact of the E4 tornado in March 2021 and continuing impact of the coronavirus in 2021 could impact several sources of revenue for the City of Newnan. The total impact cannot be measured at this time, but it could be substantial.



Per the following charts, program expenses increased by 15.84%, or about \$6 million, for 2021. The largest dollar increase (68.21%) was in the public works function, with expenses going from \$9,367,433 in 2020 to \$15,756,981 in 2021, followed by increases of 51.06% in the general government function and 14.18% in the community development function. The increases in public works and the general government functions are primarily due to higher operating and depreciation expenses and storm damage costs as discussed on the previous page.

Program Expenses by Function						
	General		Public	Community		Total
	Government	Tourism	Safety	Public Works	Development	
2021	\$ 8,187,445	\$ 788,305	\$13,933,429	\$ 15,756,981	\$ 5,743,764	\$ 44,409,924
2020	\$ 5,419,907	\$ 464,663	\$18,054,308	\$ 9,367,433	\$ 5,030,658	\$ 38,336,969
Variance	\$ 2,767,538	\$ 323,642	\$ (4,120,879)	\$ 6,389,548	\$ 713,106	\$ 6,072,955
% Change	51.06%	69.65%	-22.82%	68.21%	14.18%	15.84%



GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales tax, the largest general revenue source in 2021, provided 37.1% of the City's total general governmental revenues; by comparison, in 2020 sales taxes provided 35.1% of that total. Property taxes are the second largest general revenue source with approximately \$6.5 million of revenues, or 22.9% of the total, as compared to 23.9% for 2020. The City has contracted with the Coweta Tax Commissioner to bill and collect its property taxes since 2015. The City's millage rate decreased slightly, going from 3.989 mills in 2020 to 3.643 mills per thousand dollars of assessed value for 2021. Occupational taxes and insurance premium taxes are also in the top four revenue sources for the City.

Occupational taxes, the City's third largest general revenue source, produced \$2,890,281 in 2021, down from \$3,192,890 in 2020, which is a 9.5% decrease. Occupational taxes collected are based on the gross receipts of each business. The fourth largest general revenue source is insurance premium taxes, which increased by 3.1% primarily due to the growth in population over the last decade, as defined by the US Census Bureau. Overall, taxes made up 99.3% of the total general revenues for 2021, which was fairly consistent with 2020 at 99.1%.

The City's dependency upon property and sales tax receipts is apparent as about 59% of governmental activities are supported through these general receipts, which was fairly consistent with 2020 at 57.1%. Sales and property taxes are historically the two largest forms of general revenues for the City of Newnan, followed by occupational taxes at 10.1% and insurance premium taxes at 9.5% of the total general revenues for 2021. Even with the COVID pandemic during 2021, the City's main revenue sources remained strong and resilient.

Program revenues (excluding capital revenues) covered 10.2% of governmental operating expenses, down from 20.4% in 2020. This means that the government's taxpayers and the City's other general governmental revenues funded about 90% of the governmental activities in 2021, as compared to 80% in 2020. As a result, one can see how the general economy has a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Overall, costs for governmental activity services increased by 15.8% during 2021, up from \$38,336,969 in 2020. Thus, the City shows a net cost of \$28,338,743 for these services, as compared to 2020 where the same services showed a total cost to the City of \$19,185,548.

The table below 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 2021.

City of Newnan - 2021 Governmental Activities				
	Total Cost of Services	% of Total	Net (Cost)/ Benefit of Services	% of Costs Covered
General Government	\$ 8,187,445	18.44%	\$ (4,370,626)	46.62%
Tourism Development	788,305	1.78%	(788,305)	0.00%
Public Safety	13,933,429	31.37%	(11,010,808)	20.98%
Public Works	15,756,981	35.48%	(11,262,932)	28.52%
Community Development	5,743,764	12.93%	(948,072)	83.49%
Total	<u>\$ 44,409,924</u>	100.00%	<u>\$ (28,380,743)</u>	36.09%

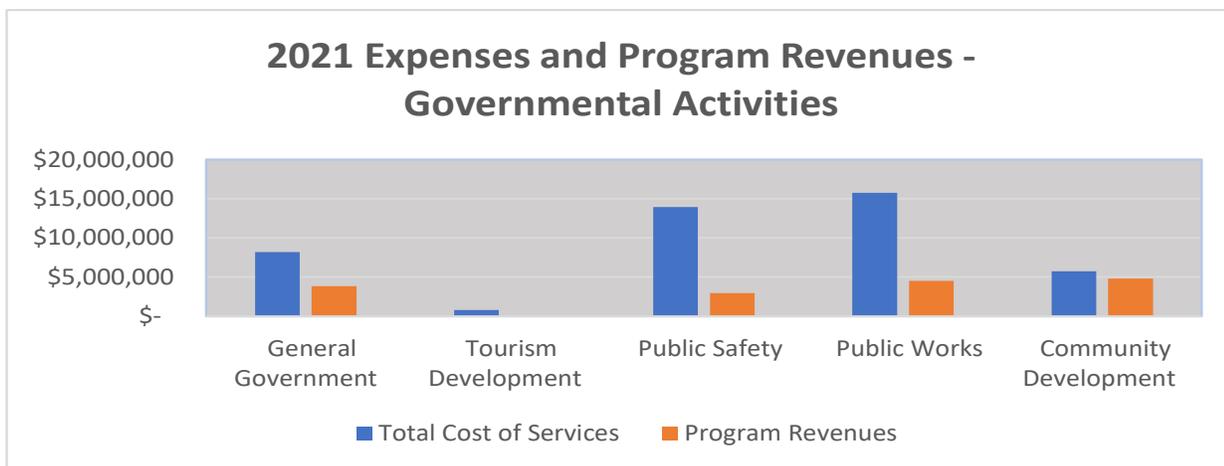
Public safety function costs make up 31.4% of total governmental activities expenses, down from 47% in 2020. Public works makes up 35.5% of the total cost versus 2020, where their portion was 24.4%.

General government is 18.4% of the total, as compared to 14.1% last year. The community development function made up 12.9% of the total in 2020 as compared to about 14.2% for 2021.

Costs for general government increased by \$2,767,538, public safety function costs decreased by almost \$4 million, public works function costs increased by \$6.3 million, and costs for community development increased by \$692,270. Most of the cost increases were attributed to increased operational costs, an increase in pension contributions, and increases in depreciation expenses, as discussed earlier in this document.

The General government function revenues covered 46.6% of its total costs, down from 59.8% for 2020. Public safety function program revenues covered 21.0% of its total costs, down from 24.4% in 2020. Public works function revenues covered approximately 28.5% of total costs versus 82.9% in 2020. The community development showed a decrease in percentage of covered costs from 2020 to 2021, going from 83.5% of covered costs to 87.2%.

Overall, the City was able to cover approximately 36% of total costs in 2021 versus 50% in 2020. The increase in the percentage of costs covered is mainly attributed to the increase in operating and capital grants and contributions for 2021. The chart on the next page is a graphical representation of the relationship between the 2021 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 \$29,167,084, a decrease of 28.7% from the 2020 ending balance of \$40,897,551. Of this 2021 year-end total, \$22,693,454 is **unassigned**, indicating availability for continuing City service requirements. At the end of 2020, unassigned fund balance was \$29,576,015. Therefore, unassigned fund balance decreased by 23.3%, or about \$6.8 million, which is due primarily to operations and revenue collections during 2021. Actual revenues exceeded expenses by approximately \$4.3 million in the general fund only for 2021, and \$3.8 million overall.

Restricted fund balances total \$5,335,384, an decrease of about \$4 million from the 2020 restricted fund balances total of \$9,215,743. This balance includes \$28,612 for capital outlay in the SPLOST 2013 fund, \$2,993,363 for capital outlay in the SPLOST 2019 fund and \$2,282,350 in other governmental funds for capital outlay, as well as \$31,059 for economic development activities. The main reason for the decrease in restricted fund balances is the change in the economic development balance, which reflects the funds restricted during 2021 for construction of a new pickleball facility.

Nonspendable fund balances decreased by \$180,479 due to a \$100,000 note receivable for an intergovernmental loan to NURA and prepayments for 2021 totaling \$851,666. **Assigned** fund balance decreased by about \$147,137, primarily due to the receipt of funds in the street improvements fund for Department of Transportation projects scheduled for next year. As restricted, nonspendable and assigned fund balances decrease, the unassigned fund balance increases, unless otherwise designated by City Council.

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, 2021, was \$165,286,216, up by \$11,603,816, or 7.5%, from 2020, primarily as a result of the increase of \$4,864,140, or 19.5%, in infrastructure at the end of 2021.

City of Newnan's Capital Assets						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$ 29,155,803	\$ 24,921,668	\$ -	\$ -	\$ 29,155,803	\$ 24,921,668
Construction in progress	7,573,793	7,551,376	-	-	7,573,793	7,551,376
Total non-depreciable	36,729,596	32,473,044	-	-	36,729,596	32,473,044
Depreciable assets:						
Buildings and parks	57,136,096	47,382,390	-	-	57,136,096	47,382,390
Other improvements	14,125,379	13,964,904	-	-	14,125,379	13,964,904
Machinery and equipment	17,803,986	16,482,850	583,438	583,438	18,387,424	17,066,288
Infrastructure	108,665,855	106,282,459	-	-	108,665,855	106,282,459
Total depreciable assets	197,731,316	184,112,603	583,438	583,438	198,314,754	184,696,040
Less accumulated depreciation	(69,426,222)	(63,240,977)	(331,912)	(245,707)	(69,758,134)	(63,486,684)
Book value - depreciable assets	128,305,094	120,871,626	251,526	337,731	128,556,620	121,209,356
Percentage depreciated	-35%	-34%	-57%	-42%	-35%	-34%
Book value - all assets	\$ 165,034,690	\$ 153,344,670	\$ 251,526	\$ 337,731	\$ 165,286,216	\$ 153,682,400

Major capital asset items acquired or projects completed during the 2021 current calendar year included the following:

- CJ Smith Park project completion
- Jackson Street Sidewalk improvements
- Completed LINC Phase I to Historic Train Depot
- Updated several traffic signals at various locations in City
- Completed Newnan Crossing roundabout
- Replaced several vehicles for Public Safety
- Purchased new equipment for Beautification
- Purchased new equipment for Streets
- Purchased new equipment for Fire
- Acquired right-of-way for continuation of LINC trail system

Due to asset activity during the year, an increase of \$4,864,140 was also recorded in the land classification. As shown in the chart above, accumulated depreciation increased by \$6,271,450 in total, 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 2021 may refer to Note 3-B on page 48 of this document. The table above provides a summary of capital asset activity.

Additionally, several projects were under construction as of December 31, 2021. Construction in progress project expenses are capitalized in full upon completion of the project. The total construction in progress (CIP) at December 31, 2021 was \$7,573,793. At the end of 2020, construction in progress totaled \$7,551,376. The City added approximately \$10.9 million to construction in progress during the year, but then placed in service about \$10.9

million at year-end. The chart on the previous page shows the changes by category for capital assets from 2020 to 2021.

At December 31, 2021, the depreciable capital assets for governmental activities were 35% depreciated, which is comparable to 2020's percentage depreciated. 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 to the City's pension liability for eligible retirees in the amount of \$9,394,415, with \$159,700 of that amount attributed to business-type activities in the Sanitation fund. This reflects a 37% decrease for 2021, with the total for 2020 at \$14,869,991.

The only other source of long-term debt relates to pay for earned vacation, sick leave and compensatory time, 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. The 2021 amount payable totals \$956,583, as compared to \$959,782 at the end of 2020. Debt for business-type activities in the Sanitation fund accounts for \$14,146 of the total amount payable.

