



PUBLIC SAFETY



**CITY OF NEWNAN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Year Ended December 31, 2016**

**Mayor L. Keith Brady, Mayor Pro-Tem Cynthia E. Jenkins
Councilman George M. Alexander, Councilman Ray F. Dubose, Councilman Clayton W. Hicks
Councilman Rhodes H. Shell, Councilman Dustin-K. Koritko**

CITY OF NEWNAN, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2016

PREPARED BY: DEPARTMENT OF FINANCE

CITY OF NEWNAN, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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City of Newnan, Georgia Finance Department

June 17, 2017

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

In accordance with the laws of the State of Georgia and ordinances adopted by the governing authority of the City of Newnan, Georgia, I am pleased to present the City of Newnan's (the City's) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. Both City Ordinances and State statutes require that the City issue an annual report on its financial position and activity. State law requires that local governments publish a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in conformance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants.

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

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

INDEPENDENT AUDIT

The City of Newnan's financial statements have been audited by the firm of Clifton, Lipford, Hardison and Parker, LLC of Macon, Georgia. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016 are fairly represented in conformity with GAAP. The independent auditor's report is the first component of the financial section of this report.

The independent audit of financial statements of the City is sometimes part of a broader, federal and state mandated "single audit" designed to meet the special needs of federal and state grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. A single audit was not necessary in 2016. The requirement for a single audit is the expense of \$750,000 or more in federal funds. A total of \$41,383 was expended utilizing funds from the U.S. Department of Justice in the form of confiscated assets. Additionally, the City disbursed \$22,520 from the Neighborhood Stabilization Program grant sponsored by the Georgia Department of Community Affairs and received \$7,015 from the U.S. Department of Justice in the form of a police vest grant. Therefore, spending of federal awards totaled only \$70,918 for 2016, which is below the \$750,000 threshold.

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

CITY OF NEWNAN PROFILE

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



City Governance

Since 1960, the City of Newnan has operated under the Council-Manager form of government. The City Council sets policy and relies on the City Manager to implement policy direction. The City Council consists of a Mayor, L. Keith Brady, and six Council members – Clayton Hicks, Rhodes Shell, George Alexander, Dustin Koritko, Ray Dubose and Cynthia Jenkins.

The Mayor is elected at large and serves a four-year term. Council members are elected by district and serve four-year staggered terms. The City Council represents the interests of citizens of Newnan by adopting public policies, determining the City's mission, scope of service and tax levels, passing ordinances, approving new projects and programs and ratifying the budget.

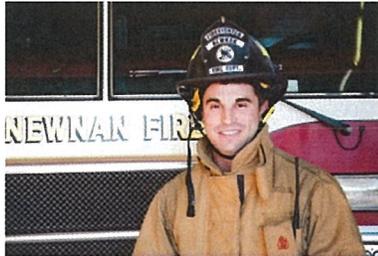
Council employs a city manager, Cleatus Phillips, to manage the daily operations of city government. He and his administrative staff prepares the city's annual budget, negotiates intergovernmental agreements, implements Council's policies, appoints department directors, serves as City liaison to other government agencies, citizens, businesses and visitors, and supervises all city employees. Administrative staff is based at 25 LaGrange Street in Newnan. The City currently employs 269 people - organized into five (5) functions: General Government, Public Safety, Public Works, Community Development and Other Services. Total headcount includes 12 part-time employees and 7 elected officials. Other city-wide positions appointed by Council include the municipal court judge, city attorney and assistant municipal court judges.

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



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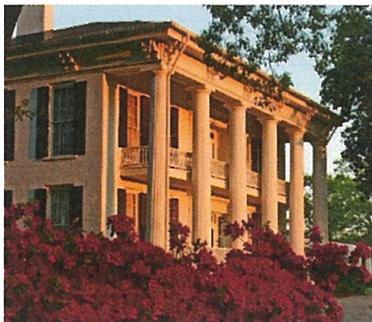
- Street Management and Maintenance
- Parks
- Public Swimming Pool
- Right-of-Way Beautification
- Police Services
- Municipal Court Services
- Building Inspection and Permitting Services
- Code Enforcement
- Planning and Zoning
- Local Boys and Girls Club
- Occupational Tax Certificates
- Alcohol Licensing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



Governmental Units

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

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



Historical Data

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

A century and a half ago, the small city of Newnan was carved out of the homeland of the proud Creek Indian Nation. Newnan stands in the preserved natural beauty of its surroundings, while thriving as an

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

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



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

The City of Newnan has increased substantially in population over the past few years and has grown in total square miles, via the annexation of land. In 1990, it was estimated that the city consisted of 12.37 square miles. By the end of 2016, Newnan had grown to approximately 19.5 square miles.

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

FACTORS AFFECTING FINANCIAL CONDITION

The City of Newnan enjoys a diverse economy and relatively stable unemployment rate which translates into a diverse portfolio of revenue streams and growth in population. Coweta County's 2016 estimated population was 150,000; it is the 49th fastest growing county in the United States. The 2010 census indicated that the population for the City of Newnan had grown from 16,242 residents in 2000 to 33,039 residents in 2010, representing a 103% increase for the 10-year period. Current projections have Coweta County with a population in excess of 175,000 citizens by 2020. The City's estimated population for 2016 is 37,207.

The City's governmental activities (or program revenues) are made up of revenues from property taxes, sales taxes, occupational taxes, fines and forfeitures, permits, impact fees, excise taxes and charges for services. The City added one business-type activity (enterprise fund) in 2013 - Sanitation services consisting of bulk and yard debris only. It is noteworthy to mention that the remainder of the sanitation services will remain with Waste Industries, who holds the contract to provide such services to all City residents, per ordinance.

The City is financially stable. Targeted fund balance is 50% of budgeted expenditures. At the end of 2016, unassigned fund balance equaled approximately 81.8% of 2016 general fund expenditures. The percentage for 2015 was 72.9%. Based on excellent management of resources, assets and expenditures, and a very healthy fund balance, the City is well prepared to continue operations at the prescribed service levels in spite of the most recent recession.

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

Budget Process

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

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

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

Economic Conditions

The City's economic condition has shown steady improvement as we continue to recover from the last recession. The 2016 unemployment rates for the City of Newnan and the United States overall were 5.3% and 4.7% respectively, as compared to last year when those rates were 6.4% and 5.0%. The City's property tax digest increased by \$17.8 million in valuation from 2015 to 2016, mainly due to reassessments of existing real property. Thus, the City maintained a 4.05 millage rate, which was consistent with 2015. Sales tax collections also increased by approximately \$123,000, occupational taxes increased by \$400,000 and insurance premium taxes increased by \$159,000. The only tax revenue source showing any real downward trend for 2016 was motor vehicle taxes, due to local revenue percentage distributed by the State of Georgia.

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



Cancer Treatment Centers of America (CTCA) selected Newnan as the location for a new facility and opened for business in July 2012. With more than two-thirds of its patients coming from outside

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the state of Georgia, patients and their families have contributed significantly to the growth and vitality of the local economy. CTCA officials had expected the new facility to generate 500 new jobs and \$500 million in economic activity over the first five years of operation. CTCA now employs over 1,100 people and has contributed over \$1.3 billion in economic activity, far exceeding expectations! The facility has also doubled its size since opening.

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

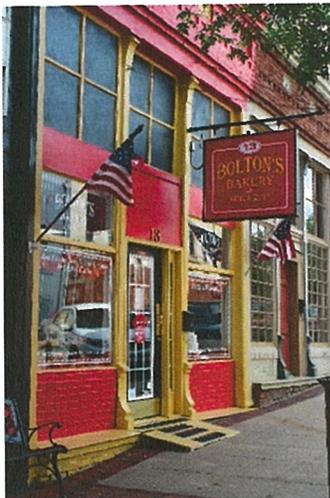
In addition to the healthcare industry, the television and movie industry has thrived in Newnan. AMC's "The Walking Dead" has filmed at multiple locations in Coweta county. This has become one of the most watched dramas in television. A new "Hunger Games" was recently filmed in Newnan, along with "Sick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

Quality education facilities and workforce training opportunities are also very important to Newnan. The Coweta County School System was named an "Exemplar" School System by the 2016 AdvancED review team as an example to other school systems, when recommending 2016-2010 District Accreditation. Through a partnership with the Board of Regents, Coweta County, the University of West Georgia (UWG) and the City, UWG opened its new satellite campus in Newnan in 2015. This campus has 772 students, which is an increase of nearly 7% over 2015.



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

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



Consequently, Newnan has developed into a business and industrial community that is growing and thriving. During the past decade, the City of Newnan has grown significantly to include many fine dining and retail establishments (with specialty shops) as part of the real estate development boom which had slowed during the last recession. During the first quarter of the prior year, the City began experiencing a pick-up in the volume of permits being issued for both residential and commercial operations. The volume is continuing to pick up as we move into 2017.

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

Business Incentives

The Newnan City Council considers the use of incentives according to a tiered structure detailed in an economic development policy, which was adopted in 2012 and amended in 2014. A copy of the policy can be found at www.developnewnan.org. Additional planning documents may be found at www.cityofnewnan.org. The City of Newnan has also developed partnerships with various entities, including Coweta County, Coweta County Development Authority and the Board of Tax Assessors of Coweta County, to develop and enhance relationships with businesses who are considering locating to or expanding in Newnan. Through our Economic Development plan and policy, we were able to successfully negotiate agreements, which include tax abatements, with two healthcare facilities in exchange for commitments of local jobs and investments in the community in 2016.

The Coweta County Development Authority may also issue revenue bonds to assist with financing the costs of acquisition, construction and equipment. In exchange for the economic incentives provided, the City of Newnan agreed to certain ad valorem tax savings, assistance with permits, zoning, signage and variance requests submitted by the companies. Information related to these endeavors can be found in the Notes to the Financials on page 52 of this document.

Fiscal Policies

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

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

Cash Management Policy and Practices

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

bonds, resulting in significant savings to the City and its citizens. By utilizing interfund loans, the City has saved literally hundreds of thousands of dollars in carrying and interest costs in just the past few years.

Debt and Reserve Policy

The City attempts to fund all capital projects and capital improvements with pay-as-you-go financing, using current revenues when possible. The City has operated debt-free for many years. Typically, capital funds are collected and maintained until the balance available is sufficient to complete a purchase or project. If a project or improvement cannot be purchased with current revenues, long-term debt might be considered, but only as a last resort. As mentioned above, the City has utilized advances from the general fund unassigned fund balance to SPLOST and other governmental funds during 2016 rather than assume debt and carrying charges.

Therefore, the City currently has no debt, other than compensated absences (sick, vacation, etc.). However, Newnan Utilities, a component unit of the City, does utilize bonds and other types of debt to fund growth in operations. Additionally, the Downtown Development Authority has assumed debt to fund the UWG Project which was completed in 2015, as disclosed in the notes on page 66.

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

Employee Retirement and Health Insurance Plans

The City of Newnan participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association (GMA). The City continues to pay 100% of the employee's portion of the retirement plan as a benefit to employees. In 2016, the City contributed \$841,031 to the plan on behalf of its employees, compared to the 2015 contribution of \$906,416. This contribution represents 7.3% of actual payroll expenditures for covered employees versus 8.3% in 2015.

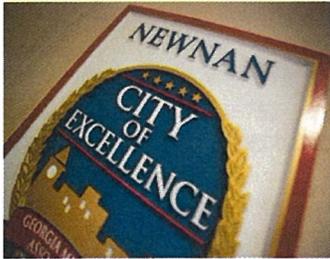
Employees are eligible to participate in the retirement program after one (1) year of continued service and are vested in the program after ten (10) years of service. Additional information concerning the City's pension plan and its funding progress can be found in the Required Supplementary Information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

The City offers health and life insurance to all active employees. The City continues to pay 100% of the life and health insurance premiums for employees who elect single coverage on the POS 80/60 plan. Additionally, the City pays approximately 85% of the cost of health insurance for employees choosing family coverage, along with 100% of their life insurance costs. Overall, health insurance premiums increased by approximately 7% and the City was able to absorb the cost increase. The City's contributions for employee health and life insurance increased by 6% in 2016; going from \$2,186,631 in 2015 to \$2,316,763.

In 2013, the City offered employees the option to participate in a health insurance opt-out program where the City paid a monthly stipend to any employee having health insurance outside of the City coverage plan. This opt-out program is significantly less expensive to the City than family or single coverage. In order to give employee greater choices in their health care benefits and cost management, three medical insurance plans are now offered – HMO 90, HMO 80 and POS 80/60. A variety of optional insurances is

also available to employees, including additional life, dental, cancer, vision and disability insurance, all of which are paid solely by the employee if coverage is selected.

MAJOR INITIATIVES AND ACCOMPLISHMENTS



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

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

2016 Major Accomplishments

During fiscal year 2016, the City of Newnan began or completed many significant projects and objectives in connection with the City's overall goals. The following is a list of major accomplishments by the City's various departments during 2016, in no particular order.

- Received the Distinguished Budget Presentation Award from GFOA, the City's 28th consecutive award.
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the City's Comprehensive Annual Financial Report (CAFR).
- Provided a wage increase to all full-time employees which consisted of a 2% raise plus a small percentage based on years of service.
- Maintained an average response time of 5 minutes for Fire Department.
- Maintained an Insurance Services Office (ISO) rating of 3. The City has already been notified that its ISO rating for 2017 was improved to a 2!
- Completed Corinth Road and Fourth Street paving and improvements.
- Completed Gateway Signage project for City.
- Completed Jefferson-Jackson and LaGrange Street Corridor improvements.
- Completed Wadsworth Auditorium lighting upgrades.
- Completed various paving projects, including several subdivision streets.
- Implemented a digital solution for recording Council meetings.
- Remodeled restrooms at Wesley Street gym.
- Increased drug arrests for 2016.
- Completed gang training for police officers.
- Established a community outreach program for youth.
- Completed active shooter training for police officers.
- Stepped up traffic enforcement in various neighborhoods.
- Installed a new burn building at the Training Center (for Fire).
- Expansion of Oak Hill Cemetery – 4 new sections opened.



- Completed drainage improvements at Oak Hill Cemetery.
- Completed 1st phase of I-85 Interchange landscape improvements.
- Completed landscape improvements along Bullsboro Drive, Newnan Centre and various City parks.
- Hosted 40+ Main Street events – drawing more than 35,000 visitors to downtown.
- Funded 3 façade grant improvement projects.
- Assisted several businesses with downtown relocation/expansion/redevelopment projects.
- Coordinated several recycling and clean-up events during the year.

Construction in Progress at Year-End

Projects underway (construction in progress) at the end of 2016 included: Corinth Road improvements, Dog Park construction, Fitness Trail at the Convention Center, Five Points Intersection improvements, Construction of Fire Station #4, McIntosh Parkway improvements, renovation of the Howard Warner Building as a new recreation center and renovations to the old Municipal Building, a portion of which is utilized by the Fire Department. For more information on the City's 2016 accomplishments, please visit our website at www.cityofnewnan.org and click on the 2016 Annual Report published by the City Manager's Office.

Strategic Financial Planning

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newnan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

GFOA Distinguished Budget Presentation Award

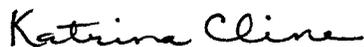
The City of Newnan was awarded, for the twenty-eighth consecutive year, the Government Finance Officers Association of the United States "Distinguished Budget Presentation Award" for its 2016 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device. Additionally, we have submitted our 2017 Budget document to GFOA for consideration of this award.

Other Awards and Acknowledgements

During 2016, the City received its 26th consecutive Tree City USA award. The City also obtained National Main Street, Keep Georgia Beautiful and Keep America Beautiful certifications. Additionally, Newnan has been named one of the 'Most Charming Cities to Visit in Georgia' by Trips to Discover and one of the "Top 10 Best Cities for Young Professionals Near Atlanta" by Movato. In 2009, the City was voted by This Old House as a 'Best Old House Neighborhood'.

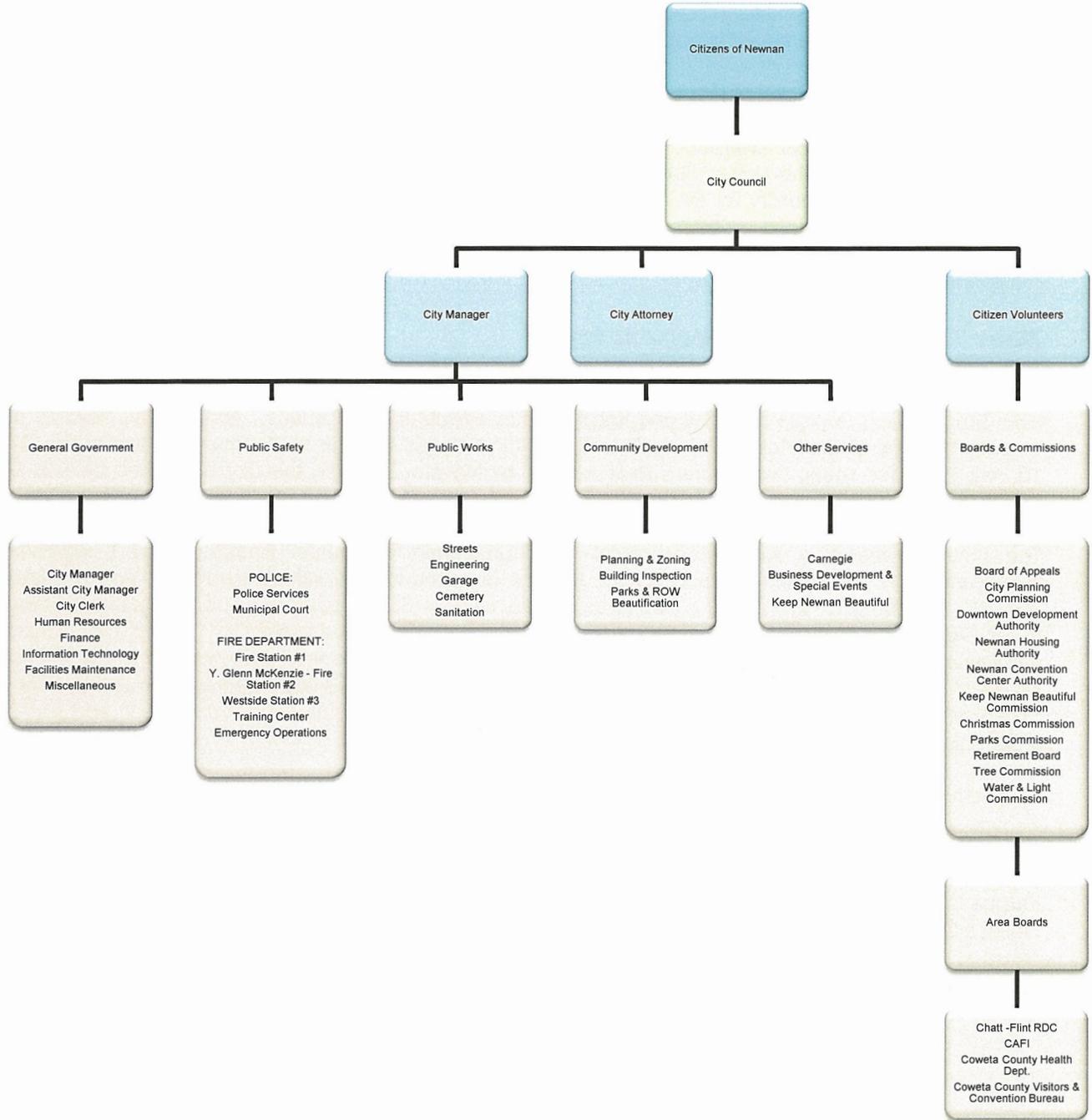
The timely preparation and publication of this Comprehensive Annual Financial Report represents significant effort and accomplishment by the Finance department. The independent audit firm of Clifton, Lipford, Hardison and Parker, LLC is also to be commended for their cooperation and invaluable assistance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

Respectfully submitted,



Katrina Cline
Finance Director, City of Newnan

City of Newnan Organization Chart



City of Newnan, Georgia OFFICIALS AND OFFICES

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

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

MAYOR AND COUNCIL MEMBERS

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

CITY ADMINISTRATIVE OFFICES

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

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Government Finance Officers Association

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

Presented to

**City of Newnan
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
The City of Newnan, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Newnan, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Newnan Water, Sewerage and Light Commission which represents 99 percent of the assets, net position, and revenues of the aggregate component units of the City of Newnan, Georgia. Those financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for the Newnan Water, Sewerage and Light Commission, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Newnan, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18-37, schedule of contributions on page 82, the schedule of changes in the net pension liability and related ratios on page 81 and the notes to the required supplementary information on pages 83-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2017, on our consideration of the City of Newnan, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Newnan, Georgia's internal control over financial reporting and compliance.

Macon, Georgia
June 17, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Newnan, Georgia's (the "City") comprehensive annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2016. 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 38 to enhance their understanding of the Government's financial performance.

2016 Financial Highlights

- The assets and deferred outflows of the City of Newnan exceeded its liabilities and deferred inflows by \$162,540,141 (net position) at the close of the calendar year reported.
- The City's total net position, on an entity-wide basis, increased by \$3,182,905, or 2%. Governmental activities increased by \$2,989,609, with the remaining increase of \$193,296 attributed to business-type activities (Sanitation). The increase in governmental activities is primarily due to increase in total assets of \$3,436,023. Total capital outlay for 2016 was \$6,050,762 with depreciation expenses of \$4,127,279. Please see page 39 of this report for detail of the other items, which make up the total decrease in net position.
- Total net position is comprised of the following:
 - (1) Capital assets totaling \$134,987,730, includes property and equipment, net of depreciation. Of this amount, \$197,313 is attributed to business-type activities in the Sanitation fund.
 - (2) Net position of \$6,529,246 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position of \$21,023,165 represents the portion available to maintain the City's continuing obligations to citizens and creditors; of which \$493,025 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 \$31,158,819 this year. This compares to the prior year combined ending fund balances of \$30,604,284, showing an increase of \$554,535, or 1.8%, during the current year. **Nonspendable** fund balance decreased by \$740,866, or 32.4%, due to the repayment of an advance from the General fund to the SPLOST 2013 fund during the year. The balance of the advance to the SPLOST 2013 fund at the end of the 2016 is \$1.5 million, down from \$2.25 million at the end of 2015.
- **Restricted** fund balance increased by \$299,127, or 4.8%, due mainly to an increase of \$222,249 in the funds restricted for capital outlay and an increase of \$93,717 in the funds restricted for law enforcement use. **Committed** fund balance increased by \$1,203,593, or 105%, due to the commitment of funds during 2016 for the Municipal Building renovations.
- Finally, the **Assigned** fund balance was consistent with 2015, at \$1.1 million. At the end of the current calendar year, fund balance for the General Fund totaled \$24,237,383, which was consistent with 2015, at \$24,211,496. **Unassigned** fund balance, all in the General Fund, totaled \$19,619,524, which amounts to 81.8% of total General Fund expenditures of \$23,978,536. In comparison, the General Fund unassigned fund balance for 2015 was 72.9% of General Fund expenditures.

- The City typically operates on a pay-as-you go basis and has not incurred any long-term debt in the acquisition of capital assets. The only long-term debt is related to employee compensated absences (earned sick, vacation, personal, holiday and comp time) in the amount of \$782,801, an increase of \$95,162 over 2015. Earned vacation pay increased by \$68,887, primarily in the following departments: Police, Fire and City Manager. Additionally, personal leave increased by \$7,425. This is a new category for 2016 and the majority of the balance is for Public Safety. Most other categories of compensated absences were consistent with 2015. Please note that FICA/Medicare taxes payable due to this liability also increased by \$7,285 during 2016.
- Overall, the City continues to maintain a strong financial position. The ratio of current assets to current liabilities is 15.6 to 1, down slightly from 17.2 to 1 in 2015.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

- The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *total net position*. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.
- The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish between governmental activities of the City that are principally supported by sales taxes and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, community development and public works. The business-type activities of the City of Newnan include collection and disposal of brush (yard debris) and bulk items only. All other Sanitation activities, including

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

The government-wide financial statements are presented on pages 38 & 39 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 85. 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 NSP grant fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are presented on pages 40-46 of this report. Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Proprietary funds are used to account for the business-type activities of the government. The City of Newnan has one enterprise fund – Sanitation (brush and bulk only). The basic proprietary fund financial statements can be found on pages 47-50 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 51 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 52 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 85.

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, 2016**

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|-----------------------|--------------------------|-------------------|--------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Assets: | | | | | | |
| Current assets | \$ 32,974,390 | \$ 32,354,512 | \$ 579,717 | \$ 540,831 | \$ 33,554,107 | \$ 32,895,343 |
| Capital assets | 134,790,417 | 132,168,734 | 197,313 | 41,736 | 134,987,730 | 132,210,470 |
| Other Assets | - | - | - | - | - | - |
| Total assets | 167,764,807 | \$ 164,523,246 | 777,030 | 582,567 | 168,541,837 | 165,105,813 |
| Deferred outflows of resources related to pensions | 1,907,993 | 954,322 | 32,997 | 16,504 | 1,940,990 | 970,826 |
| Liabilities: | | | | | | |
| Current liabilities | 2,130,819 | 1,893,122 | 23,425 | 22,754 | 2,154,244 | 1,915,876 |
| Noncurrent liabilities | 5,115,224 | 3,954,980 | 86,286 | 65,971 | 5,201,510 | 4,020,951 |
| Total Liabilities | 7,246,043 | 5,848,102 | 109,711 | 88,725 | 7,355,754 | 5,936,827 |
| Deferred inflows of resources related to pensions | 576,954 | 769,272 | 9,978 | 13,304 | 586,932 | 782,576 |
| Net position : | | | | | | |
| Net investment in capital assets | 134,790,417 | 132,168,734 | 197,313 | 41,736 | 134,987,730 | 132,210,470 |
| Restricted | 6,529,246 | 6,230,119 | - | - | 6,529,246 | 6,230,119 |
| Unrestricted | 20,530,140 | 20,461,341 | 493,025 | 455,306 | 21,023,165 | 20,916,647 |
| Total Net Position | \$ 161,849,803 | \$ 158,860,194 | \$ 690,338 | \$ 497,042 | \$ 162,540,141 | \$ 159,357,236 |

Total net position at calendar year-end was \$162,540,141, which is an increase of \$3,182,905, or 2%. The largest portion of the City's net position (83%) reflects its net investment in capital assets, which is consistent with 2015 at 83%. Current assets increased by \$658,764, or 2%, primarily due to the increase in cash and cash equivalents of approximately \$1 million, offset by a decrease in receivables of \$393,071. The \$2,777,260 increase in capital assets is due to the increase of \$2.1 million in construction in progress attributed to the Howard Warner and Municipal Building renovations, along with increases of \$665,465 in infrastructure and \$860,281 in land, most of which was right of way for the McIntosh Parkway project. The increase was offset by reductions of \$583,770 in buildings and parks and \$428,458 in other improvements.

Current liabilities increased by \$238,368, or 12.4%, due to the increase in unearned revenues for the NSP grant fund. Current liabilities decreased from 32.3% of the total liabilities to 29.3% of the total liabilities in 2016. Noncurrent liabilities showed an increase of \$1.2 million, primarily a result of the net pension liability increase of \$1,175,392 recorded for 2016. Thus, noncurrent liabilities made up 70.7% of total liabilities at the end of 2016.

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 15.6 to 1, which is strong. The ratio for 2015 was 17.2 to 1. Restricted net position rose by \$299,127, or 4.8%, primarily due to a \$222,249 increase in capital outlay funds and a \$93,717 increase in funds for law enforcement purposes.

City of Newnan, Georgia
Comparative Schedule of Changes in Net Position
December 31, 2016

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|-------------------------|-----------------------|--------------------------|-------------------|--------------------------|-----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 3,987,395 | \$ 3,803,664 | \$ 637,487 | \$ 611,083 | \$ 4,624,882 | \$ 4,414,747 |
| Operating grants | 25,000 | 25,000 | - | - | 25,000 | 25,000 |
| Capital grants | 7,249,007 | 8,271,838 | - | - | 7,249,007 | 8,271,838 |
| Total Program Revenues: | <u>11,261,402</u> | <u>12,100,502</u> | <u>637,487</u> | <u>611,083</u> | <u>11,898,889</u> | <u>12,711,585</u> |
| General Revenues: | | | | | | |
| Taxes | 20,396,086 | 19,652,730 | - | - | 20,396,086 | 19,652,730 |
| Transfers | (35,000) | - | 35,000 | - | - | - |
| Investment earnings | 49,770 | 36,852 | 1,998 | 630 | 51,768 | 37,482 |
| Total General Revenues: | <u>20,410,856</u> | <u>19,689,582</u> | <u>36,998</u> | <u>630</u> | <u>20,447,854</u> | <u>19,690,212</u> |
| Total Revenues: | <u>31,672,258</u> | <u>31,790,084</u> | <u>674,485</u> | <u>611,713</u> | <u>32,346,743</u> | <u>32,401,797</u> |
| Expenses: | | | | | | |
| General government | 4,518,185 | 11,107,882 | - | - | 4,518,185 | 11,107,882 |
| Tourism development | 383,578 | 376,488 | - | - | 383,578 | 376,488 |
| Public safety | 12,525,349 | 11,416,979 | - | - | 12,525,349 | 11,416,979 |
| Public works | 7,765,800 | 5,853,817 | - | - | 7,765,800 | 5,853,817 |
| Community development | 3,489,736 | 3,867,490 | - | - | 3,489,736 | 3,867,490 |
| Sanitation - brush & bulk only | - | - | 481,189 | 446,366 | 481,189 | 446,366 |
| Total Expenses: | <u>28,682,648</u> | <u>32,622,657</u> | <u>481,189</u> | <u>446,366</u> | <u>29,163,837</u> | <u>33,069,022</u> |
| Increase in net position before special item | 2,989,609 | (832,573) | 193,296 | 165,347 | 3,182,906 | (667,225) |
| Special item- loss on sale of capital asset | - | (19,296,332) | - | - | - | (19,296,332) |
| Change in net position | 2,989,609 | (20,128,905) | 193,296 | 165,347 | 3,182,906 | (19,963,556) |
| Beginning net position | <u>158,860,194</u> | <u>178,989,098</u> | <u>497,042</u> | <u>331,695</u> | <u>159,357,236</u> | <u>179,320,793</u> |
| Ending Net Position | <u>\$ 161,849,803</u> | <u>\$ 158,860,194</u> | <u>\$ 690,338</u> | <u>\$ 497,042</u> | <u>\$ 162,540,141</u> | <u>\$ 159,357,236</u> |

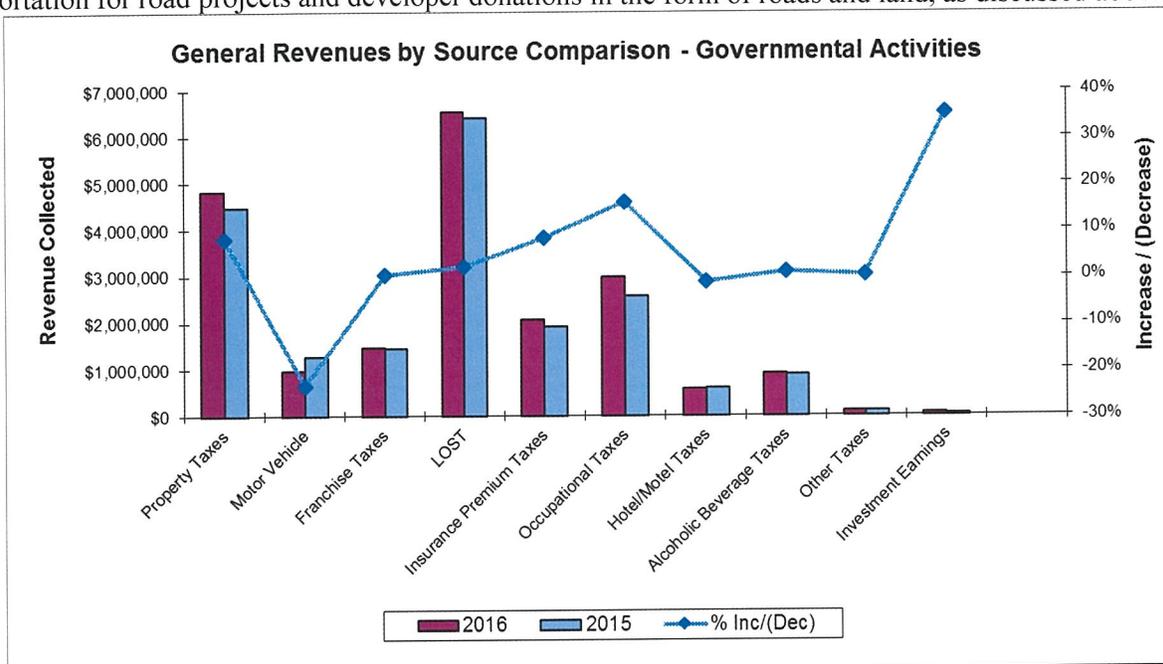
Please note that 83.3% of the governmental activities net position is tied up in capital. At the end of 2015, capital assets equaled 83.2% of governmental activities' net position. The City uses these capital assets primarily to provide services to its citizens and to maintain the quality of those services. Governmental and business-type activities combined increased the City of Newnan's net position by \$3,182,905. Key elements of this increase are detailed in the chart on the prior page.

Capital grants and contributions decreased by approximately \$1 million, primarily due to the decrease of \$1.1 million in receipts for the public works function. Developers donated \$868,585 less in 2016 for land and streets. Additionally, the receipt of \$360,547 from Georgia DOT for the Jefferson-Jackson Corridor project in 2015 contributed to this decrease for 2016, as the project was completed in 2015. Property taxes increased by approximately \$354,000 over 2015, occupational tax collections rose by about \$404,000, sales taxes increased by \$122,847 and insurance premium taxes increased by \$159,108. The only real decrease in general revenues occurred in motor vehicle taxes, a reduction of \$302,017, due to the percentage distributions made by the State of Georgia Department of Revenue.

Expenses decreased by approximately \$3.9 million, or 12.1%, in 2016. The general government function showed a decrease of \$6,589,697, or 59.3%, primarily due to the appropriation to the DDA for debt repayment for the University of West Georgia project totaling \$5,663,189 in 2015. To offset this decrease, public safety recorded an increase in expenses of \$1,108,370, mainly as a result of the difference in pension liability of \$549,897 and the increase in wages of \$654,265 from 2015 to 2016. An increase of \$1,911,984, or 32.7%, was also reported for public works, which is a result of increased expenditures in the SPLOST 2013 fund of \$981,058 for paving and maintenance of streets, an increase in depreciation expenses of \$180,442, an increase in pension liability of \$167,305 and expenditures of \$414,624 for subdivision paving. Most other functions were fairly consistent with 2015.

Governmental Activities

Program revenues represent 35.6% of total revenues in 2016, as compared to 98.2% in 2015. The most significant change is shown in the public works function, due to a reduction in grants from the Georgia Department of Transportation for road projects and developer donations in the form of roads and land, as discussed above.

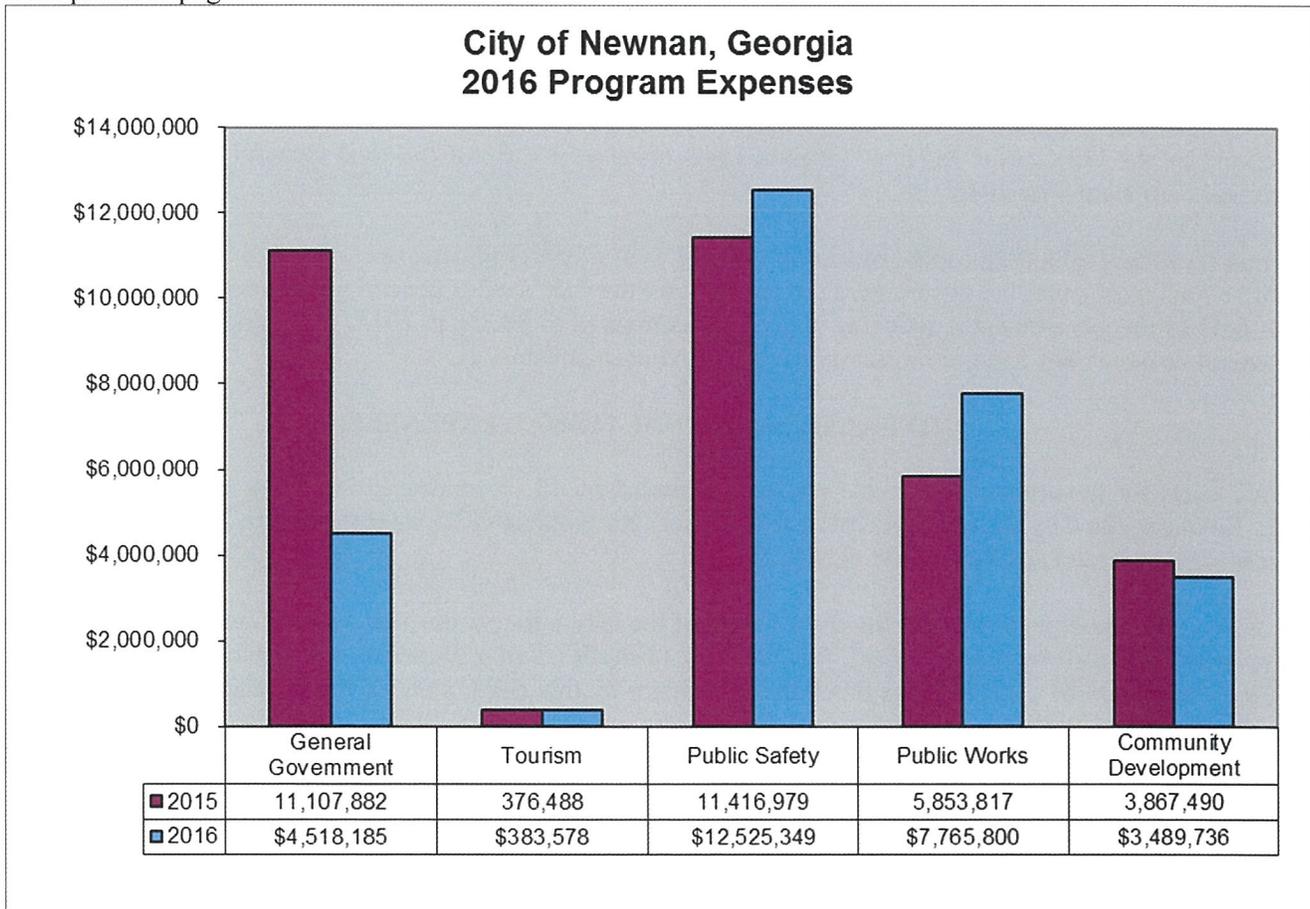


General revenues make up 64.4% of total receipts, almost all of which is taxes. This is up from 1.8% in 2015, where a loss on the sale of capital assets related to the University of West Georgia project created an unusually low ratio for general revenues. This was a significant, one-time event, which does tend to distort the picture. The chart above shows all other sources of general revenues for 2016.