Please refer to pages 52-55 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. The City has occasionally 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 such advances to other funds were paid in full at the end of 2021.

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, with fund balances totaling \$29,167,084 at the end of 2021. Currently, the City is facing the COVID-19 impact on its businesses, residents and visitors. Additionally, the City was hit by a major tornado in March 2021 which severely impacted residents in the downtown district and caused millions of dollars in damages to homes, businesses, schools and infrastructure. In spite of these events, Newnan continues to experience growth in several major revenue sources. 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. The healthcare industry accounts for approximately 15% of the employment in Coweta County. Cancer Treatment Centers of America (CTCA) is still expanding and adding jobs. The facility employs 650 persons and around 200 physicians. Additionally, Piedmont Newnan Hospital and Health South Rehabilitation Hospital have constructed new and/or expanded facilities within the past five-year period. Finally,



Encompass Health, one of the nation's largest providers of healthcare services, offers both facility-based and home-based patient care, has a 60-bed in-patient rehabilitation center in Newnan.

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 22,200 students and nearly 3,300 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 92%, as compared to the State at roughly 83%.



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. The Newnan campus has over 1,000 students enrolled. Additionally, West Georgia Technical College in Newnan provides both core curriculum and trade specific training to its 7,000 students, with 25% attending full time.

Sales tax revenue is extremely strong and is representative of the growth in the city and county. The LOST, or Local Option Sales Tax, was renewed in 2012 and is in effect for 10 years. The LOST is a 1% sales tax that provides funds for maintenance and operations of the government. Additionally, in 2017, voters overwhelmingly approved SPLOST 2019 which began on January 1, 2020 and runs for six years through December 31, 2024. This new SPLOST was approved by referendum of county voters in 2017. This represents the eighth consecutive SPLOST in Coweta County since 1986. The first collection was in January 2020.

The City's real property digest increased by approximately 14.6% from 2020 to 2021. The 2021 projection allows for a slight increase also. 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, although prices were rising in the early months of 2021.

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.

Major Upcoming Initiatives

City staff is working in conjunction with FEMA and GEMA to mitigate the damages associated with the tornado which struck portions of the City and County in March 2021. Public assistance was granted, however, individual assistance to home and property owners was denied, even upon appeal. The focus of efforts at the time of this report is recovery and rebuilding. Additionally, staff is working with other agencies in Coweta county and Newnan to continue recovery efforts and manage documented revenue losses due to COVID utilizing funds from the American

FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and Cash Equivalents	\$ 31,072,802	\$ -	\$ 31,072,802	\$ 16,489,828
Investments	3,669,029	207,004	3,876,033	38,787,196
Receivables, Net of Allowance	5,687,297	138,494	5,825,791	9,044,483
Note Receivable	150,000	-	150,000	-
Inventory	30,479	-	30,479	3,129,361
Prepaid Items	-	-	-	495,563
Restricted Assets	-	-	-	9,454,067
Deferred Compensation Funding Arrangements	-	-	-	8,018,930
Net Pension Asset	-	-	-	7,352,000
Assets Held for Resale	-	-	-	38,500
Capital Assets Not Being Depreciated				
Land	29,155,803	-	29,155,803	7,797,571
Construction in Progress	7,573,793	-	7,573,793	831,406
Capital Assets Net of Accumulated Depreciation				
Buildings and Parks	43,812,832	-	43,812,832	-
Structures, Lines, and Improvements	-	-	-	116,022,375
Other Improvements	5,546,208	-	5,546,208	-
Machinery and Equipment	4,376,976	251,526	4,628,502	9,539,262
Infrastructure	74,569,078	-	74,569,078	-
Total Assets	205,644,297	597,024	206,241,321	227,000,542
Deferred Outflows of Resources				
Deferred Refunding Loss	-	-	-	403,459
Deferred Outflows of Resources Related to Pensions	5,096,809	88,144	5,184,953	5,912,000
Total Deferred Inflows of Resources	5,096,809	88,144	5,184,953	6,315,459
Liabilities				
Accounts Payable	1,618,632	46,911	1,665,543	3,057,525
Accrued Expenses	700,771	6,776	707,547	728,083
Accrued Interest Payable	-	-	-	321,269
Unearned Revenues	8,942,157	-	8,942,157	-
Customer Deposits	-	-	-	2,155,985
Compensated Absences	747,416	9,423	756,839	193,250
Revenue Bonds	-	-	-	2,326,398
Noncurrent Liabilities				
Net Pension Liability	9,234,415	159,700	9,394,115	-
Revenue Bonds, Net	-	-	-	16,905,033
Note Payable	-	-	-	150,000
Compensated Absences	194,941	2,593	197,534	1,645,766
Total Liabilities	21,438,332	225,403	21,663,735	27,483,309
Deferred Inflows of Resources				
Lease Revenue	-	-	-	342,710
Deferred Refunding Gain	-	-	-	19,102
Deferred Inflows of Resources Related to Pensions	3,853,562	66,643	3,920,205	5,900,000
Total Deferred Inflows of Resources	3,853,562	66,643	3,920,205	6,261,812
Net Position				
Net Investment in Capital Assets	164,402,261	251,526	164,653,787	115,452,492
Restricted				
Capital Outlay	4,772,700	-	4,772,700	-
Capital Improvements and Debt Service	-	-	-	9,454,067
Public Safety	109,924	-	109,924	-
Tourism	421,701	-	421,701	-
Economic Development	31,059	-	31,059	-
Unrestricted	15,711,567	141,596	15,853,163	74,664,321
Total Net Position	\$ 185,449,212	\$ 393,122	\$ 185,842,334	\$ 199,570,880

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental Activities								
General Government	\$ 8,187,445	\$ 2,366,930	\$ 529,368	\$ 920,521	\$ (4,370,626)	\$ -	\$ (4,370,626)	
Tourism Development	788,305	-	-	-	(788,305)	-	(788,305)	
Public Safety	13,933,429	1,923,237	-	999,384	(11,010,808)	-	(11,010,808)	
Public Works	15,756,981	200,438	-	4,293,611	(11,262,932)	-	(11,262,932)	
Community Development	5,743,764	41,579	-	4,754,113	(948,072)	-	(948,072)	
Total Governmental Activities	44,409,924	4,532,184	529,368	10,967,629	(28,380,743)	-	(28,380,743)	
Business-Type Activities								
Sanitation Fund	1,284,713	828,219	-	-	-	(456,494)	(456,494)	
Total Business-Type Activities	1,284,713	828,219	-	-	-	(456,494)	(456,494)	
Total Primary Government	\$ 45,694,637	\$ 5,360,403	\$ 529,368	\$ 10,967,629	(28,380,743)	(456,494)	(28,837,237)	
Component Units								
Water, Sewerage, and Light Commission	\$ 59,927,897	\$ 64,002,987	\$ 2,442,565	\$ 356,534				\$ 6,874,189
Convention Center Authority	570,472	213,854	428,182	-				71,564
Downtown Development Authority	66,844	70,904	2,974	-				7,034
Urban Redevelopment Authority	1,024	-	15	-				(1,009)
Total Component Units	\$ 60,566,237	\$ 64,287,745	\$ 2,873,736	\$ 356,534				6,951,778
General Revenues								
Property Taxes					6,513,258	-	6,513,258	-
Motor Vehicle Taxes					1,599,995	-	1,599,995	-
Sales Taxes					10,547,226	-	10,547,226	870,672
Occupational Taxes					2,890,281	-	2,890,281	-
Franchise Taxes					1,609,572	-	1,609,572	-
Insurance Premium Taxes					2,726,602	-	2,726,602	-
Hotel / Motel Taxes					1,293,417	-	1,293,417	-
Alcoholic Beverage Taxes					1,022,079	-	1,022,079	-
Other Taxes					359,633	-	359,633	-
Gain on Sale of Capital Assets					-	-	-	87,031
Investment Earnings					17,875	141	18,016	(265,531)
Transfers					(140,000)	140,000	-	-
Total General Revenues and Transfers					28,439,938	140,141	28,580,079	692,172
Change in Net Position					59,195	(316,353)	(257,158)	7,643,950
Net Position - Beginning of Year					185,390,017	709,475	186,099,492	191,926,930
Net Position - Ending of Year					\$ 185,449,212	\$ 393,122	\$ 185,842,334	\$ 199,570,880

See accompanying notes which are an integral part of these financial statements.

**CITY OF NEWNAN, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	NSP Grant	ARPA	2019 SPLOST	2013 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 17,829,763	\$ 1,262,994	\$ 7,603,104	\$ 1,564,149	\$ 173,317	\$ 2,285,340	\$ 30,718,667
Investments	2,901,195	-	-	-	-	767,834	3,669,029
Due from Other Funds	73,604	-	-	-	-	-	73,604
Taxes Receivable	1,087,665	-	-	-	-	202,884	1,290,549
Intergovernmental	1,065,800	-	-	1,643,298	-	-	2,709,098
Other Receivables	1,661,230	26,323	-	-	-	97	1,687,650
Note Receivable	150,000	-	-	-	-	-	150,000
Inventories	30,479	-	-	-	-	-	30,479
Total Assets	\$ 24,799,736	\$ 1,289,317	\$ 7,603,104	\$ 3,207,447	\$ 173,317	\$ 3,256,155	\$ 40,329,076
Total Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts Payable	\$ 664,246	\$ -	\$ -	\$ 214,084	\$ 144,705	\$ 595,597	\$ 1,618,632
Accrued Expenditures	380,305	-	-	-	-	-	380,305
Due to Other Funds	-	-	-	-	-	73,604	73,604
Unearned Revenues	-	1,289,317	7,603,104	-	-	49,736	8,942,157
Total Liabilities	1,044,551	1,289,317	7,603,104	214,084	144,705	718,937	11,014,698
Deferred Inflows of Resources							
Unavailable Revenue Property Taxes	147,294	-	-	-	-	-	147,294
Total Deferred Inflows of Resources	147,294	-	-	-	-	-	147,294
Fund Balances							
Nonspendable	180,479	-	-	-	-	-	180,479
Restricted	31,059	-	-	2,993,363	28,612	2,282,350	5,335,384
Assigned	702,899	-	-	-	-	254,868	957,767
Unassigned	22,693,454	-	-	-	-	-	22,693,454
Total Fund Balances	23,607,891	-	-	2,993,363	28,612	2,537,218	29,167,084
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,799,736	\$ 1,289,317	\$ 7,603,104	\$ 3,207,447	\$ 173,317	\$ 3,256,155	\$ 40,329,076

See accompanying notes which are an integral part of these financial statements.