As shown by the chart above, most all revenue sources increased over 2015, with the exception of motor vehicle taxes, which is distributed by the State of Georgia Revenue Department. The percentage distributed is adjusted annually for the title ad valorem taxes included in the motor vehicle taxes. Therefore, the City recorded a 23.7% decrease in revenues for 2016. Occupational taxes showed the largest increase (\$404,409), due to an increase in the population and a growing local economy. Property taxes increased by \$354,186 and insurance premium taxes increased by \$159,108, primarily due to the growth in Newnan. The largest percentage increase was shown in occupational taxes at 15.7%, followed by insurance premium taxes at 8.3% and property taxes at 7.9%.

The changes in revenues are indicative of the general economy in Newnan and nationally. Our population is increasing and both commercial and residential permitting are showing positive growth. We expect to see further improvements to revenue during 2017 due to changes in the population and the local economy in both the commercial and residential sectors.

Program expenses decreased by 12.1%, or \$3,940,008, in 2016. The largest decrease was in the general government function, with expenses going from \$11,107,882 in 2015 to \$4,518,185 in 2016, primarily due to a \$5.7 million appropriation to the Downtown Development Authority for UWG project debt repayment in 2015. This decrease was offset by increases in both the public safety and public works functions, which were discussed on the previous page.



Program Expenses by Function

| | General Government | | Tourism | Public Safety | Public Works | Community Development | | Total |
|----------|--------------------|-------------|------------|---------------|--------------|-----------------------|-----------|----------------|
| 2016 | \$ | 4,518,185 | \$ 383,578 | \$ 12,525,349 | \$ 7,765,800 | \$ | 3,489,736 | \$ 28,682,648 |
| 2015 | | 11,107,882 | 376,488 | 11,416,979 | 5,853,817 | | 3,867,490 | 32,622,656 |
| Variance | \$ | (6,589,697) | \$ 7,090 | \$ 1,108,370 | \$ 1,911,983 | \$ | (377,754) | \$ (3,940,008) |
| % Change | | -59.32% | 1.88% | 9.71% | 32.66% | | -9.77% | -12.08% |

GOVERNMENTAL REVENUES

The City is heavily reliant on sales taxes to support governmental operations and capital. Sales tax, the largest general revenue source in 2016, provided 31.9% of the City's total general governmental revenues; by comparison, in 2015 sales taxes provided 32.5% of that total. Property taxes are the second largest general revenue source with approximately \$4.8 million of revenues, or 23.6% of the total, as compared to 22.7% for 2015. The City has contracted with the Coweta Tax Commissioner to bill and collect its property taxes since 2015. Additionally, the City's millage rate remained consistent with 2015, at 4.05 mills per thousand dollars of assessed value.

The City's dependency upon property and sales tax receipts is apparent as about 55.5% of governmental activities are supported through these general receipts, which was fairly consistent with 2015 at 55.2%. Sales and property taxes are historically the two largest forms of general revenues for the City of Newnan, followed by occupational taxes at 14.5% and insurance premium taxes at 10.1% of the total general revenues for 2016.

Occupational taxes, the third largest general revenue source, produced \$2,974,656 in 2016, up from \$2,570,247 in 2015, mainly due to the increase in new businesses and gross receipts reported for existing businesses. Occupational taxes are calculated based on the gross receipts of the business. The fourth largest general revenue source is insurance premium taxes, which increased by 8.3% due to the growth in population over the last decade, as defined by the US Census Bureau. Overall, taxes made up 99.8% of the total General Revenues for 2016, which was consistent with 2015.

Program revenues (excluding capital revenues) covered 14% of governmental operating expenses, up from 11.7% in 2015. This means that the government's taxpayers and the City's other general governmental revenues funded about 86% of the governmental activities in 2016, as compared to 88.3% in 2015. As a result, one can see how the general economy has a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Overall, costs for governmental activity services decreased by 12.1% during 2016, down from \$32,622,656 in 2015. However, the City shows a net cost of \$17,421,247 for these services, as compared to 2015 where the same services showed a total cost to the City of \$20,522,154.

This table on the next page presents the cost of each of the City's functions, including the net cost (i.e., total cost less revenue generated by the activities). The net cost / benefit column illustrates the financial burden placed on the City's taxpayers by each of these functions. As shown by this chart, none of the functions covered 100% of costs during 2016.

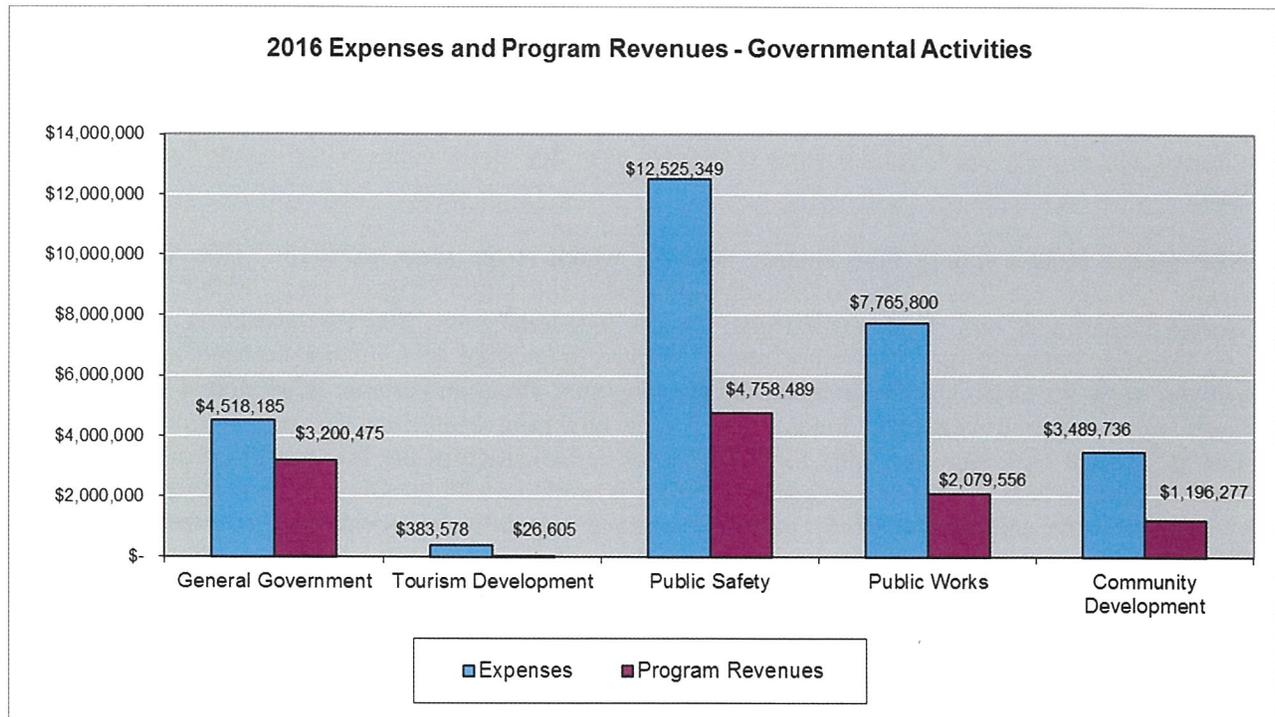
Public safety function costs make up 43.7% of total governmental activities expenses as compared to 2015, when the costs made up 35% of total costs. Public works makes up 27.1% of the total cost versus 2015, where their portion was 17.9%. General government is 15.8% of the total, as compared to 34.0% last year. The community development function made up 11.9% of the total in 2015 as compared to 12.2% in 2016.

| | Total Cost of Services | % of Total | Net (Cost)/Benefit of Services | % of Costs Covered |
|-----------------------|------------------------|------------|--------------------------------|--------------------|
| General Government | \$ 4,518,185 | 15.75% | \$ (1,317,711) | 70.84% |
| Tourist Development | 383,578 | 1.34% | (356,973) | 6.94% |
| Public Safety | 12,525,349 | 43.67% | (8,766,372) | 30.01% |
| Public Works | 7,765,800 | 27.07% | (4,686,733) | 39.65% |
| Community Development | 3,489,736 | 12.17% | (2,293,459) | 34.28% |
| Total | \$ 28,682,648 | 100.00% | \$ (17,421,247) | 39.26% |

Costs for general government decreased by approximately \$6.6, primarily due to the appropriation to the DDA for debt repayment for the University of West Georgia project totaling \$5,663,189 in 2015. The public safety function increase of \$1,108,370 was primarily attributed to the changes in pension liability and increase in wages discussed earlier in this document. The public works function cost showed an increase of \$1.9 million, due mainly to the increases in pension liability, depreciation, paving and maintenance of streets also discussed earlier in this document.

The General Government function revenues covered 70.8% of its total costs, due to a reduction in expenditures associated with the UWG project discussed throughout this document. Public safety function program revenues covered 30% of its total costs, down from 37.2% in 2015. Public works function revenues covered approximately 39.7% of total costs versus 55.3% in 2015. Community Development also showed a decrease from 2015 to 2016, going from 41.1% of covered costs to 34.3%.

Overall, the City was able to cover 39.3% of total costs in 2016 versus 37.1% in 2015. The decrease in costs is mainly attributed to the UWG project events which occurred during 2015. The table below is a graphical representation of the relationship between the 2016 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 \$31,158,819, an increase of 1.8% from the 2015 ending balance of \$30,604,284. Of this 2016 year-end total, \$19,619,524 is **unassigned**, indicating availability for continuing City service requirements. At the end of 2015, unassigned fund balance was \$19,871,825. Therefore, unassigned fund balances decreased by 1.3%, or \$252,301, which is due primarily to the increase in committed fund balances during the year. **Committed** fund balance increased by \$1,203,593, or 105%, due to the commitment of funds during 2016 for the Municipal Building renovations. The reduction in **nonspendable** fund balances of \$740,866 was due to a decrease in the interfund loan balance from the general fund to the SPLOST 2013 fund. As funds are paid back to the general fund, nonspendable fund balances decrease and unassigned fund balances increase, unless otherwise designated by City Council.

Restricted fund balances total \$6,529,246, an increase of \$299,127 from the 2015 restricted fund balances total of \$6,230,119. This balance includes \$2,728,785 for capital outlay in the SPLOST 2007 fund, \$1,335,523 for capital outlay in the SPLOST 2013 fund and \$2,101,312 in other governmental funds for capital outlay. The main reason for the increase in restricted fund balances is the change in the SPLOST 2013 fund balance from a deficit fund balance in 2015 to a positive fund balance for 2016, offset by decreases in SPLOST 2007 and other governmental fund balances.

Major Governmental Funds

The **General Fund** is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's ending fund balance increased from \$24,211,496 to \$24,237,383, which is only a 0.1% increase over 2015. The net change in fund balance was \$25,887. As indicated, 81.8 % (\$19,619,524) of this balance is unassigned and available for continuing City services at the designated levels, which is a decrease from 2015 at 72.9%. The unassigned fund balance is considered very adequate, representing the equivalent of 81.8% of annual expenditures. In comparison, the ending fund balance for 2015 represented 72.9% of annual operating expenditures. The primary use of fund balance is to cover cash flow deficiencies occurring during the early part of each year.

The **NSP Grant** Fund's ending fund balance was \$0, which is the same as 2015. This fund was created specifically to record activities related to the Neighborhood Stabilization Program grant, with funds disbursed by the Georgia Department of Community Affairs. This is a federal grant. The City works in conjunction with Newnan Housing Authority and Newnan-Coweta Habitat to provide low-income housing options for those persons who meet the eligibility requirements of the programs. Program revenue is generated when houses are sold (after being acquired with grant funds), which is in turn re-invested into the program. Expenditures and revenues of \$22,520 each were recorded for 2016, which is indicative of the low inventory of housing options currently available in Newnan for this program. The City is working with the Georgia Department of Community Affairs to expand the activities allowed under to the grant, hopefully to include new construction along with rehabilitation of existing houses.

SPLOST 2007 Fund's ending fund balance was \$2,728,785, which is a decrease of \$605,638, or 18.2%, from 2015, which ended with \$3,334,423. This SPLOST issue expired at the end of 2012, therefore, the only revenues collected during 2016 were interest earnings in the amount of \$6,188. Expenditures of \$611,826 included upgrades and renovations to City Hall, Howard Warner building renovations, playground equipment replacement

and street improvements for McIntosh Parkway and the Jefferson - Jackson Corridor. Any remaining balances carry over to next year for budgeting purposes.

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

SPLOST 2013 Fund's ending fund balance was \$1,335,523, an increase of \$1,760,939 from 2015, which ended with a deficit balance of \$425,416. Sales tax collections were \$5,429,367 and interest earnings totaled \$4,865. Expenditures totaled \$3,673,293 and included renovations to the Municipal and Howard Warner buildings and almost \$1.9 million in street improvements, paving and upgrades (including Jefferson – Jackson corridor, LaGrange Street, Newnan Crossing, Lower Fayetteville Road, Five Points Intersection and I-85 Exit enhancements), as well as the transfer of 16% of revenues collected to Newnan Utilities, per the SPLOST agreement. The City has an advance of \$1.5 million to this fund from the General Fund to prefund capital projects, rather than incur debt. This advance is being paid back quarterly as funds become available in the SPLOST 2013 fund.

Revenue Category Comparisons

Sales Taxes

Local option sales tax revenue actually increased by 1.9% when compared to calendar year 2015, from \$6,399,087 to \$6,521,934. Sales taxes from all sources, including Special Purpose, showed a \$222,373 increase, or 1.9%, from 2015. The total generated in 2016 for all sales tax was \$11,951,301, as compared to \$11,728,928 in 2015

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

Property Tax Revenues

Property tax collections increased by 7.9% from that of calendar year 2015, going from \$4,470,102 to \$4,824,288 for 2016. Beginning with 2015, the City of Newnan contracted with the Coweta County Tax Commissioner to bill and collect property taxes for the City. The County's due date is typically December 1st, while the City's due date was typically October 31st each year. Thus, tax collections tend to come in a little lower than normal for the City. Additionally, the City's millage rate remained at 4.05 mills per thousand dollars of assessed value, which was the same rate as 2015. The rate is projected to remain at 4.05 mills for 2017 also.

The 2015 digest was \$1,215,099,461, increasing to \$1,232,897,191 in 2016, which is a 1.5% increase in valuations. Property reassessments increased the 2016 digest by approximately \$50.6 million, although other changes to the digest resulted in a decrease of approximately \$32.8 million in real property valuation, for a total increase of \$17.8 million in 2016. Motor vehicle taxes showed a decrease in the digest (\$11.5 million) and this change was included in the other changes to the digest noted above.

Occupational Taxes (formerly Business Licenses)

Occupational tax revenue increased by 15.7%, or \$404,409, when compared to 2015. This increase is mainly due to the commercial growth in the City and an increase in gross receipts reported for the businesses. Revenue receipts totaled \$2,974,656 for 2016. The 2000 census population for the City of Newnan was 16,242; the estimated 2016 population for the City is 37,207. Local and national economic indicators are useful when projecting occupational tax revenues.

Insurance Premium Taxes

Insurance premium taxes are the fourth largest general revenue source for the City. In 2016, receipts totaled \$2,071,588 as compared to 2015, where receipts were \$1,912,480. The increase of \$159,108, or 8.3%, was based on the change in population in the City of Newnan from the 2000 census, per the notes above under Occupational Taxes and Local Option Sales Taxes. The City expects this revenue source to remain fairly consistent over the next few years since the City's population is trending upward each year.

Franchise (Excise) Taxes

Franchise tax collections increased by only 0.3% during 2016, from \$1,448,960 to \$1,452,675. Collections for cable TV and electricity showed slight increases over 2015, while telephone and gas taxes showed slight decreases over 2016. Trend analysis and local economic activity are tools used to project collections of franchise taxes each year.

Motor Vehicle Taxes

Motor Vehicle tax collections include vehicle ad valorem taxes and the new title ad valorem tax (TAVT) added by the State of Georgia in 2013. Total collections in 2016 were \$972,605 as compared to \$1,274,622 in 2015. Vehicle ad valorem taxes decreased by \$34,255 and title ad valorem taxes decreased by \$267,762. This revenue stream has not been consistent since inception, as the State of Georgia Revenue Department keeps tweaking the distribution percentages in an effort to make the cities whole after the introduction of the title ad valorem taxes in 2013. Trend analysis and economic conditions are the primary methods for forecasting this revenue stream as of now.

Licenses and Permits Revenue

Building permits made up 80.4% of the total revenues for this category in 2016, which is consistent with 2015 at 81%. Building permit revenues decreased by 3.8% in 2016; going from \$788,927 to \$758,926. Building permit valuations, residential and commercial combined, decreased by 13.7%, or \$21 million, during 2016, from approximately \$154 million in 2015 to about \$133 million in 2016. Overall, residential permit valuations increased by 10.5%, while commercial permit valuations decreased by 51.3%. The actual number of permits issued for commercial building was 93 in 2016 versus 52 in 2015. The number of residential permits issued for 2016 totaled 352 versus 321 in 2015. Trend analysis and anticipated construction starts are the primary forecasting tools for this revenue stream.

Alcoholic beverage licenses made up the remaining 19.6% of revenues for this category. This revenue stream increased very slightly from \$185,210 in 2015 to \$185,285 in 2016. This revenue stream has remained stable over the years and is generally projected using trend analysis and commercial growth.

Hotel/Motel Taxes

Hotel/Motel tax collections for 2016 were \$582,222. In 2015, we recorded collections of \$589,378, showing a decrease of \$7,156, or 1.2%, for 2016. Additionally, one new hotel opened in Newnan near the end of 2016, which should increase total receipts for future years. Hotel/Motel taxes are used exclusively to promote tourism in Newnan, specifically through supporting the operations of the City's convention center, The Newnan Centre. The local economy continues to show signs of recovery and growth. Another major factor driving this tax is the location of new hotels near the hospitals in Newnan, including a cancer treatment facility requiring long-term housing, in many cases, for patients and their families.