**CITY OF NEWNAN, GEORGIA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

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

Total Fund Balances - Governmental Funds		\$ 29,167,084
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the Assets	234,460,912	
Accumulated Depreciation	<u>(69,426,222)</u>	
		165,034,690
Deferred Outflows of Resources		
Related to Pensions		5,096,809
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		147,294
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		(942,357)
Net Pension Liability		(9,234,415)
Deferred Inflows of Resources		
Related to Pensions		(3,853,562)
Internal Service Fund		
The City is self-insured. The assets and liabilities of the internal service fund are included in Governmental Activities Statement of Net Position.		
		<u>33,669</u>
Net Position of Governmental Activities		<u>\$ 185,449,212</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	2019 SPLOST	2013 SPLOST	NSP Grant	ARPA	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes							
Property	\$ 6,515,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,515,469
Motor Vehicle	1,599,995	-	-	-	-	-	1,599,995
Franchise	1,609,572	-	-	-	-	-	1,609,572
Sales	10,547,226	-	-	-	-	-	10,547,226
Insurance Premium	2,726,602	-	-	-	-	-	2,726,602
Occupational	2,890,281	-	-	-	-	-	2,890,281
Hotel / Motel	-	-	-	-	-	1,293,417	1,293,417
Alcoholic Beverage	1,022,079	-	-	-	-	-	1,022,079
Other Taxes	269,985	-	-	-	-	89,648	359,633
License and Permits	1,114,655	-	-	-	-	-	1,114,655
Impact Fees	-	-	-	-	-	999,962	999,962
Court Condemnations	-	-	-	-	-	148,920	148,920
Intergovernmental	1,069,978	8,707,292	282,357	-	160,824	47,948	10,268,399
Intergovernmental - Utility	1,737,788	-	-	-	-	-	1,737,788
Fines and Forfeitures	915,227	-	-	-	-	-	915,227
Investment Earnings	16,621	332	106	122	406	726	18,313
Program Revenue	-	-	-	4,794	-	-	4,794
Miscellaneous	587,032	-	-	-	-	44,840	631,872
Total Revenues	32,622,510	8,707,624	282,463	4,916	161,230	2,625,461	44,404,204
Expenditures							
Current							
General Government	13,235,083	-	-	-	161,230	-	13,396,313
Tourism Development	-	-	-	-	-	788,305	788,305
Public Safety	13,321,138	-	-	-	-	162,968	13,484,106
Public Works	10,791,157	-	-	-	-	388,898	11,180,055
Community Development	4,955,675	-	-	4,916	-	37,500	4,998,091
Intergovernmental	-	870,672	-	-	-	-	870,672
Capital Outlay	-	8,785,216	1,840,718	-	-	858,321	11,484,255
Total Expenditures	42,303,053	9,655,888	1,840,718	4,916	161,230	2,235,992	56,201,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,680,543)	(948,264)	(1,558,255)	-	-	389,469	(11,797,593)
Other Financing Sources (Uses)							
Sale of Capital Assets	21,000	-	-	-	-	-	21,000
Insurance Recoveries	186,126	-	-	-	-	-	186,126
Transfers In	485,031	-	-	-	-	-	485,031
Transfers Out	(140,000)	-	-	-	-	(485,031)	(625,031)
Total Other Financing Sources (Uses)	552,157	-	-	-	-	(485,031)	67,126
Net Change in Fund Balances	(9,128,386)	(948,264)	(1,558,255)	-	-	(95,562)	(11,730,467)
Fund Balances - Beginning of Year	32,736,277	3,941,627	1,586,867	-	-	2,632,780	40,897,551
Fund Balances - End of Year	\$ 23,607,891	\$ 2,993,363	\$ 28,612	\$ -	\$ -	\$ 2,537,218	\$ 29,167,084

See accompanying notes which are an integral part of these financial statements.

**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, 2021**

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

Net Change in Fund Balances - Total Governmental Funds (11,730,467)

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	\$	17,930,000	
Total Depreciation		<u>(6,210,669)</u>	11,719,331

The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to increase net position. (29,311)

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 (1,464,319)

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 (3,853,562)

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		3,279	
Net Pension Liability		5,382,786	

Revenues

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. The amount represents the net change for the fiscal year.

(2,211)

Internal Service Fund

The City is self-insured. The change in net position of the internal service fund is included in Governmental-Activities Statement of Activities

33,669

Change in Net Position of Governmental Activities

\$ 59,195

See accompanying notes which are an integral part of these financial statements.

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, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property	\$ 7,025,000	\$ 7,025,000	\$ 6,515,469	\$ (509,531)
Motor Vehicle	25,000	25,000	1,599,995	1,574,995
Franchise	1,473,000	1,473,000	1,609,572	136,572
Sales	8,100,000	8,100,000	10,547,226	2,447,226
Insurance Premium	2,525,000	2,525,000	2,726,602	201,602
Occupational	2,725,000	2,725,000	2,890,281	165,281
Alcoholic Beverage	895,000	895,000	1,022,079	127,079
Other Taxes	368,300	368,300	269,985	(98,315)
License and Permits	735,000	735,000	1,114,655	379,655
Intergovernmental	665,000	665,000	1,069,978	404,978
Intergovernmental - Utility	1,750,000	1,750,000	1,737,788	(12,212)
Fines and Forfeitures	641,000	641,000	915,227	274,227
Interest Earnings	250,000	250,000	16,621	(233,379)
Miscellaneous	-	-	587,032	587,032
Total Revenues	27,177,300	27,177,300	32,622,510	5,445,210
Expenditures				
General Government:				
Council	264,610	264,610	280,218	(15,608)
Manager	993,863	993,863	5,824,281	(4,830,418)
Attorney	-	107,075	-	107,075
Finance	620,007	620,007	614,902	5,105
Human Resources	338,389	338,389	4,922,401	(4,584,012)
Information Technologies	556,434	558,434	521,773	36,661
Municipal Court	345,171	345,171	373,099	(27,928)
Facilities Maintenance	672,852	672,852	642,069	30,783
Total General Government	3,791,326	3,900,401	13,178,743	(9,278,342)
Public Safety				
Police	8,549,088	8,549,088	8,855,740	(306,652)
Fire	4,646,381	4,646,381	4,760,360	(113,979)
Total Public Safety	13,195,469	13,195,469	13,616,100	(420,631)

See accompanying notes which are an integral part of these financial statements.

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, 2021
(CONTINUED)

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Works				
Administration	\$ 278,668	\$ 278,668	\$ 222,154	\$ 56,514
Engineer	273,928	366,978	463,053	(96,075)
Streets	1,855,533	1,855,533	9,277,155	(7,421,622)
Garage	380,555	380,555	344,142	36,413
Cemetery	563,767	563,767	501,802	61,965
Total Public Works	3,352,451	3,445,501	10,808,306	(7,362,805)
Community Development				
Planning and Zoning	392,607	392,607	400,958	(8,351)
Business Development and Special Events	241,506	241,506	305,843	(64,337)
Library	195,270	195,270	187,552	7,718
Leisure Services	328,365	328,365	316,374	11,991
Parks and ROW Beautification	1,347,376	1,347,376	2,934,972	(1,587,596)
Building Inspection	759,887	759,887	809,976	(50,089)
Total Community Development	3,265,011	3,265,011	4,955,675	(1,690,664)
Total Expenditures	23,604,257	23,806,382	42,558,824	(18,752,442)
			-	
Excess (Deficiency) of Revenue Over (Under) Expenditure	3,573,043	3,370,918	(9,936,314)	(13,307,232)
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	21,000	21,000
Insurance Recoveries	-	-	186,126	186,126
Transfers In	-	-	485,031	485,031
Transfers Out	-	-	(140,000)	(140,000)
Total Other Financing Sources (Uses)	-	-	552,157	552,157
Net Change in Fund Balances	\$ 3,573,043	\$ 3,370,918	(9,384,157)	\$ (12,755,075)
Fund Balances - Beginning of Year			32,407,835	
Fund Balances - End of Year			\$ 23,023,678	

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NSP GRANT FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues				
Program Income	\$ 265,000	\$ 160,000	\$ 4,794	\$ (155,206)
Investment Earnings	730	1,550	122	(1,428)
Total Revenues	<u>265,730</u>	<u>161,550</u>	<u>4,916</u>	<u>(156,634)</u>
Expenditures				
Current				
Community Development	207,600	600,000	4,916	595,084
Total Expenditures	<u>207,600</u>	<u>600,000</u>	<u>4,916</u>	<u>595,084</u>
Net Change in Fund Balances	58,130	(438,450)	-	(438,450)
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 58,130</u>	<u>\$ (438,450)</u>	<u>\$ -</u>	<u>\$ (438,450)</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ARPA FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	\$ -	\$ 160,000	\$ 160,824	\$ 824
Investment Earnings	-	1,550	406	(1,144)
Total Revenues	-	161,550	161,230	(320)
Expenditures				
Current				
General Government	-	600,000	161,230	438,770
Total Expenditures	-	600,000	161,230	438,770
Net Change in Fund Balances	-	(438,450)	-	(438,450)
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	\$ -	\$ (438,450)	\$ -	\$ (438,450)

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities Enterprise Fund Sanitation Fund	Governmental Activities - Internal Service Fund Self-Insurance Fund
Assets		
Current Assets		
Cash and Cash Equivalents	\$ -	\$ 354,135
Investments	207,004	-
Accounts Receivable, Net of Allowance	138,494	-
Total Current Assets	345,498	354,135
Noncurrent Assets		
Capital Assets		
Machinery and Equipment	583,438	-
Less Accumulated Depreciation	(331,912)	-
Total Capital Assets, Net	251,526	-
Total Noncurrent Assets	251,526	-
Total Assets	597,024	354,135
Deferred Outflows of Resources		
Deferred Outflows of Resources Related to Pensions	88,144	-
Liabilities		
Current Liabilities		
Accounts Payable	46,911	-
Salaries Payable	6,776	-
Claims Payable	-	320,466
Compensated Absences	9,423	-
Total Current Liabilities	63,110	320,466
Noncurrent Liabilities		
Compensated Absences	2,593	-
Net Pension Liability	159,700	-
Total Noncurrent Liabilities	162,293	-
Total Liabilities	225,403	320,466
Deferred Inflows of Resources		
Deferred Inflows of Resources Related to Pensions	66,643	-
Net Position		
Investment in Capital Assets	251,526	-
Unrestricted	141,596	33,669
Total Net Position	\$ 393,122	\$ 33,669

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities Enterprise Fund Sanitation Fund	Governmental Activities - Internal Service Fund Self-Insurance Fund
Operating Revenues		
Charges for Sales and Services	\$ 828,219	\$ -
Insurance Premiums	-	5,725,870
Total Operating Revenues	<u>828,219</u>	<u>5,725,870</u>
Operating Expenses		
Purchased / Contracted Services	370,254	-
Claims and Judgements	-	5,692,232
Salaries and Benefits	534,617	-
Supplies and Materials	126,196	-
Other Costs	167,441	-
Depreciation	86,205	-
Total Operating Expenses	<u>1,284,713</u>	<u>5,692,232</u>
Operating Income (Loss)	<u>(456,494)</u>	<u>33,638</u>
Nonoperating Revenues (Expenses)		
Investment Earnings	141	31
Total Nonoperating Revenues (Expenses)	<u>141</u>	<u>31</u>
Income (Loss) Before Transfers	<u>(456,353)</u>	<u>33,669</u>
Transfers In	140,000	-
Total Other Financing Sources (Uses)	<u>140,000</u>	<u>-</u>
Change in Net Position	(316,353)	33,669
Total Net Position - Beginning of Year	<u>709,475</u>	<u>-</u>
Total Net Position - End of Year	<u>\$ 393,122</u>	<u>\$ 33,669</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities Enterprise Fund Sanitation Fund	Governmental Activities - Internal Service Fund Self-Insurance Fund
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 822,249	\$ 5,024,204
Cash Payments to Employees for Services	(536,803)	-
Cash Payments to Other Suppliers of Goods or Services	(644,159)	(5,002,766)
Net Cash Provided (Used) by Operating Activities	<u>(358,713)</u>	<u>21,438</u>
Cash Flows from Non Capital Financing Activities		
Payments Received from Grantors	-	-
Transfer to / from Other Funds	140,000	-
Net Cash Provided by Non Capital Financing Activities	<u>140,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Assets	-	-
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment Pool Proceeds	218,572	-
Interest Received	141	31
Net Cash Provided (Used) by Investing Activities	<u>218,713</u>	<u>31</u>
Net Increase in Cash and Equivalents	<u>-</u>	<u>21,469</u>
Cash and Cash Equivalents - Beginning of the Year	<u>-</u>	<u>332,666</u>
Cash and Cash Equivalents - End of the Year	<u>\$ -</u>	<u>\$ 354,135</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

	Business-Type Activities	Governmental Activities - Internal
	Enterprise Fund	Service Fund
	Sanitation Fund	Self-Insurance Fund
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income (Loss)	\$ (456,494)	\$ 33,638
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	86,205	-
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(5,970)	-
(Increase) Decrease in Prepaids	-	369,000
(Increase) Decrease in Deferred Outflows of Resources Related to Pensions	25,324	-
Increase (Decrease) in Accounts Payable	20,855	-
Increase (Decrease) in Salaries Payable	(56)	-
Increase (Decrease) in Claims Payable	-	320,466
Increase (Decrease) in Deferred Revenues	-	(701,666)
Increase (Decrease) in Compensated Absences	(2,130)	-
Increase (Decrease) in Net Pension Liability	(93,090)	-
Increase (Decrease) in Deferred Inflows of Resources Related to Pensions	66,643	-
Total Adjustments	97,781	(12,200)
Net Cash Provided (Used) by Operating Activities	\$ (358,713)	\$ 21,438

See accompanying notes which are an integral part of these financial statements.