Interest Earned on Investments

Interest on Investments (General Fund only) increased by \$10,430 in 2016, going from \$30,041 to \$40,471, which is a 34.7% increase when compared to 2015. Overall, all funds included, interest on investments increased by \$13,778 in 2016. Interest earnings have drastically reduced over the past several years due to the state of the general economy and some of the major fund balances have decreased substantially due to completion of projects. We do not expect to see any major increases in revenue from interest earnings in the next year, however, interest is slowing climbing year over year.

Fines & Forfeitures Revenue

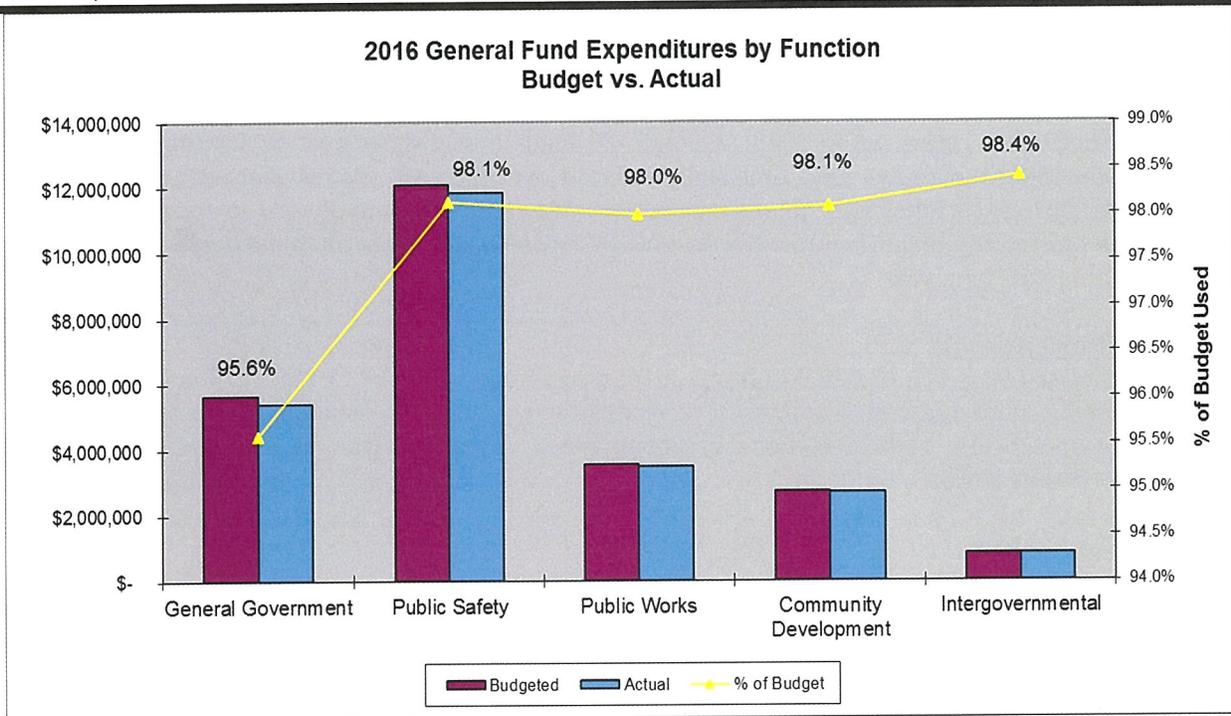
Police Fines decreased by 5.1%, or \$29,450, from 2015; down from \$581,587 to \$552,137 in 2016. The City of Newnan is pursuing more aggressive collection measures for police fines, including the assignment of a staff person to assist specifically with collections of police fines. Trend analysis is the most effective tool for forecasting this revenue stream.

Budgetary Highlights

The General Fund – The adopted 2016 revenue budget for the General Fund was \$22,246,500, including a projected transfer in from the Tourism Fund of \$250,000, representing approximately 50% of budgeted hotel/motel tax collections, which is the portion retained by the General Fund. The revenue budget was amended during 2016 by \$2,455,120, primarily to ensure revenue projections covered projected expenditures, since the City operates with a balanced budget annually. Therefore, the final adopted 2016 revenue budget for the General Fund was \$24,701,620.

The 2015 final revenue budget for the General Fund was \$27,870,067, which is \$3,168,447 less than the 2016 final budget of \$24,701,620. Actual revenue collections for 2016 were \$24,114,423, or 98%, of budgeted collections. The actual transfer in from the Tourism Fund was \$291,111. Per Council action, the general fund retained 50% of the actual funds collected during 2016.

The final adopted 2016 expenditure budget for the General Fund was \$24,701,620, including transfers out to the Street Fund in the amount of \$225,000. Actual expenditures (on an encumbrance basis) for 2016 were \$24,374,289, or 99%, of the budgeted amount. The 2016 General Fund Expenditure budget was amended to include an additional \$2,455,120 in operating expenditures, including \$2,162,643 for renovations to the Howard Warner and Municipal Building renovations, \$101,453 for site improvements at Oak Hill Cemetery and \$41,177 for an Assistant Judge for Municipal Court. The remaining \$149,547 was to cover operational items for various departments. The charts below show a breakdown of the 2016 General Fund budgeted versus actual expenditures, excluding interfund transfers.



**2016 General Fund Expenditures by Function
 (excluding Interfund Transfers)**

| | Budgeted | Actual | % of Budget | Budget less Actual Exp |
|-----------------------|----------------------|----------------------|--------------|---------------------------|
| General Government | \$ 5,651,860 | \$ 5,402,314 | 95.6% | \$ 249,546 |
| Public Safety | 12,080,301 | 11,854,628 | 98.1% | 225,673 |
| Public Works | 3,556,938 | 3,485,587 | 98.0% | 71,351 |
| Community Development | 2,737,521 | 2,685,210 | 98.1% | 52,311 |
| Intergovernmental | 850,000 | 836,550 | 98.4% | 13,450 |
| | \$ 24,876,620 | \$ 24,264,289 | 97.5% | \$ 612,331 |

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, 2016, was \$134,987,730, up by \$2,777,260, or 2.1%, from 2015, primarily as a result of the addition of \$6,937,974 of assets during 2016, offset by depreciation expenses of \$4,143,279. Due to the asset activity during the year, an increase of \$860,282 was recorded in the land classification, construction in progress showed an increase of \$2,047,251, machinery and equipment increased by \$921,175 and infrastructure increased by \$2,626,965. Additionally, accumulated depreciation increased by \$4,086,226 due to the current years depreciation expenses, netted with the sale of surplus items during the year. Changes in all other categories were consistent with 2015.

Depreciation is calculated based on the actual acquisition date of the asset. Readers who desire more detailed information on capital asset activity during 2016 may refer to Note 3-B on page 63 of this document. The table below provides a summary of capital asset activity.

| City of Newnan's Capital Assets | | | | | | |
|---------------------------------|-------------------------|-----------------------|--------------------------|------------------|--------------------------|-----------------------|
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 23,105,718 | \$ 22,245,436 | \$ - | \$ - | \$ 23,105,718 | \$ 22,245,436 |
| Construction in progress | 5,200,346 | 3,153,095 | - | - | 5,200,346 | 3,153,095 |
| Total non-depreciable | 28,306,064 | 25,398,531 | - | - | 28,306,064 | 25,398,531 |
| Depreciable assets: | | | | | | |
| Buildings and parks | 34,591,648 | 34,446,621 | - | - | 34,591,648 | 34,446,621 |
| Other improvements | 12,609,667 | 12,502,458 | - | - | 12,609,667 | 12,502,458 |
| Machinery and equipment | 12,970,692 | 12,049,517 | 264,523 | 105,821 | 13,235,215 | 12,155,338 |
| Infrastructure | 90,930,225 | 88,303,260 | - | - | 90,930,225 | 88,303,260 |
| Total depreciable assets | 151,102,232 | 147,301,856 | 264,523 | 105,821 | 151,366,755 | 147,407,677 |
| Less accumulated depreciation | (44,617,879) | (40,531,653) | (67,210) | (64,085) | (44,685,089) | (40,595,738) |
| Book value - depreciable assets | 106,484,353 | 106,770,203 | 197,313 | 41,736 | 106,681,666 | 106,811,939 |
| Percentage depreciated | -30% | -28% | -25% | -61% | -30% | -28% |
| Book value - all assets | \$ 134,790,417 | \$ 132,168,734 | \$ 197,313 | \$ 41,736 | \$ 134,987,730 | \$ 132,210,470 |

Major capital asset items acquired or projects completed during the 2016 current calendar year included the following.

- Corinth Road improvements
- Gateway Signage for City of Newnan
- Jefferson-Jackson Corridor improvements
- LaGrange Street improvements
- Subdivision street paving – Briandwood Drive, Newnan Lakes Drive, Remington Way, Thomaston Street, Foxridge Drive, South York Drive, Ponder Place and Highlands round-a-bout
- Wadsworth auditorium lighting upgrades

Additionally, several projects were under construction as of December 31, 2016, including construction of a dog park, construction of a fitness trail at the Convention Center, Five Points Intersection improvements, McIntosh Parkway improvements, Municipal Building renovations and construction/renovation of a new recreation center. Construction in progress project expenses are capitalized in full upon completion of the project. The total construction in progress (CIP) at December 31, 2016 was \$5,200,346. At the end of 2015, construction in progress totaled \$3,153,095. Construction/renovations for a new recreation center added over \$3 million to construction in progress at year-end 2016, thus accounting for most of the 64.9% increase. The chart on the previous page shows the changes by category for capital assets from 2015 to 2016.

At December 31, 2016, the depreciable capital assets for governmental activities were 30% depreciated. This compares to 28% at December 31, 2015. 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 only long-term debt relates to pay for earned vacation, sick leave, compensatory time and deferred holidays, as well as the associated FICA and Medicare taxes

related to the compensated absences liability. The City pays 10% of earned sick leave and 100% of earned vacation upon employee termination, with deferred holiday's payable within six (6) months of accrual date. The 2016 amount payable totals \$782,801, as compared to \$687,639 at the end of 2015. The increase is primarily due to the increase in earned vacation leave totaling \$68,887. Current debt (payable within one year) is \$567,898, with the remaining \$214,903 booked as noncurrent debt. Please refer to pages 65-69 for information concerning component unit debt.

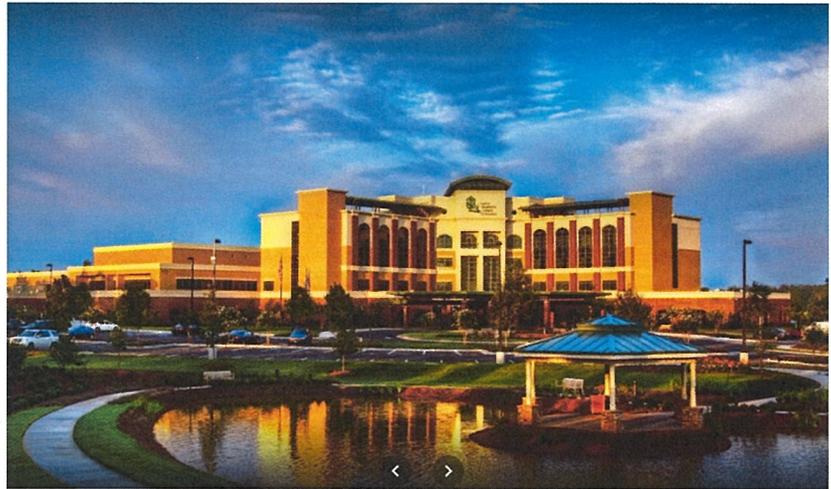
Additionally, net pension liability was \$4,986,607 for 2016, as compared to \$3,811,215 for 2015. This was a 30.8% increase for 2016. Of the total pension liability for 2016, \$84,772 is attributed to business-type activities in the Sanitation fund.

Historically, the City has operated on a pay-as-you go plan for capital projects rather than incur debt. However, the City worked in conjunction with the Downtown Development Authority to fund financing of the new UWG satellite campus project, although the debt for the project resides with the Downtown Development Authority. That project was completed during 2015 and the associated assets sold to UWG as planned. Please see note M on page 79 of this document for further details concerning this project and the City's long-term debt plans. The City has also utilized general fund unassigned fund balance to advance other fund's capital construction costs rather than incur debt and pay carrying costs. The advances will be paid back to the general fund as revenues are collected in future years.

Economic Conditions Affecting the City

The challenge for all governments is to provide quality services at a reasonable cost to its citizens. The City of Newnan remains in a relatively strong financial position, adding \$554,535 to fund balances at the end of 2016. Newnan continues to experience growth in the commercial sector and residential growth continues to rebound. The City is proactively managing resources and service strategies, and infrastructure costs are being passed on to developers to minimize the impact on the citizens of Newnan where possible. Additionally, all departments are charged with controlling expenditures based on budgeted amounts. The City of Newnan is committed to saving costs and providing lean and efficient government services.

The unemployment rate is declining and new or growing commercial entities are adding job opportunities for our community. Cancer Treatment Centers of America (CTCA) is still expanding and adding jobs. Additionally, Piedmont Newnan Hospital and Health South Rehabilitation Hospital have constructed new and/or expanded facilities within the past five year period. At the end of 2016, 15% of all jobs in Coweta County were related to the healthcare industry. The annual ranking of the Georgia Department of Community Affairs for the Georgia Job Tax Credit Program has Coweta County once again ranked in the top 10 out of 159 counties and included in the highest tier, Tier 4.



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



Through a partnership with the Board of Regents, Coweta County and the City of Newnan, the University of West Georgia satellite campus was opened in 2015 in the old, renovated Newnan Hospital building. UWG experienced a 4% increase in enrollment in 2016, with 13,400 students enrolled across all of its campuses. The Newnan campus showed an increase of almost 7% in enrollment from 2015 to 2016; it has 772 students enrolled. Additionally, West Georgia Technical College in Newnan provides both core curriculum and trade specific training to its nearly 1,000 students.

The City’s real property digest increased by 1.5% from 2015 to 2016. The 2017 projection allows for a similar increase. The new TAVT (title tax) has also added significantly to our revenue stream, however, that is decreasing as the State gets a better handle on the total effects of the tax. Occupational taxes have shown a steady and

healthy increase for the past several years. Fuel costs have remained relatively consistent for a couple of years and interest earnings have shown slow, but positive growth for several years.

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

Next Year's Budget

As of December 31, 2016, unassigned fund balance in the General Fund was \$19,619,524, decreasing from \$20,297,241 in 2015. Next year's budgeted revenues are projected to be made up of sales taxes (27.9%), property taxes (21%), occupational taxes (12.1%), insurance premium taxes (8.4%), intergovernmental transfer from Water and light (8%) and excise (franchise) taxes (5.8%). The remaining 12.3% is expected to be generated by motor vehicle taxes, inspections and permits, alcoholic beverage taxes, service charges, fines and forfeitures, other local and intergovernmental revenues, including an operating transfer from the Tourism fund. The total General Fund revenue budget for 2017, including transfers, is \$22,919,500.

Budgeted revenues are projected to decrease by 7.2%, from \$24,701,620 (including amendments) in 2016 to \$22,919,500 in 2017, including interfund transfers. The primary reason for the decrease is the fact that the 2016 budget was amended to include funding for two major projects – the Howard Warner and Municipal Building renovations during 2016. This level of funding is not required for 2017.

| City of Newnan, Georgia General Fund Budget and Expenditures by Use Major Changes from 2016 to 2017 | | | | | | |
|---|------------------------------|-----------------------------|------------------------|-----------------------------------|-----------------------------------|--|
| Description | 2016 Final Adopted Budget | 2016 Actual Expenditures | 2017 Adopted Budget | 2016 - 2017 Budget Variance | 2016 - 2017 Budget % Change | |
| Wages - Full Time Employees | \$ 10,855,808 | \$ 11,104,862 | \$ 11,279,407 | \$ 423,599 | 3.9% | |
| Employee Ins (Life/Health/Dent) | 2,385,263 | 2,286,223 | 2,684,230 | 298,967 | 12.5% | |
| Buildings/Building Improvements | 2,162,643 | 2,256,407 | - | (2,162,643) | -100.0% | |
| Retirement | 1,041,429 | 827,810 | 1,084,625 | 43,196 | 4.1% | |
| FICA (Soc Sec) Taxes | 833,541 | 843,368 | 902,893 | 69,352 | 8.3% | |
| Repairs and Maintenance | 606,515 | 569,506 | 449,005 | (157,510) | -26.0% | |
| Worker's Compensation | 500,855 | 387,583 | 480,089 | (20,766) | -4.1% | |
| Vehicles | 461,700 | 472,743 | 457,250 | (4,450) | -1.0% | |
| Appropriations to DDA for UWG Det | 450,000 | 836,550 | 700,000 | 250,000 | 55.6% | |
| Professional Services | 446,828 | 384,820 | 366,655 | (80,173) | -17.9% | |
| Vehicle Gasoline/Diesel | 430,990 | 282,475 | 398,650 | (32,340) | -7.5% | |
| Other Contractual Services | 423,318 | 476,848 | 464,070 | 40,752 | 9.6% | |
| Bldg & Pers Liability Insurance | 391,405 | 203,012 | 389,655 | (1,750) | -0.4% | |
| Electricity | 332,000 | 331,004 | 332,000 | - | 0.0% | |
| Site Improvements | 301,453 | 320,522 | - | (301,453) | -100.0% | |
| Vehicle Maintenance | 289,600 | 317,637 | 286,900 | (2,700) | -0.9% | |
| Minor Equipment | 285,486 | 231,098 | 216,765 | (68,721) | -24.1% | |
| Transfer to Street Fund | 225,000 | 75,000 | 225,000 | - | 0.0% | |
| Communications | 215,133 | 175,393 | 206,014 | (9,119) | -4.2% | |
| Wages - Part Time Employees | 164,002 | 164,766 | 212,696 | 48,694 | 29.7% | |

The 2016 General Fund expenditures budget also decreased by \$1,782,120, or 7.2%, from \$24,701,620 (including amendments) to \$22,919,500 for 2017. The chart above shows the *major* changes in budgeted expenditures from 2016 to 2017, along with 2016 actual expenditures. Please note that not all budgeted line items are listed in this chart. The most significant change from 2016 to 2017 relates to the decrease of \$2,162,643 in building improvements budgeted for the two projects in 2016, listed in the prior paragraph. Another significant change was in the decrease of \$301,453 in site improvements at Oak Hill Cemetery, completed during 2016, therefore not budgeted for 2017.

Per the chart, the largest increase, dollar-wise, was in full time wages due to changes in salaries brought about by the addition of two (2) positions in public safety, one (1) GIS Analyst in community development and a 3% salary increase for employees. Employee insurance costs are projected to rise by 12.5%, or \$298,967, in 2017. The City experienced an overall increase of 12%, with approximately 3% of that increase passed along to the employees. Additionally, the appropriations to DDA for UWG debt repayment increased by \$250,000 for 2017. The City desires to pay the balance of the loan as quickly as possible in order to minimize carrying and interest costs. Finally, repairs and maintenance costs are projected to decrease by \$157,510 due to the replacement of older assets and the elimination of maintenance contracts which are no longer useful or effective.

Major Upcoming Initiatives

The City, in conjunction with Coweta County, is planning to develop a multi-use, paved trail system, called LINC, in Newnan and Coweta County. This is a long-term project which will eventually be 25.5 miles long with an expected cost of approximately \$20 million. The first phase of the trail system will connect Newnan Crossing Boulevard to the Nixon Centre, Newnan Crossing Elementary School and the residential neighborhoods along Highwoods Parkway and Shenandoah Boulevard.

The feasibility of constructing a new multi-sports complex in Newnan is also being considered by the City Council. This facility would be designed to bring sports tourism into the community. The cost of the facility would be about \$26 million, some of which could be funded by future SPLOST revenues. Renovations to the Howard Warner building will be completed during 2017. This facility will be utilized by the Boys and Girls Club and serve as a community/recreation center. Included in the renovation is construction of a new gym. Additionally, renovations will continue on the Municipal Building which houses station one of the City's fire department and the facilities maintenance staff. Future uses for the remainder of the building have yet to be determined.

Construction will continue on McIntosh Parkway, which will link the retail area of Ashley Park to downtown Newnan. The City will also be focusing on paving and maintaining its streets and roadways, including new sidewalk construction and paving of various subdivision streets abandoned due to developer default during the last recession. Funds are collected during the permitting process to assist with the cost of subdivision paving in the areas affected. Improvements to Five Points Intersection should be completed during 2017 and recreation improvements are planned which include playground equipment and expansion of First Avenue Park, which may eventually include a dog park.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

| | Primary Government | | | Component Units | | |
|--|----------------------------|-----------------------------|-----------------------|---|-----------------------------------|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Water Sewerage and Light Commission | Convention Center Authority | Downtown Development Authority |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 26,064,267 | \$ - | \$ 26,064,267 | \$ 6,473,491 | \$ 433,358 | 111,374 |
| Investments | 3,177,477 | 473,524 | 3,651,001 | 27,920,502 | - | - |
| Receivables, net of allowance | 3,688,698 | 106,193 | 3,794,891 | 4,603,438 | 95,183 | - |
| Inventory | 43,948 | - | 43,948 | 1,820,811 | - | - |
| Prepaid items | - | - | - | 366,132 | - | - |
| Restricted assets | - | - | - | 7,987,939 | - | - |
| Other assets: | | | | | | |
| Deferred compensation funding arrangements | - | - | - | 5,476,466 | - | - |
| Net pension asset | - | - | - | 1,046,000 | - | - |
| Capital assets not being depreciated: | | | | | | |
| Land | 23,105,718 | - | 23,105,718 | 7,797,571 | - | - |
| Construction in progress | 5,200,346 | - | 5,200,346 | 7,376,941 | - | - |
| Capital assets net of accumulated depreciation: | | | | | | |
| Buildings and parks | 26,450,881 | - | 26,450,881 | - | - | - |
| Structures, lines and improvements | - | - | - | 105,619,817 | - | - |
| Other improvements | 7,185,666 | - | 7,185,666 | - | - | - |
| Machinery and equipment | 3,857,534 | 197,313 | 4,054,847 | 4,986,040 | 7,671 | - |
| Infrastructure | 68,990,272 | - | 68,990,272 | - | - | - |
| Total assets | <u>167,764,807</u> | <u>777,030</u> | <u>168,541,837</u> | <u>181,475,148</u> | <u>536,212</u> | <u>111,374</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred refunding loss | - | - | - | 919,071 | - | - |
| Deferred outflows of resources related to pensions | 1,907,993 | 32,997 | 1,940,990 | 3,123,540 | - | - |
| | <u>1,907,993</u> | <u>32,997</u> | <u>1,940,990</u> | <u>4,042,611</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | | | |
| Accounts payable | 1,070,375 | 14,357 | 1,084,732 | 2,862,319 | 4,119 | 1,081 |
| Accrued expenses | 138,450 | 834 | 139,284 | 577,022 | 6,649 | - |
| Accrued interest payable | - | - | - | 465,241 | - | - |
| Unearned revenues | 362,330 | - | 362,330 | 213,889 | - | - |
| Customer deposits | - | - | - | 1,768,179 | 31,845 | - |
| Compensated absences | 559,664 | 8,234 | 567,898 | 268,800 | - | - |
| Note payable | - | - | - | 410,433 | - | 733,333 |
| Revenue bonds | - | - | - | 1,535,000 | - | - |
| Noncurrent liabilities: | | | | | | |
| Net pension liability | 4,901,835 | 84,772 | 4,986,607 | - | - | - |
| Revenue bonds, net | - | - | - | 21,856,933 | - | - |
| Note payable | - | - | - | 6,166,794 | - | 1,553,808 |
| Compensated absences | 213,389 | 1,514 | 214,903 | 1,832,719 | - | - |
| Total liabilities | <u>7,246,043</u> | <u>109,711</u> | <u>7,355,754</u> | <u>37,957,329</u> | <u>42,613</u> | <u>2,288,222</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows of resources related to pensions | 576,954 | 9,978 | 586,932 | - | - | - |
| NET POSITION (DEFICIT) | | | | | | |
| Net investment in capital assets | 134,790,417 | 197,313 | 134,987,730 | 96,730,280 | 7,671 | - |
| Restricted for: | | | | | | |
| Capital outlay | 6,165,620 | - | 6,165,620 | - | - | - |
| Capital improvements and debt service | - | - | - | 7,987,939 | - | - |
| Law enforcement | 194,157 | - | 194,157 | - | - | - |
| Tourism | 153,999 | - | 153,999 | - | - | - |
| Economic development | 15,470 | - | 15,470 | - | - | - |
| Unrestricted | 20,530,140 | 493,025 | 21,023,165 | 42,842,211 | 485,928 | (2,176,848) |
| Total net position (deficit) | <u>\$ 161,849,803</u> | <u>\$ 690,338</u> | <u>\$ 162,540,141</u> | <u>\$ 147,560,430</u> | <u>\$ 493,599</u> | <u>\$ (2,176,848)</u> |

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

| Functions/Programs | Program Revenues | | | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|----------------------|-------------------------|--|--|----------------------------|-----------------------------|--|---|-----------------------------------|--------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total | Component Units | | |
| | | | | | Governmental Activities | Business-type Activities | | Water Sewerage & Light Commission | Convention Center Authority | Downtown Development Authority |
| Primary Government: | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General government | \$ 4,518,185 | \$ 2,326,949 | \$ - | \$ 873,526 | \$ (1,317,711) | \$ - | \$ (1,317,711) | | | |
| Tourism development | 383,578 | - | 25,000 | 1,605 | (356,973) | - | (356,973) | | | |
| Public safety | 12,525,349 | 901,445 | - | 3,857,044 | (7,766,861) | - | (7,766,861) | | | |
| Public works | 7,765,800 | - | - | 2,079,556 | (5,686,244) | - | (5,686,244) | | | |
| Community development | 3,489,736 | 759,001 | - | 437,276 | (2,293,459) | - | (2,293,459) | | | |
| Total governmental activities | 28,682,648 | 3,987,395 | 25,000 | 7,249,007 | (17,421,247) | - | (17,421,247) | | | |
| Business-type Activities: | | | | | | | | | | |
| Sanitation Fund | 481,189 | 637,487 | - | - | - | 156,298 | 156,298 | | | |
| Total business-type activities | 481,189 | 637,487 | - | - | - | 156,298 | 156,298 | | | |
| Total Primary Government | \$ 29,163,837 | \$ 4,624,882 | \$ 25,000 | \$ 7,249,007 | (17,421,247) | 156,298 | (17,264,949) | | | |
| Component Units: | | | | | | | | | | |
| Water, Sewerage & Light Commission | \$ 51,947,904 | \$ 57,466,689 | \$ - | \$ 857,079 | | | \$ 6,375,864 | \$ - | \$ - | |
| Convention Center Authority | 423,956 | 237,551 | 378,243 | - | | | - | 191,838 | - | |
| Downtown Development Authority | 184,441 | 141,518 | 836,550 | - | | | - | - | 793,627 | |
| Total component units | \$ 52,556,301 | \$ 57,845,758 | \$ 1,214,793 | \$ 857,079 | | | 6,375,864 | 191,838 | 793,627 | |
| General revenues: | | | | | | | | | | |
| Property taxes | | | | | 4,824,288 | - | 4,824,288 | - | - | - |
| Motor vehicle taxes | | | | | 972,605 | - | 972,605 | - | - | - |
| Sales taxes | | | | | 6,521,934 | - | 6,521,934 | 868,699 | - | - |
| Occupational taxes | | | | | 2,974,656 | - | 2,974,656 | - | - | - |
| Franchise taxes | | | | | 1,452,675 | - | 1,452,675 | - | - | - |
| Insurance premium taxes | | | | | 2,071,588 | - | 2,071,588 | - | - | - |
| Hotel/Motel taxes | | | | | 582,222 | - | 582,222 | - | - | - |
| Alcoholic beverage taxes | | | | | 889,718 | - | 889,718 | - | - | - |
| Other taxes | | | | | 106,400 | - | 106,400 | - | - | - |
| Investment earnings | | | | | 49,770 | 1,998 | 51,768 | 228,819 | 40 | 459 |
| Transfers | | | | | (35,000) | 35,000 | - | - | - | - |
| Total general revenues and transfers | | | | | 20,410,856 | 36,998 | 20,447,854 | 1,097,518 | 40 | 459 |
| Change in net position | | | | | 2,989,609 | 193,296 | 3,182,905 | 7,473,382 | 191,878 | 794,086 |
| Net position (deficit) - beginning of year | | | | | 158,860,194 | 497,042 | 159,357,236 | 140,087,048 | 301,721 | (2,970,934) |
| Net position (deficit)- ending of year | | | | | \$ 161,849,803 | \$ 690,338 | \$ 162,540,141 | \$ 147,560,430 | \$ 493,599 | \$ (2,176,848) |

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

CITY OF NEWNAN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

| | General | 2013 SPLOST | 2007 SPLOST | NSP Grant | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|--------------------|-------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$18,473,980 | \$ 2,466,984 | \$2,757,333 | 241,480 | \$ 2,124,490 | \$26,064,267 |
| Investments | 2,435,845 | - | - | - | 741,632 | 3,177,477 |
| Taxes receivable | 488,656 | - | - | - | 98,025 | 586,681 |
| Intergovernmental | 866,193 | 1,005,589 | - | - | - | 1,871,782 |
| Other receivables | 1,110,458 | - | - | 119,777 | - | 1,230,235 |
| Advances to other funds | 1,500,000 | - | - | - | - | 1,500,000 |
| Inventories | 43,948 | - | - | - | - | 43,948 |
| Total assets | \$24,919,080 | \$ 3,472,573 | \$2,757,333 | \$ 361,257 | \$ 2,964,147 | \$34,474,390 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 298,831 | \$ 637,050 | \$ 28,548 | 15,320 | \$ 90,626 | \$ 1,070,375 |
| Accrued expenditures | 138,450 | - | - | - | - | 138,450 |
| Unearned revenues | - | - | - | 345,937 | 16,393 | 362,330 |
| Advances from other funds | - | 1,500,000 | - | - | - | 1,500,000 |
| Total liabilities | 437,281 | 2,137,050 | 28,548 | 361,257 | 107,019 | 3,071,155 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue-property taxes | 244,416 | - | - | - | - | 244,416 |
| Total deferred inflows of resources | 244,416 | - | - | - | - | 244,416 |
| Fund balances: | | | | | | |
| Nonspendable | 1,543,948 | - | - | - | - | 1,543,948 |
| Restricted | 15,470 | 1,335,523 | 2,728,785 | - | 2,449,468 | 6,529,246 |
| Committed | 2,353,593 | - | - | - | - | 2,353,593 |
| Assigned | 704,848 | - | - | - | 407,660 | 1,112,508 |
| Unassigned | 19,619,524 | - | - | - | - | 19,619,524 |
| Total fund balances | 24,237,383 | 1,335,523 | 2,728,785 | - | 2,857,128 | 31,158,819 |
| Total liabilities, deferred inflows of resources and fund balances | \$24,919,080 | \$ 3,472,573 | \$2,757,333 | \$ 361,257 | \$ 2,964,147 | \$34,474,390 |

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

CITY OF NEWNAN, GEORGIA

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2016

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

| | | |
|---|---------------------|------------------------------|
| Total fund balances - governmental funds | | \$ 31,158,819 |
| Capital Assets | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Cost of the assets | 179,408,296 | |
| Accumulated depreciation | <u>(44,617,879)</u> | |
| | | 134,790,417 |
| Deferred outflows of resources | | |
| Pension contributions | | 1,907,993 |
| Revenues | | |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. | | |
| | | 244,416 |
| 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 | | (773,053) |
| Net pension liability | | (4,901,835) |
| Deferred inflows of resources | | |
| Net difference between projected and actual investment earnings on pension plan investments | | <u>(576,954)</u> |
| Net position of governmental activities | | <u><u>\$ 161,849,803</u></u> |

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | General | 2013 SPLOST | 2007 SPLOST | NSP Grant | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------|------------------|---------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 4,908,713 | \$ - | \$ - | \$ - | \$ - | \$ 4,908,713 |
| Motor vehicle | 972,605 | - | - | - | - | 972,605 |
| Franchise | 1,452,675 | - | - | - | - | 1,452,675 |
| Sales | 6,521,934 | - | - | - | - | 6,521,934 |
| Insurance premium | 2,071,588 | - | - | - | - | 2,071,588 |
| Occupational | 2,974,656 | - | - | - | - | 2,974,656 |
| Hotel/motel | - | - | - | - | 582,222 | 582,222 |
| Alcoholic Beverage | 889,718 | - | - | - | - | 889,718 |
| Other taxes | 19,268 | - | - | - | 87,132 | 106,400 |
| License and permits | 944,211 | - | - | - | - | 944,211 |
| Impact fees | - | - | - | - | 414,624 | 414,624 |
| Court condemnations | - | - | - | - | 146,193 | 146,193 |
| Intergovernmental | 402,999 | 5,429,367 | - | - | 276,941 | 6,109,307 |
| Intergovernmental-utility | 1,667,169 | - | - | - | - | 1,667,169 |
| Fines and forfeitures | 552,137 | - | - | - | - | 552,137 |
| Investment earnings | 40,471 | 4,865 | 6,188 | 115 | 9,184 | 60,823 |
| Program revenue | - | - | - | 22,405 | - | 22,405 |
| Miscellaneous | 341,537 | - | - | - | 296,460 | 637,997 |
| Total revenues | 23,759,681 | 5,434,232 | 6,188 | 22,520 | 1,812,756 | 31,035,377 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 5,461,373 | 142 | 86,631 | - | 4,188 | 5,552,334 |
| Tourism development | - | - | - | - | 381,534 | 381,534 |
| Public safety | 11,869,110 | - | - | - | 65,900 | 11,935,010 |
| Public works | 3,141,494 | 999,511 | 30,160 | - | 810,875 | 4,982,040 |
| Community development | 2,670,009 | - | 6,661 | 22,520 | - | 2,699,190 |
| Intergovernmental | 836,550 | 868,699 | - | - | - | 1,705,249 |
| Capital outlay | - | 1,804,941 | 488,374 | - | 960,801 | 3,254,116 |
| Total expenditures | 23,978,536 | 3,673,293 | 611,826 | 22,520 | 2,223,298 | 30,509,473 |
| Excess (deficiency) of revenues over (under) expenditures | (218,855) | 1,760,939 | (605,638) | - | (410,542) | 525,904 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of capital assets | 12,436 | - | - | - | - | 12,436 |
| Insurance recoveries | 51,195 | - | - | - | - | 51,195 |
| Transfers in | 291,111 | - | - | - | 75,000 | 366,111 |
| Transfers out | (110,000) | - | - | - | (291,111) | (401,111) |
| Total other financing sources (uses) | 244,742 | - | - | - | (216,111) | 28,631 |
| Net change in fund balances | 25,887 | 1,760,939 | (605,638) | - | (626,653) | 554,535 |
| Fund balances - beginning of year | 24,211,496 | (425,416) | 3,334,423 | - | 3,483,781 | 30,604,284 |
| Fund balances - end of year | \$24,237,383 | \$ 1,335,523 | \$2,728,785 | \$ - | \$ 2,857,128 | \$ 31,158,819 |

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

CITY OF NEWNAN, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Net Change in Fund Balances - total governmental funds \$ 554,535

Capital Assets

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

| | | |
|-----------------------|--------------------|-----------|
| Total capital outlays | \$ 6,050,762 | |
| Total depreciation | <u>(4,127,279)</u> | 1,923,483 |

| | | |
|--|--|---------|
| The net effect of various transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position. | | 698,210 |
|--|--|---------|

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 | | 953,661 |
|--|--|---------|

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 | | 192,318 |
|---|--|---------|

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 | | (92,762) |
| Change in pension liability | | (1,155,411) |

Revenues

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

(84,425)

| | | |
|---|--|---------------------|
| Change in net position of governmental activities | | <u>\$ 2,989,609</u> |
|---|--|---------------------|

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

CITY OF NEWNAN, GEORGIA

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budget | | Actual | Variance with Final Budget |
|---------------------------|--------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 4,725,000 | \$ 4,993,000 | \$ 4,908,713 | \$ (84,287) |
| Motor vehicle | 1,200,000 | 1,200,000 | 972,605 | (227,395) |
| Franchise | 1,290,000 | 1,474,000 | 1,452,675 | (21,325) |
| Sales | 6,300,000 | 6,536,000 | 6,521,934 | (14,066) |
| Insurance premium | 1,800,000 | 2,078,000 | 2,071,588 | (6,412) |
| Occupational | 2,350,000 | 2,981,500 | 2,974,656 | (6,844) |
| Alcoholic beverage | 845,000 | 894,000 | 889,718 | (4,282) |
| Other taxes | 25,000 | 25,000 | 19,268 | (5,732) |
| License and permits | 695,000 | 987,500 | 944,211 | (43,289) |
| Intergovernmental | 334,500 | 409,500 | 402,999 | (6,501) |
| Intergovernmental-utility | 1,425,000 | 1,675,000 | 1,667,169 | (7,831) |
| Fines and forfeitures | 668,000 | 670,500 | 552,137 | (118,363) |
| Interest earnings | 26,000 | 41,120 | 40,471 | (649) |
| Miscellaneous | 288,000 | 367,305 | 341,537 | (25,768) |
| Total revenues | 21,971,500 | 24,332,425 | 23,759,681 | (572,744) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Council | 191,326 | 199,863 | 199,863 | - |
| Manager | 559,747 | 608,710 | 591,632 | 17,078 |
| Attorney | 103,270 | 103,270 | 68,776 | 34,494 |
| Finance | 514,868 | 514,868 | 467,365 | 47,503 |
| Human resources | 176,877 | 176,877 | 170,999 | 5,878 |
| Information technologies | 455,352 | 455,352 | 435,006 | 20,346 |
| Municipal court | 201,781 | 242,958 | 242,958 | - |
| Building maintenance | 685,219 | 2,847,862 | 2,847,862 | - |
| Other - unclassified | 502,100 | 502,100 | 377,853 | 124,247 |
| Total general government | 3,390,540 | 5,651,860 | 5,402,314 | 249,546 |
| Public safety: | | | | |
| Police | 7,850,149 | 7,850,149 | 7,764,655 | 85,494 |
| Fire | 4,230,152 | 4,230,152 | 4,089,973 | 140,179 |
| Total public safety | 12,080,301 | 12,080,301 | 11,854,628 | 225,673 |