**CITY OF NEWNAN, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021**

	Custodial Fund
Assets	
Cash	\$ 27,061
Total Assets	\$ 27,061
Liabilities	
Confiscated Assets Pending Disposition	\$ 27,061
Net Position	
Held for Organizations and Other Governments	-
Total Net Position	\$ -

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial Fund
Revenues	
Miscellaneous Seized Assets	\$ 32,258
Expenditures	
Public Safety	32,258
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
COMBINING STATEMENTS OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2021

	Water, Sewerage, and Light Commission	Convention Center Authority	Downtown Development Authority	Urban Redevelopment Agency	Total
Assets					
Cash and Cash Equivalents	\$ 15,771,549	\$ 398,050	\$ 127,979	\$ 192,250	\$ 16,489,828
Investments	38,787,196	-	-	-	38,787,196
Receivables, Net of Allowance	8,916,348	127,031	1,104	-	9,044,483
Inventory	3,129,361	-	-	-	3,129,361
Prepaid Items	495,563	-	-	-	495,563
Restricted Assets	9,454,067	-	-	-	9,454,067
Other Assets					
Deferred Compensation Funding Arrangements	8,018,930	-	-	-	8,018,930
Net Pension Asset	7,352,000	-	-	-	7,352,000
Assets Held for Resale	-	-	-	38,500	38,500
Capital Assets Not Being Depreciated					
Land	7,797,571	-	-	-	7,797,571
Construction in Progress	831,406	-	-	-	831,406
Capital Assets Net of Accumulated Depreciation					
Structures, Lines, and Improvements	115,520,809	501,566	-	-	116,022,375
Machinery and Equipment	9,536,364	2,898	-	-	9,539,262
Total Assets	225,611,164	1,029,545	129,083	230,750	227,000,542
Deferred Outflows of Resources					
Deferred Refunding Loss	403,459	-	-	-	403,459
Deferred Outflows of Resources Related to Pensions	5,912,000	-	-	-	5,912,000
Total Deferred Outflows of Resources	6,315,459	-	-	-	6,315,459
Liabilities					
Accounts Payable	3,050,567	6,904	54	-	3,057,525
Accrued Expenses	726,147	1,936	-	-	728,083
Accrued Interest Payable	321,269	-	-	-	321,269
Customer Deposits	2,125,045	30,940	-	-	2,155,985
Compensated Absences	193,250	-	-	-	193,250
Revenue Bonds	2,326,398	-	-	-	2,326,398
Noncurrent Liabilities					
Revenue Bonds, Net	16,905,033	-	-	-	16,905,033
Note Payable	-	-	-	150,000	150,000
Compensated Absences	1,645,766	-	-	-	1,645,766
Total Liabilities	27,293,475	39,780	54	150,000	27,483,309
Deferred Inflows of Resources					
Lease Revenue	342,710	-	-	-	342,710
Deferred Refunding Gain	19,102	-	-	-	19,102
Deferred Inflows of Resources Related to Pensions	5,900,000	-	-	-	5,900,000
Total Deferred Inflows of Resources	6,261,812	-	-	-	6,261,812
Net Position					
Net Investment in Capital Assets	114,948,028	504,464	-	-	115,452,492
Restricted					
Capital Improvements and Debt Service	9,454,067	-	-	-	9,454,067
Unrestricted	73,969,241	485,301	129,029	80,750	74,664,321
Total Net Position	\$ 198,371,336	\$ 989,765	\$ 129,029	\$ 80,750	\$ 199,570,880

See accompanying notes which are an integral part of these financial statements.

CITY OF NEWNAN, GEORGIA
COMBINING STATEMENTS OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Water, Sewerage, and Light Commission	Convention Center Authority	Downtown Development Authority	Urban Redevelopment Agency	Total
Expenses					
Water, Sewerage, and Light Commission	\$ 59,927,897	\$ -	\$ -	\$ -	\$ 59,927,897
Convention Center Authority	-	570,472	-	-	570,472
Downtown Development Authority	-	-	66,844	-	66,844
Urban Redevelopment Authority	-	-	-	1,024	1,024
Total Expenses	59,927,897	570,472	66,844	1,024	60,566,237
Revenues					
Program Revenues					
Charges for Services	64,002,987	213,854	70,904	-	64,287,745
Operating Grants and Contributions	2,442,565	428,182	2,974	15	2,873,736
Capital Grants and Contributions	356,534	-	-	-	356,534
Total Program Revenues	66,802,086	642,036	73,878	15	67,518,015
Net Program Revenue (Expense)	6,874,189	71,564	7,034	(1,009)	6,951,778
General Revenues					
Sales Taxes	870,672	-	-	-	870,672
Gain on Sale of Assets	87,031	-	-	-	87,031
Investment Earnings (Loss)	(265,709)	37	141	-	(265,531)
Total General Revenues	691,994	37	141	-	692,172
Change in Net Position	7,566,183	71,601	7,175	(1,009)	7,643,950
Net Position - Beginning of Year	190,805,153	918,164	121,854	81,759	191,926,930
Net Position - End of Year	\$ 198,371,336	\$ 989,765	\$ 129,029	\$ 80,750	\$ 199,570,880

See accompanying notes which are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

(1) Summary of Significant Accounting Policies

Reporting Entity

The City of Newnan, Georgia (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, Urban Convention Center Authority, Downtown Development Authority of the City of Newnan, and Newnan Redevelopment Authority, as of December 31, 2021. The financial information for the component units is 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 percent 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 percent of the prior month's billing for water and sewer revenues. Separately issued financial statements may be obtained by writing the Newnan Water, Sewerage and Light Commission, P.O. Box 578, Newnan, GA 30264.

The 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.

(1) Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

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.

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

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 2019 Special Purpose Local Option Sales Tax Fund - In 2017, the citizens of Newnan re-approved a 1 percent SPLOST for the purpose of funding capital improvement projects. Approved projects include streets, drainage, sidewalks and equipment, public safety, parks, trails, and leisure service facilities, and information systems.

The 2013 Special Purpose Local Option Sales Tax Fund - In 2011, the citizens of Newnan re-approved a 1 percent 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.

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.

ARPA Fund – This fund accounts for fund received from the American Rescue Plan Act of 2021.

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.

Fiduciary Funds - accounts for money confiscated and held pending disposition by courts.

Internal Service Fund - accounts for all costs associated with employee health, life and optional insurances, including COBRA, dental, vision and flexible spending accounts.

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.

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

Deposits and Investments

Deposits

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

Investments

Investments for the City are reported at fair value.

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.

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."

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.

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.

(1) Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

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

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.

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 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.

(1) Summary of Significant Accounting Policies (Continued)

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.

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

(1) Summary of Significant Accounting Policies

Fund Equity (Continued)

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 percent of the current annual operating expenditure budget. Should the minimum balance fall below the 50 percent 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, 2021:

	General Fund	2019 SPLOST	2013 SPLOST	Nonmajor Governmental	Total
Fund Balances					
Nonspendable					
Inventories	\$ 30,479	\$ -	\$ -	\$ -	\$ 30,479
Note Receivable	150,000	-	-	-	150,000
Restricted					
Capital Outlay	-	2,993,363	28,612	1,750,725	4,772,700
Economic Development	31,059	-	-	-	31,059
Street Improvements	-	-	-	41,585	41,585
Law Enforcement	-	-	-	109,924	109,924
Tourism	-	-	-	380,116	380,116
Assigned					
Capital Projects	702,899	-	-	254,868	957,767
Unassigned	22,693,454	-	-	-	22,693,454
Total Fund Balances	\$ 23,607,891	\$ 2,993,363	\$ 28,612	\$ 2,537,218	\$ 29,167,084

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.

(2) Stewardship, Compliance, and Accountability

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.

(2) Stewardship, Compliance, and Accountability (Continued)

Budgetary Process (Continued)

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

All remaining funds, major and nonmajor, are budgeted on a GAAP basis.

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	\$ (9,384,157)
Current Year Encumbrances	476,024
Prior Year Encumbrances Paid in the Current Year	<u>(220,253)</u>
Generally Accepted Accounting Principles Basis - Excess Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (9,128,386)</u>
Budgetary Basis - Fund Balance, Ending	\$ 23,023,678
Current Year Encumbrances	476,024
Prior Year Encumbrances Outstanding at Year End	56,816
Prior Year Encumbrances Voided	<u>51,373</u>
Generally Accepted Accounting Principles Basis - Fund Balance, Ending	<u>\$ 23,607,891</u>

Expenditures over Appropriations

The following had expenditures and transfers out in excess of appropriations:

General Fund		Miscellaneous Grant Fund	
General Government		Public Safety	\$ 9,666
Council	\$ 15,608	Community Development	36,500
Manager	4,830,418		
Human Resources	4,584,012	Hotel/Motel Tax Fund	
Municipal Court	27,928	Community Development	
Public Safety		Tourism Development	\$ 300,241
Fire	113,979	Other Financing Uses	
Police	306,652	Transfers Out	206,781
Public Works			
Engineer	96,075	Motor Vehicle Excise Tax Fund	
Streets	7,421,622	Community Development	
Community Development		Tourism Development	\$ 64
Planning and Zoning	8,351		
Business Development	64,337		
Parks and ROW Beautification	1,587,596		
Building Inspection	50,089		
Other Financing Uses			
Transfers Out	140,000		

(3) Detailed Notes on All Funds

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, 2021, 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, 2021, the NWSL Commission, a discretely presented component unit’s bank balances were entirely insured or collateralized with securities held by the NWSL Commission’s agent in the Commission’s name.

Investments - Primary Government

Investment Policy - The City’s formal investment policy limits investment of public funds in manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands of the City and conforming to all state and local statues governing the investment of such funds. The investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.

A portion of the portfolio may also be placed in money market mutual funds, such as the State of Georgia Local Government Investment Pool, which offer same-day liquidity for short-term funds. The Office of the 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 the State Treasurer is a stable net asset value investment pool that follows Standard & Poor’s criteria for AA Af rated money market funds. The Office of the State Treasurer assumes the daily responsibility of managing the assets of the pool. The State Depository Board prescribes cash management policies and procedures for the state and provides oversight for the pool.

Custodial Credit Risk - No more than 20 percent of the entire invested portfolio may be invested in securities of any one issuer. Investments explicitly guaranteed by the U.S. government and investments in government investment pools, such as the Georgia Fund 1, are excluded from this requirement.

As of December 31, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Investment Value</u>		<u>Weighted Average</u>	
		<u>Value</u>	<u>Maturity</u>		
Office of State Treasurer	AA Af rated	\$ 3,859,268	21 days		

<u>Investment</u>	<u>Maturities in Years</u>				
	<u>Under One</u>	<u>One - Three</u>	<u>Three - Seven</u>	<u>Over Ten</u>	<u>Total</u>
Money Market Mutual Funds and Certificates of Deposit	\$ 16,765	\$ -	\$ -	\$ -	\$ 16,765
Total Investments	\$ 16,765	\$ -	\$ -	\$ -	\$ 16,765

(3) Detailed Notes On All Funds (Continued)

Deposits and Investments (Continued)

Interest Rate Risk - Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector unless otherwise directed by the City. Maturities selected shall provide for stability of income and reasonable liquidity in order to fund anticipated cash flow needs such as those for regular operating expenditures, capital improvements, debt service payments, etc.

Credit Risk - All financial institutions (banks) and broker/dealers are pre-qualified and subject to ongoing monitoring to ensure compliance with applicable regulations and requirements. Diversification of the investment portfolio to avoid concentration risk also alleviates some of the credit risk by limiting deposits to any one issuer.

Fair Market Value Measurements

The City of Newnan categorizes its fair market value measurements within the fair market 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 City has the following recurring fair value measurements as of December 31, 2021:

Investment Type	Total	Level 1	Level 2	Level 3
Investments at Fair Value				
Money Market Mutual Funds And Certificates of Deposit	\$ 16,765	\$ 16,765	\$ -	\$ -
Total	\$ 16,765	\$ 16,765	\$ -	\$ -

Additionally, the City has investments in Georgia Fund 1, which are not subject to level disclosures.

Investments - Component Unit

Custodial Credit Risk - As of December 31, 2021, the Commission had the following investments:

Investment	Maturities in Years				Total
	Under One	One - Three	Three - Seven	Over Ten	
U.S. Government Securities	\$ 4,561,849	\$ 8,818,992	\$ 5,020,303	\$ -	\$ 18,401,144
U.S. Government Agency Notes and Bonds	8,748,527	4,949,717	4,057,748	-	17,755,992
Money Market Mutual Funds and Certificates of Deposit	2,630,060	-	-	-	2,630,060
Total Investments	\$ 15,940,436	\$ 13,768,709	\$ 9,078,051	\$ -	\$ 38,787,196

Interest Rate Risk - All fixed income investments are exposed to interest rate risk. The NWSL Commission's investments would be subject to losses due to potential increases in interest rates. The NWSL 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.

(3) Detailed Notes On All Funds (Continued)

Deposits and Investments (Continued)

Investments - Component Unit (Continued)

Credit Risk - Credit Risk is the risk that the NWSL Commission will be unable to recover its investments either by an inability to withdraw the funds through insolvency or non-performance of a counterparty or an inability to recover collateral. State statutes authorize the NWSL 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 NWSL 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 percent of the market value of principal and accrued interest. As of December 31, 2021, the NWSL Commission's investment comprised of U.S. Treasury securities, U.S. Government Agency securities, municipal bonds, and money market funds. The securities carried the ratings of AA, Aaa and AAA ratings by S&P and Moody's.

Concentration of Credit Risk - The NWSL 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 percent or more of the NWSL Commission's investments portfolio (excluding those issued or explicitly guaranteed by the U.S. Government as well as mutual funds) as of December 31, 2021 are Federal Farm Credit Bank 1.3 percent, Federal Home Loan Bank 10.6 percent, Freddie Mac 4.6 percent, Goldman Sacks Gov't Money Market 17.6 percent, State of Georgia Municipal 3.8 percent, US Treasury 32.8 percent, MEAG Investment Trust 21.2 percent, and Fannie Mae 8.1 percent.

Fair Value Measurements - Component Unit

The NWSL 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 NWSL Commission has the following recurring fair value measurements as of December 31, 2021:

Investment Type	Total	Level 1	Level 2	Level 3
Investments at Fair Value				
U.S. Government Securities	\$ 18,401,144	\$ 16,341,981	\$ 2,059,163	\$ -
U.S. Government Agency Notes and Bonds	17,755,992	12,816,722	4,939,270	-
Money Market Mutual and Certificates of Deposit	2,630,060	103,742	2,526,318	-
Total	<u>\$ 38,787,196</u>	<u>\$ 29,262,445</u>	<u>\$ 9,524,751</u>	<u>\$ -</u>

(3) Detailed Notes On All Funds (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities					
Capital Assets Not Being Depreciated					
Land	\$ 24,921,668	\$ 4,234,135	\$ -	\$ -	\$ 29,155,803
Construction in Progress	7,551,376	10,897,498	-	(10,875,081)	7,573,793
Total Capital Assets, Not Being Depreciated	<u>32,473,044</u>	<u>15,131,633</u>	<u>-</u>	<u>(10,875,081)</u>	<u>36,729,596</u>
Capital Assets Being Depreciated					
Buildings and Parks	47,382,390	-	-	9,753,706	57,136,096
Other Improvements	13,964,904	160,475	-	-	14,125,379
Machinery and Equipment	16,482,850	1,375,871	(54,735)	-	17,803,986
Infrastructure	106,282,459	1,262,021	-	1,121,375	108,665,855
Total Capital Assets Being Depreciated	<u>184,112,603</u>	<u>2,798,367</u>	<u>(54,735)</u>	<u>10,875,081</u>	<u>197,731,316</u>
Accumulated Depreciation					
Buildings and Parks	(12,154,604)	(1,168,660)	-	-	(13,323,264)
Other Improvements	(7,472,042)	(1,107,129)	-	-	(8,579,171)
Machinery and Equipment	(12,376,569)	(1,075,865)	25,424	-	(13,427,010)
Infrastructure	(31,237,762)	(2,859,015)	-	-	(34,096,777)
Total Accumulated Depreciation	<u>(63,240,977)</u>	<u>(6,210,669)</u>	<u>25,424</u>	<u>-</u>	<u>(69,426,222)</u>
Total Capital Assets Being Depreciated, Net	<u>120,871,626</u>	<u>(3,412,302)</u>	<u>(29,311)</u>	<u>10,875,081</u>	<u>128,305,094</u>
Governmental Activities Capital Assets, Net	<u>\$ 153,344,670</u>	<u>\$ 11,719,331</u>	<u>\$ (29,311)</u>	<u>\$ -</u>	<u>165,034,690</u>
					<u>Less Any Other (Non-Debt) Capital Related Liabilities (632,429)</u>
					Net Investment in Capital Assets <u>\$ 164,402,261</u>

(3) Detailed Notes On All Funds (Continued)

Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated				
Machinery and Equipment	583,438	-	-	583,438
Total Capital Assets Being Depreciated	583,438	-	-	583,438
Accumulated Depreciation				
Machinery and Equipment	(245,707)	(86,205)	-	(331,912)
Total Accumulated Depreciation	(245,707)	(86,205)	-	(331,912)
Total Capital Assets Being Depreciated, Net	337,731	(86,205)	-	251,526
Business-Type Activities Capital Assets, Net	\$ 337,731	\$ (86,205)	\$ -	\$ 251,526

Depreciation expense was charged to functions/programs of the governmental and business-type activities as follows:

Governmental Activities

General Government	\$ 40,953
Public Safety	669,127
Public Works	3,706,254
Community Development and Leisure Services	1,794,335
Total Governmental Activities	
Depreciation Expense	<u>\$ 6,210,669</u>

Business-Type Activities

Sanitation Fund	<u>\$ 86,205</u>
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(3) Detailed Notes On All Funds (Continued)

Capital Assets (Continued)

Component Unit - Convention Center Authority

	Beginning				Ending
	Balance	Increases	Decreases	Reclassifications	Balance
Capital Assets Not Being Depreciated					
Construction in Progress	\$ 518,616	\$ -	\$ -	\$ (518,616)	\$ -
Total Capital Assets Not Being Depreciated	<u>518,616</u>	<u>-</u>	<u>-</u>	<u>(518,616)</u>	<u>-</u>
Capital Assets Being Depreciated					
Gazebo	-	-	-	518,616	518,616
Machinery and Equipment	15,193	-	-	-	15,193
Total Capital Assets Being Depreciated	<u>15,193</u>	<u>-</u>	<u>-</u>	<u>518,616</u>	<u>533,809</u>
Accumulated Depreciation					
Gazebo	-	(17,050)	-	-	(17,050)
Machinery and Equipment	(10,125)	(2,170)	-	-	(12,295)
Total Accumulated Depreciation	<u>(10,125)</u>	<u>(19,220)</u>	<u>-</u>	<u>-</u>	<u>(29,345)</u>
Total Capital Assets Being Depreciated, Net	<u>5,068</u>	<u>(19,220)</u>	<u>-</u>	<u>518,616</u>	<u>504,464</u>
Business-Type Activities Capital Assets, Net	<u>\$ 523,684</u>	<u>\$ (19,220)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,464</u>

Depreciation expense was charged as follows:

Governmental Activities

Convention Center \$ 19,220

(3) Detailed Notes On All Funds (Continued)

Capital Assets (Continued)

Component Unit – The NWSL Commission

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 7,797,571	\$ -	\$ -	\$ -	\$ 7,797,571
Construction in Progress	1,303,953	3,869,832	-	(4,342,379)	831,406
Total Capital Assets Not Being Depreciated	9,101,524	3,869,832	-	(4,342,379)	8,628,977
Capital Assets Being Depreciated					
Buildings, Lines, and Improvements	216,568,368	5,216,838	-	-	221,785,206
Equipment and Other	18,241,935	1,829,914	(590,118)	-	19,481,731
Total Capital Assets Being Depreciated	234,810,303	7,046,752	(590,118)	-	241,266,937
Accumulated Depreciation					
Buildings, Lines, and Improvements	(97,357,362)	(8,461,903)	503,805	-	(105,315,460)
Equipment and Other	(9,826,082)	(1,153,995)	85,773	-	(10,894,304)
Total Accumulated Depreciation	(107,183,444)	(9,615,898)	589,578	-	(116,209,764)
Total Capital Assets Being Depreciated, Net	127,626,859	(2,569,146)	(540)	-	125,057,173
Capital Assets, Net	\$ 136,728,383	\$ 1,300,686	\$ (540)	\$ (4,342,379)	\$ 133,686,150

Depreciation expense was charged as follows:

Business-Type Activities

Utilities	<u>\$9,615,898</u>
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Transfers and Component Unit Appropriations

Transfers for the year ended December 31, 2021, are as follows:

Transfers Out	Transfers In		
	General Fund	Sanitation Fund	Total
General Fund	\$ -	\$ 140,000	\$ 140,000
Nonmajor Governmental Fund	485,031	-	485,031
Total	\$ 485,031	\$ 140,000	\$ 625,031

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 2021, the City made a transfer from the Hotel/Motel Tourism Enhancement Fund to the General Fund in the amount of \$485,031 for the City’s portion of hotel motel taxes collected.

(3) Detailed Notes On All Funds (Continued)

Transfers and Component Unit Appropriations (Continued)

During 2021, the City made a transfer from the General Fund to the Sanitation Fund in the amount of \$140,000 to assist with operational expenses.

Component Unit appropriations

During 2021, the City appropriated \$412,813 to the Convention Center for operations.