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

CITY OF NEWNAN, GEORGIA

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

(CONTINUED)

| | Budget | | Actual | Variance with Final Budget |
|--|--------------|--------------|---------------|-------------------------------|
| | Original | Final | | |
| Public works: | | | | |
| Administration | \$ 245,565 | \$ 273,378 | \$ 273,377 | \$ 1 |
| Engineer | 262,734 | 268,655 | 268,655 | - |
| Streets | 1,698,709 | 1,767,656 | 1,767,655 | 1 |
| Garage | 399,220 | 399,220 | 327,872 | 71,348 |
| Cemetery | 746,576 | 848,029 | 848,028 | 1 |
| Total public works | 3,352,804 | 3,556,938 | 3,485,587 | 71,351 |
| Community development: | | | | |
| Planning and zoning | 295,319 | 295,319 | 290,568 | 4,751 |
| Business development and special events | 291,171 | 261,814 | 228,583 | 33,231 |
| Library | 183,900 | 183,900 | 175,343 | 8,557 |
| Parks & ROW beautification | 1,169,133 | 1,188,156 | 1,188,155 | 1 |
| Building inspection | 808,332 | 808,332 | 802,561 | 5,771 |
| Total community development | 2,747,855 | 2,737,521 | 2,685,210 | 52,311 |
| Intergovernmental | 850,000 | 850,000 | 836,550 | 13,450 |
| Total expenditures | 22,421,500 | 24,876,620 | 24,264,289 | 612,331 |
| Excess (deficiency) of revenue over (under) expenditure | (450,000) | (544,195) | (504,608) | 39,587 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 25,000 | 25,000 | 12,436 | (12,564) |
| Insurance recoveries | - | 51,195 | 51,195 | - |
| Transfers in | 250,000 | 293,000 | 291,111 | (1,889) |
| Transfers out | (225,000) | (225,000) | (110,000) | 115,000 |
| Total other financing sources (uses) | 50,000 | 144,195 | 244,742 | 100,547 |
| Net change in fund balances | \$ (400,000) | \$ (400,000) | (259,866) | \$ 140,134 |
| Fund balances - beginning of year | | | 23,943,675 | |
| Fund balances - end of year | | | \$ 23,683,809 | |

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

CITY OF NEWNAN, GEORGIA
NSP GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Final Budget | Actual | Variance |
|--|-----------------|---------------|------------------|
| REVENUES | | | |
| Intergovernmental | \$ 485,000 | \$ - | \$ (485,000) |
| Program income | 80,000 | 22,405 | (57,595) |
| Investment earnings | 5 | 115 | 110 |
| Total Revenues | 565,005 | 22,520 | (542,485) |
| EXPENDITURES | | | |
| Current | | | |
| Community development | 565,005 | 22,520 | 542,485 |
| Total Expenditures | 565,005 | 22,520 | 542,485 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - |
| Other Financing Use | | | |
| Transfer out | - | - | - |
| Net change in fund balances | - | - | - |
| Fund balances - beginning of year | - | - | - |
| Fund balances - end of year | \$ - | \$ - | \$ - |

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

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CITY OF NEWNAN, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2016

| | Business-type Activities Enterprise Fund Nonmajor Sanitation Fund |
|--|---|
| <u>ASSETS</u> | |
| Current assets | |
| Investments | \$ 473,524 |
| Accounts receivable, net of allowance | 106,193 |
| Total current assets | <u>579,717</u> |
| Noncurrent assets | |
| Capital assets: | |
| Machinery and equipment | 264,523 |
| Less accumulated depreciation | <u>(67,210)</u> |
| Total capital assets, net | <u>197,313</u> |
| Total noncurrent assets | <u>197,313</u> |
| Total Assets | <u>\$ 777,030</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows of resources related to pensions | <u>32,997</u> |
| <u>LIABILITIES</u> | |
| Current liabilities | |
| Accounts payable | \$ 14,357 |
| Salaries payable | 834 |
| Compensated absences | <u>8,234</u> |
| Total current liabilities | <u>23,425</u> |
| Noncurrent liabilities | |
| Compensated absences | 1,514 |
| Net pension liability | <u>84,772</u> |
| Total noncurrent liabilities | <u>86,286</u> |
| Total Liabilities | <u>109,711</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources related to pensions | <u>9,978</u> |
| <u>NET POSITION</u> | |
| Investment in capital assets | 197,313 |
| Unrestricted | <u>493,025</u> |
| Total Net Position | <u>\$ 690,338</u> |

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | Business-type Activities Enterprise Fund |
|--|--|
| | Nonmajor Sanitation Fund |
| <u>Operating revenues:</u> | |
| Charges for sales and services | \$ 637,487 |
| Total operating revenues | <u>637,487</u> |
| <u>Operating expenses:</u> | |
| Purchased/contracted services | 156,119 |
| Salaries and benefits | 212,817 |
| Supplies and materials | 69,730 |
| Other costs | 15,989 |
| Depreciation | 16,000 |
| Total operating expenses | <u>470,655</u> |
| Operating income (loss) | <u>166,832</u> |
| <u>Nonoperating revenues (expenses):</u> | |
| Investment earnings | 1,998 |
| Loss on disposal of assets | (10,534) |
| Total nonoperating revenues (expenses) | <u>(8,536)</u> |
| Income (loss) before transfers | <u>158,296</u> |
| Transfers in | <u>35,000</u> |
| Total other financing sources (uses) | <u>35,000</u> |
| Change in net position | 193,296 |
| Total net position - beginning of year | <u>497,042</u> |
| Total net position - end of year | <u>\$ 690,338</u> |

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | Business-type Activities Enterprise Fund Nonmajor Sanitation Fund |
|--|---|
| <u>Cash Flows from Operating Activities:</u> | |
| Cash received from customers | \$ 698,404 |
| Cash payments to employees for services | (210,240) |
| Cash payments to other suppliers of goods or services | (243,248) |
| | <hr/> |
| Net Cash Provided (Used) by Operating Activities | 244,916 |
| | <hr/> |
| <u>Cash Flows from Non Capital Financing Activities:</u> | |
| Transfer to/from other funds | 35,000 |
| | <hr/> |
| Net Cash Provided by Non Capital Financing Activities | 35,000 |
| | <hr/> |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | |
| Acquisition of assets | (182,112) |
| | <hr/> |
| Net Cash Provided (Used) by Financing Activities | (182,112) |
| | <hr/> |
| <u>Cash Flows from Investing Activities:</u> | |
| Purchase of investments | (99,802) |
| Interest received | 1,998 |
| | <hr/> |
| Net Cash Provided (Used) by Investing Activities | (97,804) |
| | <hr/> |
| Net Increase (Decrease) in Cash and Equivalents | - |
| Cash and Cash Equivalents - Beginning of the Year | - |
| | <hr/> |
| Cash and Cash Equivalents - End of the Year | \$ - |
| | <hr/> <hr/> |

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

CITY OF NEWNAN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

| | Business-type Activities Enterprise Fund |
|---|--|
| | Nonmajor Sanitation Fund |
| <u>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</u> | |
| Net Operating Income (Loss) | \$ 166,832 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 16,000 |
| Changes in Assets and Liabilities: | |
| (Increase) decrease in accounts receivable | 60,917 |
| (Increase) decrease in deferred outflows of resources related to pensions | (16,493) |
| Increase (decrease) in accounts payable | (1,410) |
| Increase (decrease) in salaries payable | 15 |
| Increase (decrease) in compensated absences | 2,400 |
| Increase (decrease) in net pension liability | 19,981 |
| Increase (decrease) in deferred inflows of resources related to pensions | (3,326) |
| Total Adjustments | 78,084 |
| Net Cash Provided (Used) by operating activities | \$ 244,916 |
| Noncash investing, capital and financing activities: | |
| Contributions of capital assets | \$ - |

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

CITY OF NEWNAN, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITY
FIDUCIARY FUND
DECEMBER 31, 2016

| | <u>Agency Fund</u> |
|--|------------------------------|
| ASSETS | |
| Cash | <u>\$ 98,210</u> |
| Total assets | <u><u>\$ 98,210</u></u> |
| LIABILITY | |
| Payable from Assets | |
| Confiscated assets pending disposition | <u><u>\$ 98,210</u></u> |

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards Board (GASB) No. 61 "The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34," the City's relationship with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial data for the Newnan Water, Sewerage and Light Commission, Newnan Convention Center Authority and the Downtown Development Authority of the City of Newnan, as of December 31, 2016. The financial information for the component units are reported in columns separate from the City's financial information to emphasize that they are legally separate from the City.

Discretely Presented Component Units

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

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

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

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

The City reports the following major governmental funds:

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

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

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

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..

The City reports the following nonmajor proprietary fund:

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

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Additionally, the City reports the following fund types:

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

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

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

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

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

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

D. Deposits and Investments

Deposits

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

Investments

Investments for the City are reported at fair value.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

E. Receivables

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

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

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

F. Interfund Receivables, Payables and Advances

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

G. Inventories

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

H. Capital Assets

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

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

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

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. During 2016, the City incurred no interest expense. Therefore, no interest was capitalized relative to construction projects during the year.

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

| Asset Class | Years |
|-------------------------|--------|
| Buildings and parks | 15-125 |
| Other improvements | 25 |
| Machinery and equipment | 5-25 |
| Infrastructure | 50 |

I. Compensated Absences

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

J. Deferred outflows/inflows of resources

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

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

CITY OF NEWNAN, GEORGIA

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amounts become available. The second is the deferred inflow of resources relative to the pensions, reported only in the governmental activities and proprietary funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Long-term Obligations

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

L. Fund Equity

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

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

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

- Committed
- Assigned
- Unassigned

Fund balance policies

The City has established a minimum level of fund balance policy to maintain a minimum fund balance (assigned and unassigned) in the general fund equal to 50% of the current annual operating expenditure budget. Should the minimum balance fall below the 50%

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NOTES TO THE FINANCIAL STATEMENTS
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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, 2016:

| | General Fund | 2013 SPLOST | 2007 SPLOST | Nonmajor Governmental | Total |
|----------------------|-----------------|----------------|----------------|--------------------------|---------------|
| Fund Balances: | | | | | |
| Nonspendable | | | | | |
| Inventories | \$ 43,948 | \$ - | \$ - | \$ - | \$ 43,948 |
| Advances | 1,500,000 | - | - | - | 1,500,000 |
| Restricted for: | | | | | |
| Capital outlay | - | 1,335,523 | 2,728,785 | 2,101,312 | 6,165,620 |
| Economic development | 15,470 | - | - | - | 15,470 |
| Street improvements | - | - | - | - | - |
| Law enforcement | - | - | - | 194,157 | 194,157 |
| Tourism | - | - | - | 153,999 | 153,999 |
| Committed: | | | | | |
| UWG Project | 400,000 | - | - | - | 400,000 |
| Municipal Building | 1,953,593 | - | - | - | 1,953,593 |
| Assigned for: | | | | | |
| Capital projects | 704,848 | - | - | 407,660 | 1,112,508 |
| Unassigned | 19,619,524 | - | - | - | 19,619,524 |
| Total fund balances | \$ 24,237,383 | \$ 1,335,523 | \$ 2,728,785 | \$ 2,857,128 | \$ 31,158,819 |

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.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Process

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

The general fund is subject to budgetary control on a departmental basis, while the special revenue funds are subject to budgetary control on an individual fund basis. The budget resolution reflects the total of each department's appropriation in each fund. The

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City's general fund budget is adopted on a non-GAAP budgetary basis. Expenditures charged against the budget include outstanding encumbrances at year-end. Revenues are reported on a GAAP basis.

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

B. Budget to GAAP Reconciliation

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

| | <u>General Fund</u> |
|---|----------------------|
| Budgetary basis - excess revenues and other financing sources over (under) expenditures and other financing uses | \$ (259,866) |
| Add: Current year encumbrances | 517,772 |
| Deduct: Prior year encumbrances paid in the current year | <u>(232,019)</u> |
| Generally accepted accounting principles basis-excess revenues and other financing sources over expenditures and other financing uses | <u>\$ 25,887</u> |
| Budgetary basis-fund balance, ending | \$ 23,683,809 |
| Add: Current year encumbrances | 517,772 |
| Add: Prior year encumbrances outstanding at year-end | 11,283 |
| Add: Prior year encumbrances voided | <u>24,519</u> |
| Generally accepted accounting principles basis-fund balance, ending | <u>\$ 24,237,383</u> |

Deficit Fund Balances

Component Unit – Newnan Downtown Development Authority

As of December 31, 2016, the discretely presented component unit, the Newnan Downtown Development Authority, had a deficit net position in the amount of \$2,176,848. This deficit is relative to the note payable, held by the Authority, for the University of West Georgia Project undertaken by the City. See Notes D and M.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial Credit Risk - Deposits

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

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The City's bank balances of deposits as of December 31, 2016, 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, 2016, the Newnan Water, Sewerage and Light Commission, a discretely presented component unit's bank balances were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

Investments - Primary Government

| <u>Investment Type</u> | <u>Credit Rating</u> | <u>Value</u> | <u>Maturity</u> |
|---------------------------|----------------------|---------------------|-----------------|
| Office of State Treasurer | AAAf rated | <u>\$ 3,651,001</u> | 34 days |

Custodial Credit Risk - For an investment, the custodial credit risk is the risk that in the event of the failure of the counter-party to a transaction, an entity will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Office of State Treasurer is not required to disclose custodial credit risk. The City has no such investments with such risks as of December 31, 2016.

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

Credit Risk - Georgia law allows investments in obligations of the U.S. Treasury, other U.S. Governmental Agencies, State of Georgia, other states, prime banker's acceptances, repurchase agreements, other political subdivisions of Georgia and the Office of State Treasurer. The Office of State Treasurer is not registered with the SEC. Shares sold and redeemed are based on \$1.00 per share. The reported value of the pool is the same as the fair value of the pool shares. The Office of State Treasurer is a stable net asset value investment pool that follows Standard & Poor's criteria for AAAf rated money market funds.

Fair Value Measurements

During 2016, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to the valuation techniques of certain assets and liabilities at fair value. This hierarchy consists of three broad levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are quoted market prices for similar assets or liabilities, or quoted prices for

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identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable. Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

As of December 31, 2016, the City has investments in Georgia Fund 1, which are not subject to level disclosure.

Investments – Component Unit

Custodial Credit Risk - As of December 31, 2016, the Commission had the following investments:

| Investment | Maturities in Years | | | | Total |
|--|---------------------|---------------|--------------|----------|---------------|
| | Under One | One-Three | Three-Seven | Over Ten | |
| U.S. Government securities | \$ 1,710,448 | \$ 11,840,631 | \$ 1,571,684 | \$ - | \$ 15,122,763 |
| U.S. Government agency notes and bonds | 5,012,120 | 6,800,188 | 630,827 | - | 12,443,135 |
| Money market mutual funds and certificates of deposit | 354,604 | - | - | - | 354,604 |
| Total investments | \$ 7,077,172 | \$ 18,640,819 | \$ 2,202,511 | \$ - | \$ 27,920,502 |

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

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

Concentration of Credit Risk – The Commission’s investment policy limits the exposure to credit risk by placing maximum exposure restrictions by security type. External investments with one issuer that comprised 5% or more of the Commissions

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investments portfolio (excluding those issued or explicitly guaranteed by the U.S. Government as well as mutual funds) as of December 31, 2016 are Federal National Mortgage Association 11.4%, Federal Farm Credit Bank 5.4%, Freddie Mac 9.5%, State of Georgia Municipal 5.4%, US Treasury 54.4%, MEAG Investment Trust 9.4% and Fannie Mae 4.5%.

B. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

Primary Government

| | Beginning Balance | Increases | Decreases | Reclassifications | Ending Balance |
|--|----------------------|--------------|------------|-------------------|-------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 22,245,436 | \$ 860,282 | \$ - | \$ - | \$ 23,105,718 |
| Construction in progress | 3,153,095 | 4,600,265 | - | (2,553,014) | 5,200,346 |
| Total capital assets, not being depreciated | 25,398,531 | 5,460,547 | - | (2,553,014) | 28,306,064 |
| Capital assets, being depreciated: | | | | | |
| Buildings and parks | 34,446,621 | 145,027 | - | - | 34,591,648 |
| Other improvements | 12,502,458 | 8,460 | - | 98,749 | 12,609,667 |
| Machinery and equipment | 12,049,517 | 969,128 | (47,953) | - | 12,970,692 |
| Infrastructure | 88,303,260 | 172,700 | - | 2,454,265 | 90,930,225 |
| Total capital assets being depreciated | 147,301,856 | 1,295,315 | (47,953) | 2,553,014 | 151,102,232 |
| Less accumulated depreciation for: | | | | | |
| Buildings and parks | (7,411,970) | (728,797) | - | - | (8,140,767) |
| Other improvements | (4,888,334) | (535,667) | - | - | (5,424,001) |
| Machinery and equipment | (8,252,896) | (901,315) | 41,053 | - | (9,113,158) |
| Infrastructure | (19,978,453) | (1,961,500) | - | - | (21,939,953) |
| Total accumulated depreciation | (40,531,653) | (4,127,279) | 41,053 | - | (44,617,879) |
| Total capital assets, being depreciated, net | 106,770,203 | (2,831,964) | (6,900) | 2,553,014 | 106,484,353 |
| Governmental activities capital assets, net | \$ 132,168,734 | \$ 2,628,583 | \$ (6,900) | \$ - | \$ 134,790,417 |

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| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|------------|-------------|-------------------|
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Total capital assets, not being depreciated | - | - | - | - |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | 105,821 | 182,112 | (23,410) | 264,523 |
| Total capital assets, being depreciated | 105,821 | 182,112 | (23,410) | 264,523 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (64,085) | (16,000) | 12,875 | (67,210) |
| Total accumulated depreciation | (64,085) | (16,000) | 12,875 | (67,210) |
| Total capital assets, being depreciated, net | 41,736 | 166,112 | (10,535) | 197,313 |
| Business-type activities capital assets, net | \$ 41,736 | \$ 166,112 | \$ (10,535) | \$ 197,313 |

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

| | |
|---|--------------|
| Governmental Activities: | |
| General government | \$ 46,007 |
| Public safety | 533,537 |
| Public works | 2,764,343 |
| Community development and leisure services | 783,392 |
| Total governmental activities depreciation expense | \$ 4,127,279 |
| Business-Type Activities: | |
| Sanitation Fund | \$ 16,000 |

C. Interfund Receivables, Payables, Advances and Transfers

As of December 31, 2016, there were no interfund receivables or payables. Interfund transfers for the year ended December 31, 2016, are as follows:

| Transfers Out: | Transfers In: | | | Total |
|----------------------------|-------------------|-------------------------------|-----------------------------|-------------------|
| | General Fund | Nonmajor Governmental Fund | Nonmajor Enterprise Fund | |
| General fund | \$ - | \$ 75,000 | \$ 35,000 | \$ 110,000 |
| Nonmajor Governmental fund | 291,111 | - | - | 291,111 |
| Total | \$ 291,111 | \$ 75,000 | \$ 35,000 | \$ 401,111 |

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

During 2016, the City made a transfer from the General Fund to the Sanitation Fund in the amount of \$35,000 to assist in the purchase of capital assets.