Long-Term Debt

Primary Government

As of December 31, 2021, 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	\$ 14,617,201	\$ -	\$ 5,382,786	\$ 9,234,415	\$ -
Compensated Absences	945,636	2,179,810	2,183,089	942,357	747,416
	<u>\$ 15,562,837</u>	<u>\$ 2,179,810</u>	<u>\$ 7,565,875</u>	<u>\$ 10,176,772</u>	<u>\$ 747,416</u>
Business-Type Activities					
Net Pension Liability	\$ 252,790	\$ -	\$ 93,090	\$ 159,700	\$ -
Compensated Absences	14,146	14,452	16,582	12,016	9,423
	<u>\$ 266,936</u>	<u>\$ 14,452</u>	<u>\$ 109,672</u>	<u>\$ 171,716</u>	<u>\$ 9,423</u>

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

Component Unit - NWSL Commission

Long-Term Debt - The NWSL Commission had one type of long-term debt during the year 2021, 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 percent to 5.25 percent. 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, 2021 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 and pay certain issuance costs. The bond premium relative to the 2006 Bonds is \$37,162.

(3) Detailed Notes On All Funds (Continued)

Long-Term Debt (Continued)

Component Unit - NWSL Commission (Continued)

Revenue Bonds (Continued)

Series 2006 Bonds (Continued)

On January 10, 2017, the NWSL 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.

As of December 31, 2021, total debt service requirements to maturity for the Series 2006A Bonds were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 172,725	\$ 172,725
2023	-	172,725	172,725
2024	1,040,000	145,425	1,185,425
2025	1,100,000	89,250	1,189,250
2026	1,150,000	30,188	1,180,188
Total	<u>\$ 3,290,000</u>	<u>\$ 610,313</u>	<u>\$ 3,900,313</u>

Series 2015

On April 21, 2015, the NWSL 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 the NWSL 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 \$406,393 and \$(208) 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 the NWSL Commission's books. Accrued interest related to the Series 2015 Bonds at December 31, 2021 was \$129,276.

(3) Detailed Notes On All Funds (Continued)

Long-Term Debt (Continued)

Component Unit - NWSL Commission (Continued)

Revenue Bonds (Continued)

Series 2015 (Continued)

As of December 31, 2021, total debt service requirements to maturity for the Series 2015 Bonds were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 10,000	\$ 258,450	\$ 268,450
2023	10,000	258,250	268,250
2024	10,000	257,975	267,975
2025	10,000	257,625	267,625
2026	15,000	257,188	272,188
Thereafter	6,920,000	1,385,388	8,305,388
Total	<u>\$ 6,975,000</u>	<u>\$ 2,674,876</u>	<u>\$ 9,649,876</u>

Series 2017 Revenue Bonds

On January 9, 2017, the NWSL 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 the NWSL Commission's outstanding Public Utilities Revenue Bonds, Series 2006 (the Refunding Bonds), (ii) payoff the GEFA loan, and (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 NWSL Commission's books. Accrued interest related to the Series 2017 Bonds at December 31, 2021 was \$105,630.

(3) Detailed Notes On All Funds (Continued)

Long-Term Debt

Component Unit - NWSL Commission (Continued)

Revenue Bonds (Continued)

Series 2017 Revenue Bonds (Continued)

As of December 31, 2021, total debt service requirements to maturity for the Series 2017 Bonds were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,316,398	\$ 173,680	\$ 2,490,078
2023	2,371,430	118,598	2,490,028
2024	500,874	84,848	585,722
2025	512,644	72,940	585,584
2026	524,691	60,751	585,442
2027-2031	2,322,801	116,436	2,439,237
Total	<u>\$ 8,548,838</u>	<u>\$ 627,253</u>	<u>\$ 9,176,091</u>

The changes in long-term debt are as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Deferred Compensation	\$ 1,981,844	\$ -	\$ (142,828)	\$ 1,839,016	\$ 193,250
Revenue Bonds	21,079,783	-	(2,265,945)	18,813,838	2,326,398
Series 2006 A Bond Premium	47,681	-	(10,519)	37,162	-
Series 2015 A Bond Premium	406,393	-	(25,962)	380,431	-
Series 2015 B Bond Discount	(208)	-	208	-	-
Total	<u>\$23,515,493</u>	<u>\$ -</u>	<u>\$ (2,445,046)</u>	<u>\$21,070,447</u>	<u>\$ 2,519,648</u>

Component Unit - Urban Redevelopment Agency

During 2020, the City loaned the Urban Redevelopment Agency \$100,000 to fund the rehabilitation of single-family housing in downtown Newnan. Terms of the intergovernmental agreement require the repayment of loan upon the sale of the property. Any proceeds in excess of the sale will be maintained by the Agency to fund future projects. The loan is non-interest bearing. The changes in long-term debt are as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
City of Newnan	<u>\$ 100,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>

(3) Detailed Notes On All Funds (Continued)

Property Taxes

State law requires that property taxes be based on assessed value, which is 40 percent 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 40 percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40 percent level is not reached.

The property tax calendar is as follows:

	Real/Personal Property (Excluding Vehicles)	Motor Vehicles
Assessment Date	January 1	January 1
Levy Date	August 20	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.

Tax Abatements

The City of Newnan negotiates property tax abatement agreements on an individual basis. The City has abatement agreements with the following entities as of December 31, 2021, all of which are healthcare facilities.

<u>Purpose</u>	<u>Agreement Date</u>	<u>2021 % Abated</u>
Healthcare Facility (New) ⁽¹⁾	5/7/2009	16% Real Property
Healthcare Facility (Expansion) ⁽²⁾	12/1/2014	58% Real Property
Healthcare Facility (New) ⁽³⁾	8/26/2014	38% Real Property

(3) Detailed Notes On All Funds (Continued)

Tax Abatements (Continued)

⁽¹⁾ The Newnan City Council, in partnership with Coweta County, the Coweta County Development Authority and the Board of Tax Assessors of Coweta County, entered into an economic development agreement with a healthcare facility in Coweta County. The agreement was executed in 2009 and includes the following: construction of a 200,000 square foot facility on 28.5 acres in Newnan, Georgia. The company will create 300 jobs within 5 years of commencement of operations and the average annual compensation per employee shall be \$50,000. The company agrees to make a \$70,000,000 initial investment in the project. The company anticipates that 65 percent 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, enhanced signage. The project partners agreed to a ten year real property tax abatement schedule that includes 0 percent valuation for years 1, 2 and 3; then an annual valuation of 14 percent 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 percent valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

⁽²⁾ The Newnan City Council, in partnership with Coweta County, the Coweta County Development Authority and the Board of Tax Assessors of Coweta County, entered into an economic development agreement for the expansion of a healthcare facility in Coweta County. The agreement was executed in 2014 and includes the following: construction of a 26,357 square foot inpatient expansion, 80,638 square foot outpatient clinic expansion, 6,895 square foot radiation therapy expansion, 26,219 square foot surgery department expansion, 27,450 square foot clinic expansion (phase 2), 15,572 square foot imaging department expansion, 91,201 medical office and hotel expansion, in Newnan, Georgia. The company will create 300 additional jobs within 5 years of commencement of operations and the average annual compensation per employee shall be \$50,000. The company agrees to make a \$70,000,000 initial investment in the project. The company anticipates that 65 percent of patients will be non-local and will require services of local businesses to support their extended stay (retail, restaurant, lodging, and 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 percent valuation for years 1, 2 and 3; then an annual valuation of 14 percent 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 percent valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

⁽³⁾ The Newnan City Council, in partnership with Coweta County, the Coweta County Development Authority and the Board of Tax Assessors of Coweta County, entered into an economic development agreement with a healthcare facility in Coweta County. The agreement was executed in 2014 and includes the following: construction of a 50,000 square foot comprehensive inpatient rehabilitation hospital on 11.3 acres in Newnan, Georgia. The company will create 120 jobs within 10 years of commencement of operations. The company agrees to make a \$22,000,000 initial investment in the project. Considering the increase in employment opportunities and sales tax revenue, the City of Newnan, and its partners, agreed to the following incentives: expediting permitting, bond financing, property tax abatement. The project partners agreed to a ten year real property tax abatement schedule that includes 0 percent valuation for years 1, 2 and 3; then a valuation of 40 percent in year 4, 52 percent in year 5 and increase by 10 percent 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 percent valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

(3) Detailed Notes On All Funds (Continued)

Hotel / Motel Taxes

The City levies and collects an 8 percent lodging tax which is reported in the Hotel/Motel Tourism Enhancement Fund. The City retains 37.5 percent of the funds collected. Tax receipts for the year were \$832,241. Of the current year expenditures \$60,415 was relative to capital improvements, \$208,973 for operating costs of the Convention Center, and \$97,585 for Explore Newnan-Coweta, Inc. As of December 31, 2021, the balance of funds not expended was \$276,809. These funds are restricted for future operations of the Convention Center.

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 investigations, 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.

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

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

The basis for estimating the liabilities for unpaid claims is "IBNR" or "incurred but not reported" established by an actuary. As of December 31, 2021, 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.

(3) Detailed Notes On All Funds (Continued)

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 an 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.

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.

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 percent by employee contributions to provide retirement income and other deferred benefits in accordance with the provisions of Section 457 of the Internal Revenue Code of 1986, as amended.

Pension Plan

Plan Description

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

Benefits Provided

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

Employees Covered by the Plan

Inactive Employees (or Their Beneficiaries) Currently Receiving Benefits	101
Inactive Employees Entitled to but not yet Receiving Benefits	67
Active Employees	273

(3) Detailed Notes On All Funds (Continued)

Public Retirement Systems and Pension Plans (Continued)

Pension Plan (Continued)

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 10.52 percent 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, 2021, the City reported a net pension liability. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2021. An expected total pension liability as of March 31, 2021 was determined using standard roll-forward techniques.

For the year ended December 31, 2021, the City recognized pension expense relative to GMEBS in the amount of \$1,885,972. At December 31, 2021, 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	\$ 2,745,608	\$ -
Changes of Assumptions	930,576	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,920,205
Employer Contributions Subsequent to the Measurement Date	<u>1,508,769</u>	-
	<u>\$ 5,184,953</u>	<u>\$ 3,920,205</u>

City contributions subsequent to the measurement date of \$1,508,769 but before the end of the City's reporting period will be recognized as a reduction of net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense for the years ended December 31 are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 275,209
2023	147,824
2024	(167,466)
2025	(771,692)
2026	272,104

(3) Detailed Notes On All Funds (Continued)

Public Retirement Systems and Pension Plans (Continued)

Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of December 31, 2021 was determined by an actuarial valuation as of July 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increase	3%-8.5% including inflation adjustment
Investment rate of return	7.375%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality Rates:

Healthy Retirees and Beneficiaries: Sex-distinct Pri-2012 Head-count weighted healthy retiree mortality table with rates multiplied by 1.25.

Disabled Participants: Sex-distinct Pri-2012 head-count weighted disabled retiree mortality table with rates multiplied by 1.25.

Active Participants, Terminated Vested Participants, and Deferred Beneficiaries: Sex-distinct Pri-2012 head-count weighted employee mortality table

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

Net Pension Liability

Changes in Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances January 1, 2021	\$ 34,176,496	\$ 19,306,505	\$ 14,869,991
Changes for the Year			
Service Cost	596,556	-	596,556
Interest	2,516,640	-	2,516,640
Difference between Expected and Actual Experience	1,632,622	-	1,632,622
Contribution - Employer	-	1,494,800	(1,494,800)
Net Investment Income	-	8,774,599	(8,774,599)
Benefit Payments	(1,298,244)	(1,298,244)	-
Administrative Expenses	-	(47,705)	47,705
Net Changes	3,447,574	8,923,450	(5,475,876)
Balance at December 31, 2021	\$ 37,624,070	\$ 28,229,955	\$ 9,394,115

3) Detailed Notes On All Funds (Continued)

Public Retirement Systems and Pension Plans (Continued)

Pension Plan

Net Pension Liability (Continued)

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 \$9,234,415 and \$159,700, respectively

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.40%
International Equity	20%	7.05%
Domestic Fixed Income	20%	1.15%
Real Estate	10%	4.50%
Global Fixed Income	5%	1.25%
Cash	0%	
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. 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 7.375 percent, 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 (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 14,527,453	\$ 9,394,115	\$ 5,121,200

(3) Detailed Notes On All Funds (Continued)

Public Retirement Systems and Pension Plans (Continued)

Pension Plan (Continued)

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 publicly available at www.gmanet.com.

The assumptions used in the July 1, 2021 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 15 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:	7.375%
Projected Salary Increases:	2.25% plus service based merit increases
Cost of Living Adjustments:	0.00%

Changes of Assumptions

There have been no changes in methods or assumptions since the last valuation.

Pension Plan Fiduciary Net Position

There have been no changes in methods or assumptions since the last valuation.

Benefit Changes

There have no benefits changes since the last valuation.

(3) Detailed Notes On All Funds (Continued)

Special Funding Defined Benefit Pension Plans

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

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

Contingent Liabilities

During the course of normal operations of the City, various claims and lawsuits arise. The City attorney has advised that there are no potential liabilities of which he is aware that will impair the City's financial position as of the date of this audit report.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 596,556	\$ 551,411	\$ 452,206	\$ 471,446	\$ 401,175	\$ 404,718	\$ 421,030
Interest	2,516,640	2,146,524	1,983,417	1,800,719	1,588,662	1,486,432	1,428,183
Differences Between Expected and Actual Experience	1,632,622	1,275,590	797,280	1,078,922	167,523	201,802	349,394
Changes in Assumptions	-	-	-	-	-	-	(701,214)
Other Changes	-	2,737,313	-	399,742	1,412,078	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,298,244)	(1,206,507)	(1,108,194)	(876,903)	(789,534)	(758,180)	(733,416)
Net Change in Total Pension Liability	3,447,574	5,504,331	2,124,709	2,873,926	2,779,904	1,334,772	763,977
Total Pension Liability - Beginning	34,176,496	28,672,165	26,547,456	23,673,530	20,893,626	19,558,854	18,794,877
Total Pension Liability - Ending	37,624,070	34,176,496	28,672,165	26,547,456	23,673,530	20,893,626	19,558,854
Plan Fiduciary Net Position							
Contributions - Employer	1,494,800	1,266,798	1,068,451	897,255	844,941	901,568	934,855
Contributions - Employee							
Net Investment Income	8,774,599	(1,463,582)	726,921	2,229,592	2,004,621	50,727	1,383,645
Benefit Payments, Including Refunds of Employee Contributions	(1,298,244)	(1,206,507)	(1,108,194)	(876,903)	(789,534)	(758,180)	(733,416)
Administrative Expense	(47,705)	(54,776)	(47,331)	(45,704)	(46,562)	(34,735)	(31,914)
Net Change in Fiduciary Net Position	8,923,450	(1,458,067)	639,847	2,204,240	2,013,466	159,380	1,553,170
Plan Fiduciary Net Position - Beginning	19,306,505	20,764,572	20,124,725	17,920,485	15,907,019	15,747,639	14,194,469
Plan Fiduciary Net Position - Ending	28,229,955	19,306,505	20,764,572	20,124,725	17,920,485	15,907,019	15,747,639
Net Pension Liability - Ending	\$ 9,394,115	\$ 14,869,991	\$ 7,907,593	\$ 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	75.03%	56.49%	72.42%	75.81%	75.70%	76.13%	80.51%
Covered Payroll	\$ 14,196,063	\$ 13,327,970	\$ 12,644,996	\$ 11,019,866	\$ 10,770,659	\$ 10,607,616	\$ 9,970,405
Net Pension Liability as a Percentage of Covered Payroll	66.17%	111.57%	62.54%	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 YEAR ENDED DECEMBER 31, 2021**

SCHEDULE OF CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,402,093	\$ 1,405,794	\$ 1,216,766	\$ 1,019,013	\$ 856,669	\$ 841,031	\$ 921,747
Contributions in Relation to the Actuarially Determined Contribution	1,402,093	1,405,794	1,216,766	1,019,013	856,669	841,031	922,797
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,050)
City's Covered Payroll	\$ 10,654,202	\$ 11,173,242	\$ 11,173,242	\$ 11,019,866	\$ 10,775,711	\$ 10,605,687	\$ 9,965,410
Contributions as a Percentage of Covered Payroll	13.16%	12.58%	10.89%	9.25%	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 YEAR ENDED DECEMBER 31, 2021

Georgia Municipal Employee Benefit System

Changes of Assumptions

There have been no changes in methods or assumptions since the last valuation

Benefit Changes

There have been no benefit changes since the last valuation.

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 15 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.

Actuarial Assumptions

Net Investment Rate of Return:	7.375%
Projected Salary Increases:	2.25% plus service based merit increases
Cost of Living Adjustments:	0.00%
Retirement Age:	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25% age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65 rate of 50%, age 66-71 rate of 25%, and age 72 and over rate of 100%
Mortality:	Healthy retirees and beneficiaries: Sex-Distinct Pri-2012 head-count weighted healthy retiree mortality table with rates multiplied by 1.25. Disabled participants: Sex-Distinct Pri-2012 head-count weighted disabled retiree mortality table with rates multiplied by 1.25. Active participants, terminated vested participants, and deferred beneficiaries: Sex-Distinct Pri-2012 head-count weighted employee mortality table.
Plan Termination Basis (All Lives):	1994 Group Annuity Reserving Unisex Table

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENT FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

**CITY OF NEWNAN, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Confiscated Assets	Miscellaneous Grants	Hotel / Motel Tourism Enhancement	Rental Motor Vehicle Excise Tax	Street Improvement	Impact Fees	
Assets							
Cash and Cash Equivalents	\$ 87,075	\$ 49,736	\$ -	\$ -	\$ -	\$ 2,148,529	\$ 2,285,340
Investments	22,752	-	443,283	46,931	254,868	-	767,834
Taxes Receivable	-	-	196,278	6,606	-	-	202,884
Other Receivables	97	-	-	-	-	-	97
Total Assets	\$ 109,924	\$ 49,736	\$ 639,561	\$ 53,537	\$ 254,868	\$ 2,148,529	\$ 3,256,155
Liabilities							
Accounts Payable	\$ -	\$ -	\$ 185,841	\$ 11,952	\$ -	\$ 397,804	\$ 595,597
Due to Other funds	-	-	73,604	-	-	-	73,604
Unearned Revenue	-	49,736	-	-	-	-	49,736
Total Liabilities	-	49,736	259,445	11,952	-	397,804	718,937
Fund Balances							
Restricted	109,924	-	380,116	41,585	-	1,750,725	2,282,350
Assigned	-	-	-	-	254,868	-	254,868
Total Fund Balances	109,924	-	380,116	41,585	254,868	1,750,725	2,537,218
Total Liabilities and Fund Balance	\$ 109,924	\$ 49,736	\$ 639,561	\$ 53,537	\$ 254,868	\$ 2,148,529	\$ 3,256,155

CITY OF NEWNAN, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Confiscated Assets	Miscellaneous Grants	Hotel / Motel Tourism Enhancement	Rental Motor Vehicle Excise Tax	Street Improvement	Impact Fees	
Revenues							
Hotel / Motel Taxes	\$ -	\$ -	\$ 1,293,417	\$ -	\$ -	\$ -	\$ 1,293,417
Court Condemnations	148,920	-	-	-	-	-	148,920
Intergovernmental	-	47,948	-	-	-	-	47,948
Impact Fees	-	-	-	-	-	999,962	999,962
Excise Taxes	-	-	-	89,648	-	-	89,648
Other Revenues	-	43,218	-	-	1,622	-	44,840
Investment Earnings	55	-	162	22	270	217	726
Total Revenues	148,975	91,166	1,293,579	89,670	1,892	1,000,179	2,625,461
Expenditures							
Current							
Tourism Development	-	-	705,241	83,064	-	-	788,305
Public Safety	109,302	53,666	-	-	-	-	162,968
Public Works	-	-	-	-	388,556	342	388,898
Community Development	-	37,500	-	-	-	-	37,500
Capital Outlay	-	-	-	-	-	858,321	858,321
Total Expenditures	109,302	91,166	705,241	83,064	388,556	858,663	2,235,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,673	-	588,338	6,606	(386,664)	141,516	389,469
Other Financing Sources (Uses)							
Transfers Out Hotel/Motel Fund	-	-	(485,031)	-	-	-	(485,031)
Total Other Financing Sources (Uses)	-	-	(485,031)	-	-	-	(485,031)
Net Change in Fund Balances	39,673	-	103,307	6,606	(386,664)	141,516	(95,562)
Fund Balances - Beginning of Year	70,251	-	276,809	34,979	641,532	1,609,209	2,632,780
Fund Balances - End of Year	\$ 109,924	\$ -	\$ 380,116	\$ 41,585	\$ 254,868	\$ 1,750,725	\$ 2,537,218

**CITY OF NEWNAN, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Final Budget	Actual	Variance
Revenues			
Court Condemnations	\$ 79,800	\$ 148,920	\$ 69,120
Other Revenues	61,000	-	(61,000)
Investment Earnings	2,019	55	(1,964)
Total Revenues	142,819	148,975	6,156
Expenditures			
Current			
Public Safety	142,819	109,302	33,517
Capital Outlay	36,755	-	36,755
Total Expenditures	179,574	109,302	70,272
Net Change in Fund Balance	(36,755)	39,673	76,428
Fund Balance - Beginning of Year	70,251	70,251	-
Fund Balance - End of Year	\$ 33,496	\$ 109,924	\$ 76,428

CITY OF NEWNAN, GEORGIA
MISCELLANEOUS GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 30,000	\$ 47,948	\$ 17,948
Other Revenues	15,000	43,218	28,218
Total Revenues	45,000	91,166	46,166
Expenditures			
Current			
Public Safety	44,000	53,666	(9,666)
Community Development	1,000	37,500	(36,500)
Total Expenditures	45,000	91,166	(46,166)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -

CITY OF NEWNAN, GEORGIA
HOTEL/MOTEL TOURISM ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budget	Actual	Variance
Revenues			
Hotel / Motel Taxes	\$ 742,000	\$ 1,293,417	\$ 551,417
Investment Earnings	1,500	162	(1,338)
Total Revenues	743,500	1,293,579	550,079
Expenditures			
Current			
Tourism Development	405,000	705,241	(300,241)
Capital Outlay	92,750	-	92,750
Total Expenditures	497,750	705,241	(207,491)
Excess (Deficiency) of Revenues Over (Under) Expenditures	245,750	588,338	342,588
Other Financing Use			
Transfer Out	(278,250)	(485,031)	(206,781)
Net Change in Fund Balance	(32,500)	103,307	135,807
Fund Balance - Beginning of Year	276,809	276,809	-
Fund Balance - End of Year	\$ 244,309	\$ 380,116	\$ 135,807

CITY OF NEWNAN, GEORGIA
RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budget	Actual	Variance
Revenues			
Excise Tax	\$ 80,000	\$ 89,648	\$ 9,648
Investment Earnings	1,000	22	(978)
Total Revenues	81,000	89,670	8,670
Expenditures			
Current			
Tourism Development	83,000	83,064	(64)
Total Expenditures	83,000	83,064	(64)
Net Change in Fund Balance	(2,000)	6,606	8,606
Fund Balance - Beginning of Year	34,979	34,979	-
Fund Balance - End of Year	\$ 32,979	\$ 41,585	\$ 8,606

CITY OF NEWNAN, GEORGIA
COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
DECEMBER 31, 2021