Component Unit appropriations

During 2016, the City appropriated \$378,243 to the Newnan Convention Center Authority for operations and \$836,550 to the Downtown Development Authority for payment of debt relative to the University of West Georgia Project.

The composition of the advances balances as of December 31, 2016 is as follows:

| Advances from/to other funds: | | |
|--------------------------------------|---------------------|---------------------|
| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
| General Fund | SPLOST 2013 | <u>\$ 1,500,000</u> |

In 2014, the general fund advanced the 2013 SPLOST Fund \$3,000,000 to complete the construction of the new Public Safety Complex. For the most part, the complex was funded by the 2013 SPLOST Fund. In 2016, revenues collected were not sufficient to repay the entire advance and cover other projects also in progress.

D. Long-term Debt

Primary Government

As of December 31, 2016, the City's governmental activities and business-type activities had no outstanding long-term debt other than compensated absences and net pension liabilities as follows:

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
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| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------|----------------------|---------------------|---------------------|---------------------|------------------------|
| Governmental activities: | | | | | |
| Net pension liability | \$ 3,746,424 | \$ 2,091,517 | \$ 936,106 | \$ 4,901,835 | \$ - |
| Compensated absences | 680,291 | 1,356,179 | 1,263,417 | 773,053 | 559,664 |
| | <u>\$ 4,426,715</u> | <u>\$ 3,447,696</u> | <u>\$ 2,199,523</u> | <u>\$ 5,674,888</u> | <u>\$ 559,664</u> |
| Business-Type activities: | | | | | |
| Net pension liability | \$ 64,791 | \$ 36,171 | \$ 16,190 | \$ 84,772 | \$ - |
| Compensated absences | 7,348 | 18,063 | 15,663 | 9,748 | 8,234 |
| | <u>\$ 72,139</u> | <u>\$ 54,234</u> | <u>\$ 31,853</u> | <u>\$ 94,520</u> | <u>\$ 8,234</u> |

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

Component Unit – Newnan Downtown Development Authority

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

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

| Year | Principal | Interest | Total |
|------|---------------------|------------------|---------------------|
| 2017 | \$ 733,333 | \$ 44,423 | \$ 777,756 |
| 2018 | 733,333 | 30,490 | 763,823 |
| 2019 | 733,333 | 16,557 | 749,890 |
| 2020 | 87,142 | 2,623 | 89,765 |
| | <u>\$ 2,287,141</u> | <u>\$ 94,093</u> | <u>\$ 2,381,234</u> |

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------|----------------------|-------------|-------------------|---------------------|------------------------|
| Note payable | \$ 3,071,408 | \$ - | \$ 784,267 | \$ 2,287,141 | \$ 733,333 |
| | <u>\$ 3,071,408</u> | <u>\$ -</u> | <u>\$ 784,267</u> | <u>\$ 2,287,141</u> | <u>\$ 773,333</u> |

During 2016, the Authority paid \$52,284 in interest on the note.

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Component Unit – Newnan Water, Sewerage and Light Commission

Long-Term Debt – The Newnan Water, Sewerage and Light Commission had two types of long-term debt outstanding at December 31, 2016, notes payable and revenue bonds.

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

Georgia Environmental Facilities Authority – The Commission entered into an \$8,550,000 loan agreement dated February 16, 2007 with the Georgia Environmental Facilities Authority to finance the costs of improving the Hershall B. Norred Water Plant. The loan commitment will be advanced during the construction period of the project. Interest accrued during the construction period at the rate of 3 percent per annum. On March 1, 2010, the loan converted to permanent status with the total outstanding balance of \$9,046,798 due in 240 monthly payments of \$50,173 consisting of principal and interest at 3 percent until maturity on March 1, 2030. As of December 31, 2016, the outstanding loan balance was \$6,577,227 plus accrued interest of \$16,713.

Total debt service requirements to maturity are as follows:

| Year | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 2017 | \$ 410,433 | \$ 191,647 | \$ 602,080 |
| 2018 | 422,870 | 179,210 | 602,080 |
| 2019 | 435,731 | 166,348 | 602,079 |
| 2020 | 448,932 | 153,148 | 602,080 |
| 2021 | 462,674 | 139,406 | 602,080 |
| 2022-2026 | 2,533,014 | 477,389 | 3,010,403 |
| 2027-2031 | 1,863,573 | 94,710 | 1,958,283 |
| | <u>\$ 6,577,227</u> | <u>\$ 1,401,858</u> | <u>\$ 7,979,085</u> |

Revenue Bonds

Series 2006 Bonds

During the year, 2006, the NWSL Commission issued revenue bonds, Series 2006A for the purpose of refinancing the 1998 and 2001 revenue bonds and Series B for the purpose of capital improvements. The bonds are dated December 1, 2006 with a face value of \$28,080,000 and bear interest from 3.55% to 5.25%. The Series 2006 Bonds are payable solely from the net revenues of the System, as defined. Accrued interest related to the Series 2006 Bonds at December 31, 2016 was \$276,712

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

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the combined water, sewerage and electric distribution system of the City of Newnan and pay certain issuance costs.

The maturities of the 2006 bonds excluding, premiums \$352,064, are as follows:

| Year | Principal | Interest | Total |
|-----------|---------------|--------------|---------------|
| 2017 | \$ 1,450,000 | \$ 517,175 | \$ 1,967,175 |
| 2018 | 1,520,000 | 442,925 | 1,962,925 |
| 2019 | 1,600,000 | 364,925 | 1,964,925 |
| 2020 | - | 324,925 | 324,925 |
| 2021 | - | 324,925 | 324,925 |
| 2022-2026 | 7,095,000 | 764,012 | 7,859,012 |
| Total | \$ 11,665,000 | \$ 2,738,887 | \$ 14,403,887 |

Revenue Bonds

Series 2015

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

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

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

The net proceeds of \$11,508,370 were used to purchase securities that were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2006 Series Bonds. As a result, the portions of the Series 2006 bonds refunded are considered legally defeased and have been removed from Commission’s books. Accrued interest related to the Series 2015 Bonds at December 31, 2016 was \$171,816.

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

| Year | Principal | Interest | Total |
|-----------|---------------|--------------|---------------|
| 2017 | \$ 85,000 | \$ 342,783 | \$ 427,783 |
| 2018 | 85,000 | 341,083 | 426,083 |
| 2019 | 90,000 | 339,333 | 429,333 |
| 2020 | 1,775,000 | 319,800 | 2,094,800 |
| 2021 | 1,815,000 | 279,859 | 2,094,859 |
| 2022-2026 | 55,000 | 1,289,488 | 1,344,488 |
| 2027-2031 | 3,140,000 | 1,023,864 | 4,163,864 |
| 2032-2036 | 3,780,000 | 361,525 | 4,141,525 |
| Total | \$ 10,825,000 | \$ 4,297,735 | \$ 15,122,735 |

Component Unit

The changes in long-term debt are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-----------------------|----------------------|-----------|----------------|-------------------|------------------------|
| Deferred Compensation | \$ 2,245,459 | \$ - | \$ (143,940) | \$ 2,101,519 | \$ 268,800 |
| Revenue bonds | 24,976,289 | - | (1,584,356) | 23,391,933 | 1,535,000 |
| Notes payable | 6,975,436 | - | (398,209) | 6,577,227 | 410,433 |
| Total | \$ 34,197,184 | \$ - | \$ (2,126,505) | \$ 32,070,679 | \$ 2,214,233 |

E. Property Taxes

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

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

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue

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NOTES TO THE FINANCIAL STATEMENTS
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Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

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

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

F. Tax Abatements

The City of Newnan regulates property tax abatement agreements on an individual basis. The City has abatement agreements with the following entities as of December 31, 2016, all of which are healthcare facilities.

| <u>Purpose</u> | <u>Agreement Date</u> | <u>2016 % Abated</u> |
|--|---------------------------|--|
| Healthcare Facility (New) ⁽¹⁾ | 5/7/2009 | 72% Real Property and 50% Personal Property |
| Healthcare Facility (Expansion) ⁽²⁾ | 12/1/2014 | 100% Real Property and 50% Personal Property |
| Healthcare Facility (New) ⁽³⁾ | 8/26/2014 | 100% Real Property and 50% Personal Property |

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

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NOTES TO THE FINANCIAL STATEMENTS
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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% valuation for years 1, 2 and 3; then an annual valuation of 14% per year until year 10, whereby the real property will be taxed at full value. Please note that year 1 shall be understood as 2012, which represents the first year of full operation for the company. The project partners agreed to a 5 year personal property tax abatement that includes a 50% valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

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

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

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understood as 2015, which represents the first year of full operation for the company. The project partners agreed to a 5 year personal property tax abatement that includes a 50% valuation of property for each of the five years. Performance agreements exist. A copy of the agreement is available at Newnan City Hall.

G. Hotel/Motel Taxes

The City levies and collects a 5% lodging tax which is reported in the Hotel/Motel Tourism Enhancement Fund. The City retains 50% of the funds collected. Tax receipts for the year were \$582,222. Of the current year expenditures \$2,318 was relative to repairs and maintenance for the Newnan Male Academy Museum and \$291,111 for operating costs of the Newnan Convention Center. As of December 31, 2016, the balance of funds not expended was \$119,679. These funds are restricted for future operations of the Newnan Convention Center.

H. Risk Management

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

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

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

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

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

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

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

The basis for estimating the liabilities for unpaid claims is "IBNR" or "incurred but not reported" established by an actuary. As of December 31, 2016, the City is not aware of any deductible amounts which were outstanding and unpaid. No provisions have been made in the financial statements for the year ended relative to estimates for unpaid claims.

I. Joint Venture

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

J. Related Organizations

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

K. Public Retirement Systems and Pension Plans

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

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

CITY OF NEWNAN, GEORGIA

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

Pension Plan

Plan Description

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

Benefits Provided

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

Employees Covered by the Plan:

| | |
|--|-----|
| Inactive employees (or their beneficiaries) currently receiving benefits | 70 |
| Inactive employees entitled to but not yet receiving benefits | 58 |
| Active employees | 245 |

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 8.3% 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, 2016, the City reported a net pension liability. The net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of July 1, 2016. An expected total pension liability as of March 31, 2016 was determined using standard roll-forward techniques.

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For the year ended December 31, 2016, the City recognized pension expense relative to GMEBS in the amount of \$850,615. At December 31, 2016, the reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes in demographics | \$ 371,077 | \$ - |
| Changes of assumptions | - | 420,729 |
| Net difference between projected and actual earnings on pension plan investments | 939,140 | 166,203 |
| Employer contributions subsequent to the measurement date | <u>630,773</u> | <u>-</u> |
| | <u>\$ 1,940,990</u> | <u>\$ 586,932</u> |

City contributions subsequent to the measurement date of March 31, 2016 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

| <u>Year ended December 31:</u> | |
|--------------------------------|------------|
| 2017 | \$ 149,380 |
| 2018 | 149,380 |
| 2019 | 149,380 |
| 2020 | 275,145 |

Actuarial Assumptions: The total pension liability as of December 31, 2016 was determined by an actuarial valuation as of July 1, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.25% |
| Salary increase | 3.75-8.00%, including inflation adjustment |
| Investment rate of return | 7.75%, On-going basis, based on long-term expected rate of return of pension plan investments |

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

The mortality and economic actuarial assumptions used in the July 1, 2016 valuation were approved by the board in December 2014 based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Net Pension Liability:

| Changes in the Net Pension Liability: | Total Pension Liability | Fiduciary Net Position | Net Pension Liability |
|---|----------------------------|---------------------------|--------------------------|
| Balances at January 1, 2016 | \$ 19,558,854 | \$ 15,747,639 | \$ 3,811,215 |
| Changes for the year: | | | |
| Service cost | 404,718 | - | 404,718 |
| Interest | 1,486,432 | - | 1,486,432 |
| Difference between expected and actual experience | 201,802 | - | 201,802 |
| Contributions - employer | - | 901,568 | (901,568) |
| Net investment income | - | 50,727 | (50,727) |
| Benefit payments | (758,180) | (758,180) | - |
| Administrative expense | - | (34,735) | 34,735 |
| Other | - | - | - |
| Net changes | 1,334,772 | 159,380 | 1,175,392 |
| Balance at December 31, 2016 | \$ 20,893,626 | \$ 15,907,019 | \$ 4,986,607 |

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 \$4,901,835 and \$84,772, 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, 2016 are summarized in the following table:

| Asset class | Target allocation | Long-term expected real rate of return |
|-----------------------|----------------------|--|
| Domestic Equity | 45% | 6.75% |
| International Equity | 20% | 7.45% |
| Domestic fixed Income | 20% | 1.75% |
| Real estate | 10% | 4.55% |
| Global fixed income | 5% | 3.30% |
| Cash | 0% | |
| Total | 100% | |

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

| | 1% Decrease (6.75%) | Current discount rate (7.75%) | 1% Increase (8.75%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | \$ 7,735,058 | \$ 4,986,607 | \$ 2,699,438 |

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

The assumptions used in the July 1, 2016 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 10 years. |
| Asset valuation method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |
| Net Investment Rate of Return | 7.75% |
| Projected Salary Increases | 3.25% plus service based merit increases |
| Cost of Living Adjustments | 0.00% |

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Changes of assumptions:

As a result of the plan change to provide immediate participation for employees and officials, for the fiscal year ending 2016, the eligibility assumption has been changed from one year for employees and two years for officials to immediate for employees and officials. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

As a result of the new administrative fee structure approved by the board, the administrative expense assumption was updated for fiscal years beginning in 2016.

Amounts reported for the fiscal year ending in 2016, and later reflect the following assumption changes approved by the board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

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.

L. Special Funding Defined Benefit Pension Plans

The City's policemen are also covered by the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

M. Commitments

West Georgia University Project

In 2014, the City committed to a purchase and redevelopment agreement with the University System of Georgia and Newnan Hospital Incorporated. The anticipated budget was \$15 million. The project was completed in 2015 and sold to the University of West Georgia. As of December 31, 2016, the City has committed to paying off the remaining debt relative to the project in the amount of \$2,287,141 held by the Downtown Development Authority. (See Note D)

N. Investment in Capital Assets

Investment in Capital Assets on the Government-wide statement of net position as of December 31, 2016 is as follows:

| | Governmental Activities | Business Type Activities |
|-------------------------------|----------------------------|--------------------------------|
| Cost of capital assets | \$ 179,408,296 | \$ 264,523 |
| Less accumulated depreciation | (44,617,879) | (67,210) |
| Book value | 134,790,417 | 197,313 |
| Less all capital related debt | - | - |
| Investment in capital assets | <u>\$ 134,790,417</u> | <u>\$ 197,313</u> |

O. Subsequent Events

The City assessed events that have occurred subsequent to December 31, 2016 through the date of issuance for potential recognition and disclosure in the financial statements.

CITY OF NEWNAN, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

No events have occurred that would require adjustment to the disclosures in the City's statements which were issued on June 17, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWNAN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

| | 2016 | 2015 |
|--|----------------------|----------------------|
| <i>Total Pension Liability</i> | | |
| Service cost | \$ 404,718 | \$ 421,030 |
| Interest | 1,486,432 | 1,428,183 |
| Differences between expected and actual experience | 201,802 | 349,394 |
| Changes in benefit terms | - | - |
| Changes in assumptions | - | (701,214) |
| Benefit payments, including refunds of employee contributions | (758,180) | (733,416) |
| Net change in total pension liability | 1,334,772 | 763,977 |
| Total pension liability - beginning | 19,558,854 | 18,794,877 |
| Total pension liability - ending | <u>\$ 20,893,626</u> | <u>\$ 19,558,854</u> |
| <i>Plan Fiduciary Net Position</i> | | |
| Contributions - employer | \$ 901,568 | \$ 934,855 |
| Contributions - employee | - | - |
| Net investment income | 50,727 | 1,383,645 |
| Benefit payments, including refunds of employee contributions | (758,180) | (733,416) |
| Administrative expense | (34,735) | (31,914) |
| Other | - | - |
| Net change in fiduciary net position | 159,380 | 1,553,170 |
| Plan fiduciary net position - beginning | 15,747,639 | 14,194,469 |
| Plan fiduciary net position - ending | <u>\$ 15,907,019</u> | <u>\$ 15,747,639</u> |
| <i>Net Pension Liability</i> | | |
| Net pension liability - ending | <u>\$ 4,986,607</u> | <u>\$ 3,811,215</u> |
| Plan's fiduciary net position as a percentage of the total pension liability | 76.13% | 80.51% |
| Covered-employee payroll | \$ 10,607,616 | \$ 9,970,405 |
| Net pension liability as a percentage of covered-employee payroll | 47.01% | 38.23% |

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

CITY OF NEWNAN, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
 GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF CONTRIBUTIONS

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Actuarially determined contribution | \$ 841,031 | \$ 921,747 |
| Contributions in relation to the actuarially determined contribution | <u>\$ 841,031</u> | <u>\$ 922,797</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (1,050)</u> |
| City's covered-employee payroll | 10,607,616 | 9,970,405 |
| Contributions as a percentage of covered-employee payroll | 7.93% | 9.26% |

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

CITY OF NEWNAN, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Georgia Municipal Employee Benefit System

Changes of assumptions:

As a result of the new administrative fee structure approved by the board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan changes to provide immediate participation for Employees and Officials, for the fiscal year ending in 2015, the eligibility assumption has been changed from one year for Employees and two years for officials to immediate for Employees and Officials. The increase is in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal year ending in 2015, and later reflect the following assumption changes approved by the board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates were normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at age 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

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.