Assets	
Cash and Cash Equivalents	\$ 127,979
Receivables	<u>1,104</u>
Total Assets	<u><u>\$ 129,083</u></u>
Liabilities and Fund Balance	
Accounts Payable	<u>\$ 54</u>
Total Liabilities	<u>54</u>
Fund Balance	
Unassigned	<u>129,029</u>
Total Fund Balance	<u>129,029</u>
Total Liabilities and Fund Balance	<u><u>\$ 129,083</u></u>

CITY OF NEWNAN, GEORGIA
COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues	
Event Income	\$ 70,904
Sponsorship Income	1,000
Miscellaneous Revenues	1,974
Interest Earnings	141
	74,019
Total Revenues	74,019
Expenditures	
Current	
Promotion	66,844
	66,844
Total Expenditures	66,844
Net Change in Fund Balance	7,175
Fund Balance - Beginning of Year	121,854
Fund Balance - End of Year	\$ 129,029

CITY OF NEWNAN, GEORGIA
COMPONENT UNIT - NEWNAN CONVENTION CENTER AUTHORITY
BALANCE SHEET
DECEMBER 31, 2021

Assets

Cash and Cash Equivalents	\$ 398,050
Accounts Receivable	619
Receivable - Primary Government	<u>126,412</u>

Total Assets	\$ <u><u>525,081</u></u>
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Liabilities and Fund Balance

Accounts Payable	\$ 6,904
Accrued Expenses	1,936
Customer Deposits	<u>30,940</u>

Total Liabilities	<u>39,780</u>
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Fund Balance

Unassigned	<u>485,301</u>
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Total Fund Balances	<u>485,301</u>
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Total Liabilities and Fund Balance	\$ <u><u>525,081</u></u>
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Total Fund Balance per Balance Sheet of Governmental Fund	\$ 525,081
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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 Capital Assets	533,809
Accumulated Depreciation	<u>(29,345)</u>

Total Net Position of Governmental Activities	\$ <u><u>1,029,545</u></u>
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CITY OF NEWNAN, GEORGIA
COMPONENT UNIT - NEWNAN CONVENTION CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues	
Intergovernmental	\$ 411,626
Rental	213,854
Miscellaneous Revenues	16,556
Interest Earnings	<u>37</u>
Total Revenues	<u>642,073</u>
Expenditures	
Current	
General Government	<u>551,252</u>
Total Expenditures	<u>551,252</u>
Net Change in Fund Balance	90,821
Fund Balance -Beginning of Year	<u>394,480</u>
Fund Balance - End of Year	<u>\$ 485,301</u>
Net Change In Fund Balance - Governmental Fund	\$ 90,821

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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceed depreciation expense for the current period.

Depreciation Expense	<u>(19,220)</u>
Change in Net Position of Governmental Activities	<u>\$ 71,601</u>

CITY OF NEWNAN, GEORGIA
COMPONENT UNIT - NEWNAN URBAN REDEVELOPMENT AGENCY
BALANCE SHEET
DECEMBER 31, 2021

Assets	
Cash and Cash Equivalents	\$ 192,250
Assets Held for Resale	<u>38,500</u>
Total Assets	<u><u>\$ 230,750</u></u>
Liabilities and Fund Balance	
Accounts Payable	<u>\$ -</u>
Total Liabilities	<u>-</u>
Fund Balance	
Unassigned	<u>230,750</u>
Total Fund Balance	<u>230,750</u>
Total Liabilities and Fund Balance	<u><u>\$ 230,750</u></u>
 Total Fund Balance per Balance Sheet of Governmental Fund	 \$ 230,750

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 in the funds.

Note Payable	<u>(150,000)</u>
Total Net Position of Governmental Activities	<u><u>\$ 80,750</u></u>

CITY OF NEWNAN, GEORGIA
COMPONENT UNIT - NEWNAN URBAN REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues	
Miscellaneous Revenues	\$ 15
Total Revenues	<u>15</u>
Expenditures	
Current	
Community Development	1,024
Total Expenditures	<u>1,024</u>
Excess (Deficiency) of Revenues	
Over (Under) Expenditures	<u>(1,009)</u>
Other Financing Sources and (Uses)	
Note Proceeds	50,000
Total Other Financing Sources (Uses)	<u>50,000</u>
Net Change in Fund Balance	48,991
Fund Balance - Beginning of Year	<u>181,759</u>
Fund Balance - End of year	<u><u>\$ 230,750</u></u>
Net Change In Fund Balance - Governmental Fund	\$ 48,991

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

Under the modified accrual basis of accounting in governmental funds, revenues are not recognized for proceeds received relative to long-term debt. In the Statement of Activities, however, which is presented on the accrual basis, note proceeds and liabilities are reported regardless of when financial the accrual basis, note proceeds and liabilities are reported regardless of when financial resources are available. The adjustments for these items are as follows:

Note Proceeds	<u>(50,000)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,009)</u></u>

CITY OF NEWNAN, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2013)
FOR THE YEAR ENDED DECEMBER 31, 2021

Project	Original Estimated Cost	Current Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
Streets, Drainage, Sidewalks, and Equipment	\$ 15,207,600	\$ 15,207,600	\$ 12,584,345	\$ 1,840,718	* \$ 14,425,063
Public Safety	10,450,000	10,450,000	11,037,222	-	11,037,222
Parks and Recreation	1,500,000	1,500,000	2,154,455	-	2,154,455
Buildings and Facilities	100,000	100,000	99,161	-	99,161
Information Systems	100,000	100,000	99,999	-	99,999
Transfer to Water, Sewerage, and Light Commission	4,982,400	4,982,400	5,238,061	-	5,238,061
	\$ 32,340,000	\$ 32,340,000	\$ 31,213,243	\$ 1,840,718	\$ 33,053,961

* During 2020, the City received reimbursement from Newnan Utilities for the CJ Smith Park Improvements project in the amount of \$41,798 for cost incurred on their behalf. The schedule has been adjusted for these costs.

CITY OF NEWNAN, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2019)
FOR THE YEAR ENDED DECEMBER 31, 2021

Project	Original Estimated Cost	Current Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
Public Safety	\$ 3,250,000	\$ 3,250,000	\$ 575,921	\$ 559,933	\$ 1,135,854
Information Systems	193,469	193,469	33,508	-	33,508
Parks and Recreation	14,000,000	14,000,000	5,983,903	6,947,202	12,931,105
Streets, Drains, Sidewalks, and Equipment	15,001,193	15,001,193	2,184,111	1,278,081	3,462,192
Transfer to Water, Light, and Sewerage	3,604,830	3,604,830	1,409,770	870,672	2,280,442
	<u>\$ 36,049,492</u>	<u>\$ 36,049,492</u>	<u>\$ 10,187,213</u>	<u>\$ 9,655,888</u>	<u>\$ 19,843,101</u>

CITY OF NEWNAN, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Project</u>	<u>Current Expenditures</u>
Tourism	
Operation of Convention Center	\$ 83,064
	<u>\$ 83,064</u>

GOVERNMENTAL REPORT

April 27, 2023

**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 the 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, 2021, 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 April 27, 2023. 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, Georgia's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Newnan, Georgia's internal control over financial reporting (internal control) as a basis for designing 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 the City of Newnan, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2021-004.

City of Newnan, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Newnan, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Newnan, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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.

McNair, McLeMore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

CITY OF NEWNAN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDING JUNE 30, 2021

(1) Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

There was not an audit of major federal award programs for the fiscal year ended December 31, 2021, due to the total amount expended being less than \$750,000.

(2) Financial Statement Findings

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

2021-001 Revenue Recognition

CRITERIA

Under a modified accrual basis of accounting, revenues are recognized when earned and available.

CONDITION

Unexpended funds received from the American Rescue Plan Act (ARPA) were recognized as revenue in 2021.

CONTEXT

An audit adjustment of \$7,603,104 was required to classify the funds as unearned for the year ended December 31, 2021.

EFFECT

The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE

The City does not have adequate accounting procedures to ensure that revenue are properly classified and recorded in the proper accounting period.

(2) Financial Statement Findings (Continued)

2021-001 Revenue Recognition (Continued)

RECOMMENDATION

The City should establish procedures to ensure the proper recording of revenues during the accounting period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The Finance Director will work with the City Manager and outside audit firm to develop a policy and procedures to ensure revenue is reported correctly and in the correct accounting period.

2021-002 Fund Balance Reconciliation

CRITERIA

Under the current financial resources measurement focus, all increases in fund balance are reported as revenues or other financing sources, and the all decreases in fund balance are reported as expenditures or other financing uses. Prior period adjustments to fund balances may be required to correct material errors in prior period statements.

CONDITION

Certain beginning fund balance accounts did not agree to 2020 ending fund balance accounts.

CONTEXT

Audit adjustments were required to record certain transactions that did not meet the requirements for prior period adjustments in the proper accounting period.

EFFECT

The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE

The City did not have controls in place to ensure transactions are being recorded in the correct fiscal year.

RECOMMENDATION

We recommend the City develop procedures to ensure that revenues are recognized in the correct fiscal year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. The Finance Director will implement a regular fund balance reconciliation to ensure all transactions are recorded in the proper period.

2021-003 Capital Assets

CRITERIA

In financial statements prepared using the economic resources measurement focus, the cost to acquire, construct, or improve a capital asset is not recognized immediately as expense when incurred, but instead is deferred (capitalized) and allocated over the estimated useful life of the capital asset in the form of depreciation expense (tangible capital asset) or amortization expense (intangible capital assets).

CONDITION

Capital outlays in the governmental funds were not reconciled to capital asset records for 2021.

(2) Financial Statement Findings (Continued)

2021-003 Capital Assets (Continued)

CONTEXT

Audit procedures identified capital expenditures which were not reflected in the City's detailed capital asset depreciation schedule.

EFFECT

The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

CAUSE

The City did not have controls in place to ensure that capital expenditures were updated to the City's depreciation schedule.

RECOMMENDATION

We recommend the City develop procedures to ensure that depreciation schedules are reconciled with capital expenditures for each accounting period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. Procedures have been developed to insure the proper recording and reconciliation of capital asset records.

(3) Compliance Findings

2021-004 Expenditures in Excess of Appropriations

CRITERIA

Georgia Code 36-81-3 requires the governing authority shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government.

CONDITION

Certain expenditures exceeded appropriations at the legal level of control.

CONTEXT

The following expenditures exceeded approved budgets:

(3) Compliance Findings (Continued)

2021-004 Expenditures in Excess of Appropriations (Continued)

Expenditures in Excess of Appropriations:

General Fund		Miscellaneous Grant Fund	
General Government		Public Safety	\$ 9,666
Council	\$ 15,608	Community Development	36,500
Manager	4,830,418		
Human Resources	4,584,012	Hotel/Motel Tax Fund	
Municipal Court	27,928	Community Development	
Public Safety		Tourism Development	\$ 300,241
Fire	113,979	Other Financing Uses	
Police	306,652	Transfers Out	206,781
Publ Engineer			
Engineer	96,075	Motor Vehicle Excise Tax Fund	
Streets	7,421,622	Community Development	
Community Development		Tourism Development	\$ 64
Planning and Zoning	8,351		
Business Development	64,337		
Parks and ROW Beutification	1,587,596		
Building Inspection	50,089		
Other Financing Uses			
Transfers Out	140,000		

EFFECT

The City failed to comply with the requirements of 36-81-3.

CAUSE

Personnel changes within the finance office disrupted budget monitoring procedures.

RECOMMENDATION

We recommend the City develop procedures to ensure that expenditures are monitored to ensure compliance with budgetary requirements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management agrees with the finding. Finance Director and City Manager will develop a time line to ensure expenditures are being monitored and are compliant with budgetary requirements.