CITY OF NEWNAN, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

| | |
|--|--|
| Valuation date | The actuarially determined contribution was determined as of July 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2017. |
| <i>Methods and assumptions used to determine contribution rates:</i> | |
| 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 10 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 | 7.75% |
| Projected Salary Increases | 3.25% plus service based merit increases |
| Cost of Living Adjustments | 0.00% |
| Retirement Age | Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, ages 65-69 rate of 50% and age 70 and over rate of 100% |
| Mortality | RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females RP-2000 Disabled Retiree Mortality Table with sex-distinct rates. |
| Plan termination basis (all lives): | 1994 Group Annuity Reserving Unisex Table |

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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, 2016

| | Special Revenue Funds | | | | | Capital Projects Funds | | | | Total Nonmajor Governmental Funds |
|--|--------------------------|-------------------------|---------------------------------------|---------------------------------------|-------------------|---------------------------|---------------|---------------------|---------------------|--|
| | Confiscated Assets | Miscellaneous Grants | Hotel/Motel Tourism Enhancement | Rental Motor Vehicle Excise Tax | Total | Street Improvement | LMIG Fund | Impact Fees | Total | |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 5,866 | \$ 16,393 | \$ - | \$ - | \$ 22,259 | \$ - | \$ - | \$ 2,102,231 | \$ 2,102,231 | \$ 2,124,490 |
| Investments | 188,993 | - | 70,951 | 73,567 | 333,511 | 407,660 | 461 | - | 408,121 | 741,632 |
| Taxes receivable | - | - | 90,139 | 7,886 | 98,025 | - | - | - | - | 98,025 |
| Total assets | \$ 194,859 | \$ 16,393 | \$ 161,090 | \$ 81,453 | \$ 453,795 | \$ 407,660 | \$ 461 | \$ 2,102,231 | \$ 2,510,352 | \$ 2,964,147 |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | \$ 702 | \$ - | \$ 41,411 | \$ 47,133 | \$ 89,246 | \$ - | \$ - | \$ 1,380 | \$ 1,380 | \$ 90,626 |
| Unearned revenue | - | 16,393 | - | - | 16,393 | - | - | - | - | 16,393 |
| Total liabilities | 702 | 16,393 | 41,411 | 47,133 | 105,639 | - | - | 1,380 | 1,380 | 107,019 |
| FUND BALANCES | | | | | | | | | | |
| Restricted | 194,157 | - | 119,679 | 34,320 | 348,156 | - | 461 | 2,100,851 | 2,101,312 | 2,449,468 |
| Assigned | - | - | - | - | - | 407,660 | - | - | 407,660 | 407,660 |
| Total fund balances | 194,157 | - | 119,679 | 34,320 | 348,156 | 407,660 | 461 | 2,100,851 | 2,508,972 | 2,857,128 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 194,859 | \$ 16,393 | \$ 161,090 | \$ 81,453 | \$ 453,795 | \$ 407,660 | \$ 461 | \$ 2,102,231 | \$ 2,510,352 | \$ 2,964,147 |

CITY OF NEWNAN, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Special Revenue Funds | | | | | Capital Projects Funds | | | | Total Nonmajor Governmental Funds |
|--|--------------------------|-------------------------|---------------------------------------|---------------------------------------|-------------------|---------------------------|----------------|---------------------|---------------------|--|
| | Confiscated Assets | Miscellaneous Grants | Hotel/Motel Tourism Enhancement | Rental Motor Vehicle Excise Tax | Total | Street Improvement | LMIG Fund | Impact Fees | Total | |
| REVENUES | | | | | | | | | | |
| Hotel/motel taxes | \$ - | \$ - | \$ 582,222 | \$ - | \$ 582,222 | \$ - | \$ - | \$ - | \$ - | \$ 582,222 |
| Court condemnations | 146,193 | - | - | - | 146,193 | - | - | - | - | 146,193 |
| Intergovernmental | - | 8,149 | - | - | 8,149 | - | 268,792 | - | 268,792 | 276,941 |
| Impact fees | - | - | - | - | - | - | - | 414,624 | 414,624 | 414,624 |
| Excise taxes | - | - | - | 87,132 | 87,132 | - | - | - | - | 87,132 |
| Other revenues | - | 8,891 | - | - | 8,891 | 287,569 | - | - | 287,569 | 296,460 |
| Investment earnings | 572 | - | 965 | 221 | 1,758 | 1,821 | 799 | 4,806 | 7,426 | 9,184 |
| Total revenues | 146,765 | 17,040 | 583,187 | 87,353 | 834,345 | 289,390 | 269,591 | 419,430 | 978,411 | 1,812,756 |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | - | 4,188 | - | - | 4,188 | - | - | - | - | 4,188 |
| Tourism development | - | - | 293,429 | 88,105 | 381,534 | - | - | - | - | 381,534 |
| Public safety | 53,048 | 12,852 | - | - | 65,900 | - | - | - | - | 65,900 |
| Public works | - | - | - | - | - | 414,624 | 269,900 | 126,351 | 810,875 | 810,875 |
| Capital outlay | - | - | - | - | - | 160,595 | - | 800,206 | 960,801 | 960,801 |
| Total expenditures | 53,048 | 17,040 | 293,429 | 88,105 | 451,622 | 575,219 | 269,900 | 926,557 | 1,771,676 | 2,223,298 |
| Excess (deficiency) of revenues over (under) expenditures | 93,717 | (17,040) | 289,758 | (752) | 382,723 | (285,829) | (309) | (507,127) | (793,265) | (410,542) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | 75,000 | - | - | 75,000 | 75,000 |
| Transfers out | - | - | (291,111) | - | (291,111) | - | - | - | - | (291,111) |
| Total other financing sources (uses) | - | - | (291,111) | - | (291,111) | 75,000 | - | - | 75,000 | (216,111) |
| Net change in fund balances | 93,717 | - | (1,353) | (752) | 91,612 | (210,829) | (309) | (507,127) | (718,265) | (626,653) |
| Fund balances - beginning of year | 100,440 | - | 121,032 | 35,072 | 256,544 | 618,489 | 770 | 2,607,978 | 3,227,237 | 3,483,781 |
| Fund balances - end of year | \$ 194,157 | \$ - | \$ 119,679 | \$ 34,320 | \$ 348,156 | \$ 407,660 | \$ 461 | \$ 2,100,851 | \$ 2,508,972 | \$ 2,857,128 |

CITY OF NEWNAN, GEORGIA

CONFISCATED ASSETS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | Final Budget | Actual | Variance |
|------------------------------------|-------------------|-------------------|------------------|
| REVENUES | | | |
| Court condemnations | \$ 211,200 | \$ 146,193 | \$ (65,007) |
| Investment earnings | 803 | 572 | (231) |
| Total Revenues | 212,003 | 146,765 | (65,238) |
| EXPENDITURES | | | |
| Current | | | |
| Law enforcement | 153,000 | 53,048 | 99,952 |
| Capital outlay | 10,000 | - | 10,000 |
| Total Expenditures | 163,000 | 53,048 | 109,952 |
| Net change in fund balance | 49,003 | 93,717 | 44,714 |
| Fund balances - beginning of year | 100,440 | 100,440 | - |
| Fund balances - end of year | \$ 149,443 | \$ 194,157 | \$ 44,714 |

CITY OF NEWNAN, GEORGIA

MISCELLANEOUS GRANTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | Final Budget | Actual | Variance |
|-----------------------------------|-----------------|---------------|-----------------|
| REVENUES | | | |
| Other revenues | \$ 14,545 | \$ 8,891 | \$ (5,654) |
| Intergovernmental | 46,500 | 8,149 | (38,351) |
| Total Revenues | 61,045 | 17,040 | (44,005) |
| EXPENDITURES | | | |
| Current | | | |
| General government | 4,190 | 4,188 | 2 |
| Community development | 44,000 | - | 44,000 |
| Public safety | 12,855 | 12,852 | 3 |
| Total Expenditures | 61,045 | 17,040 | 44,005 |
| Net change in fund balance | - | - | - |
| Fund balances - beginning of year | - | - | - |
| Fund balances - end of year | \$ - | \$ - | \$ - |

CITY OF NEWNAN, GEORGIA

HOTEL/MOTEL TOURISM ENHANCEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | Final Budget | Actual | Variance |
|--|-------------------|-------------------|-----------------|
| REVENUES | | | |
| Hotel/motel taxes | \$ 582,500 | \$ 582,222 | \$ (278) |
| Investment earnings | 400 | 965 | 565 |
| Total Revenues | 582,900 | 583,187 | 287 |
| EXPENDITURES | | | |
| Current | | | |
| Tourism development | 294,250 | 293,429 | 821 |
| Total Expenditures | 294,250 | 293,429 | 821 |
| Excess (deficiency) of revenues over (under) expenditures | 288,650 | 289,758 | 1,108 |
| Other Financing Use | | | |
| Transfer out | (291,250) | (291,111) | 139 |
| Net change in fund balances | (2,600) | (1,353) | 1,247 |
| Fund balances - beginning of year | 121,032 | 121,032 | - |
| Fund balances - end of year | <u>\$ 118,432</u> | <u>\$ 119,679</u> | <u>\$ 1,247</u> |

CITY OF NEWNAN, GEORGIA

RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | Final Budget | Actual | Variance |
|-----------------------------------|------------------|------------------|-----------------|
| REVENUES | | | |
| Excise tax | \$ 87,975 | \$ 87,132 | \$ (843) |
| Investment earnings | 225 | 221 | (4) |
| Total Revenues | <u>88,200</u> | <u>87,353</u> | <u>(847)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Tourism development | <u>88,125</u> | <u>88,105</u> | <u>20</u> |
| Total Expenditures | <u>88,125</u> | <u>88,105</u> | <u>20</u> |
| Net change in fund balances | 75 | (752) | (827) |
| Fund balances - beginning of year | <u>35,072</u> | <u>35,072</u> | <u>-</u> |
| Fund balances - end of year | <u>\$ 35,147</u> | <u>\$ 34,320</u> | <u>\$ (827)</u> |

CITY OF NEWNAN, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITY
 AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>December 31, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31, 2016</u> |
|---|--------------------------|------------------|------------------|--------------------------|
| <u>Police Pre-Confiscated Assets Fund</u> | | | | |
| ASSETS | | | | |
| Cash | \$ 102,572 | \$ 5,055 | \$ 9,417 | \$ 98,210 |
| Total assets | <u>\$ 102,572</u> | <u>\$ 5,055</u> | <u>\$ 9,417</u> | <u>\$ 98,210</u> |
| LIABILITY | | | | |
| Payable from assets | | | | |
| Confiscated assets pending disposition | <u>\$ 102,572</u> | <u>\$ 5,055</u> | <u>\$ 9,417</u> | <u>\$ 98,210</u> |

CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY
 BALANCE SHEET
 DECEMBER 31, 2016

ASSETS

| | |
|---------------------------|--------------------------|
| Cash and cash equivalents | \$ 111,374 |
| Receivables | <u>-</u> |
| Total Assets | <u><u>\$ 111,374</u></u> |

LIABILITIES AND FUND BALANCES

| | |
|-------------------------------------|--------------------------|
| Accounts payable | <u>\$ 1,081</u> |
| Total Liabilities | <u>1,081</u> |
| Fund Balances: | |
| Unassigned | <u>110,293</u> |
| Total Fund Balances | <u>110,293</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 111,374</u></u> |

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

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

| | |
|--------------|-----------------------|
| Note Payable | <u>\$ (2,287,141)</u> |
|--------------|-----------------------|

| | |
|---|------------------------------|
| Total net position (deficit) of governmental activities | <u><u>\$ (2,176,848)</u></u> |
|---|------------------------------|

CITY OF NEWNAN, GEORGIA
 COMPONENT UNIT - NEWNAN DOWNTOWN DEVELOPMENT AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DECEMBER 31, 2016

REVENUES:

| | |
|----------------------------|------------|
| Intergovernmental revenues | \$ 836,550 |
| Event income | 123,813 |
| Sponsorship income | 16,500 |
| Miscellaneous revenues | 1,183 |
| Interest earnings | 459 |
| | 978,505 |
| Total Revenues | 978,505 |

EXPENDITURES:

| | |
|--------------------|---------|
| Current: | |
| Promotion | 132,135 |
| Debt Service: | |
| Principal | 784,267 |
| Interest | 52,284 |
| | 968,686 |
| Total Expenditures | 968,686 |

| | |
|----------------------------------|------------|
| Net change in fund balances | 9,819 |
| Fund Balance - Beginning of year | 100,474 |
| Fund Balance - End of year | \$ 110,293 |

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

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

| | |
|--|------------|
| Repayment of principal | 784,267 |
| Change in Net Position of Governmental Activities. | \$ 794,086 |

CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN CONVENTION CENTER AUTHORITY
 BALANCE SHEET
 DECEMBER 31, 2016

ASSETS

| | |
|---------------------------------|--------------------------|
| Cash and cash equivalents | \$ 433,358 |
| Accounts receivable | 6,940 |
| Receivable - primary government | <u>88,243</u> |
| Total Assets | <u><u>\$ 528,541</u></u> |

LIABILITIES AND FUND BALANCES

| | |
|-------------------------------------|--------------------------|
| Accounts payable | \$ 4,119 |
| Accrued expenses | 6,649 |
| Customer deposits | <u>31,845</u> |
| Total Liabilities | <u>42,613</u> |
| Fund Balances: | |
| Unassigned | <u>485,928</u> |
| Total Fund Balances | <u>485,928</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 528,541</u></u> |

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

| | |
|---|--------------------------|
| Cost of the assets | 8,950 |
| Accumulated depreciation | <u>(1,279)</u> |
| Total net position of governmental activities | <u><u>\$ 493,599</u></u> |

CITY OF NEWNAN, GEORGIA

COMPONENT UNIT - NEWNAN CONVENTION CENTER AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DECEMBER 31, 2016

REVENUES:

| | |
|-------------------|------------|
| Intergovernmental | \$ 378,243 |
| Rental | 237,457 |
| Other income | 94 |
| Interest earnings | 40 |
| | <hr/> |
| Total Revenues | 615,834 |
| | <hr/> |

EXPENDITURES:

| | |
|---------------------------------|------------------------|
| Current: | |
| General government | <hr/> 422,677 |
| Total Expenditures | <hr/> 422,677 |
| Net change in fund balances | 193,157 |
| Fund Balance -Beginning of year | <hr/> 292,771 |
| Fund Balance - End of year | <hr/> <hr/> \$ 485,928 |

Amounts reported for governmental activities in the Statement of Activities are different because:
 Governmental funds report capital outlays as expenditures. However, in the Statement
 of Activities, the cost of those assets is depreciated over their estimated useful lives
 and reported as depreciation expense.

| | |
|----------------------|---------------|
| Depreciation expense | <hr/> (1,279) |
|----------------------|---------------|

| | |
|--|------------------------|
| Change in Net Position of Governmental Activities. | <hr/> <hr/> \$ 191,878 |
|--|------------------------|

STATISTICAL SECTION

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**CITY OF NEWNAN, GEORGIA
STATISTICAL SECTION**

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

| <u>Contents</u> | <u>Page(s)</u> |
|---|-----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 96-102 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. | 103-109 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 110-111 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | 112-114 |
| Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | 115-116 |

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

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

| | Calendar Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ 99,720,483 | \$ 107,970,772 | \$ 111,049,663 | \$ 110,991,843 | \$ 113,432,298 | \$ 116,381,649 | \$ 128,835,395 | \$ 150,483,429 | \$ 132,168,734 | \$ 134,790,417 |
| Restricted | 12,310,604 | 11,890,374 | 12,341,221 | 16,917,262 | 16,488,833 | 16,508,525 | 16,664,637 | 10,413,607 | 6,230,119 | 6,529,246 |
| Unrestricted | 16,050,074 | 17,202,620 | 15,619,539 | 15,818,177 | 17,880,877 | 19,419,550 | 21,260,602 | 21,840,647 | 20,461,341 | 20,530,140 |
| Total governmental activities net position | \$128,081,161 | \$137,063,766 | \$139,010,423 | \$143,727,282 | \$147,802,008 | \$152,309,724 | \$166,760,634 | \$182,737,683 | \$158,860,194 | \$161,849,803 |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 82,734 | \$ 59,779 | \$ 41,736 | \$ 197,313 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | 236,457 | 348,838 | 455,306 | 493,025 |
| Total business-type activities net position | \$ - | \$ 319,190 | \$ 408,617 | \$ 497,042 | \$ 690,338 |
| TOTAL PRIMARY GOVERNMENT | | | | | | | | | | |
| Net investment in capital assets | \$ 99,720,483 | \$ 107,970,772 | \$ 111,049,663 | \$ 110,991,843 | \$ 113,432,298 | \$ 116,381,649 | \$ 128,918,129 | \$ 150,543,208 | \$ 132,210,470 | \$ 134,987,730 |
| Restricted | 12,310,604 | 11,890,374 | 12,341,221 | 16,917,262 | 16,488,833 | 16,508,525 | 16,664,637 | 10,413,607 | 6,230,119 | 6,529,246 |
| Unrestricted | 16,050,074 | 17,202,620 | 15,619,539 | 15,818,177 | 17,880,877 | 19,419,550 | 21,497,059 | 22,189,485 | 20,916,647 | 21,023,165 |
| Total primary government net position | \$128,081,161 | \$137,063,766 | \$139,010,423 | \$143,727,282 | \$147,802,008 | \$152,309,724 | \$167,079,824 | \$183,146,300 | \$159,357,236 | \$162,540,141 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 43,628,009 | \$ 8,982,605 | \$ 1,946,657 | \$ 4,716,859 | \$ 4,074,726 | \$ 4,507,716 | \$ 14,450,910 | \$ 15,977,049 | \$ (20,128,904) | \$ 2,989,609 |
| Business-type activities | - | - | - | - | - | - | 319,190 | 89,427 | 165,347 | 193,296 |
| Total primary government | \$ 43,628,009 | \$ 8,982,605 | \$ 1,946,657 | \$ 4,716,859 | \$ 4,074,726 | \$ 4,507,716 | \$ 14,770,100 | \$ 16,066,476 | \$ (19,963,557) | \$ 3,182,905 |

Notes: The City of Newnan had no business-type activities until 2013, when a portion of the Sanitation activities (brush and bulk) were added to City services. The change in net position is due mainly to the loss on the sale of assets, primarily for the UWG project, in the amount of \$19,468,959 during 2015, per prior agreement.

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

| | Calendar Year | | | | | | | | | |
|--|----------------|-----------------|-----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Government | \$ 2,823,373 | \$ 2,747,236 | \$ 2,771,020 | \$ 4,360,012 | \$ 2,767,833 | \$ 3,086,824 | \$ 3,300,180 | \$ 4,933,630 | \$ 11,107,882 | \$ 4,518,185 |
| Community Development | 2,697,243 | 2,610,332 | 2,505,682 | 2,603,527 | 3,095,588 | 2,643,006 | 3,157,100 | 3,525,360 | 3,867,490 | 3,489,736 |
| Public Safety | 8,638,598 | 9,341,701 | 9,272,838 | 9,634,856 | 9,626,896 | 10,095,536 | 11,692,623 | 11,830,515 | 11,244,352 | 12,525,349 |
| Public Works | 4,405,650 | 4,285,367 | 4,679,400 | 4,723,863 | 4,333,648 | 4,882,378 | 6,119,985 | 6,208,318 | 5,853,817 | 7,765,800 |
| Tourism Development | 2,292 | 4,274 | 9,304 | 3,691 | 2,588 | 121,726 | 248,989 | 322,479 | 376,488 | 383,578 |
| Other Services | - | - | - | - | - | - | 146 | - | - | - |
| Total governmental activities expenses | 18,567,156 | 18,988,910 | 19,238,244 | 21,325,949 | 19,826,553 | 20,829,472 | 24,519,023 | 26,820,302 | 32,450,029 | 28,682,648 |
| Business-type activities: | | | | | | | | | | |
| Sanitation - Brush & Bulk | - | - | - | - | - | - | 398,955 | 467,952 | 446,366 | 481,189 |
| Total business-type activities expenses | - | - | - | - | - | - | 398,955 | 467,952 | 446,366 | 481,189 |
| Total primary government expenses | 18,567,156 | 18,988,910 | 19,238,244 | 21,325,949 | 19,826,553 | 20,829,472 | 24,917,978 | 27,288,254 | 32,896,395 | 29,163,837 |
| Program Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| General Government | 1,939,390 | 1,921,215 | 1,730,602 | 1,863,821 | 2,109,634 | 1,771,422 | 1,891,228 | 2,511,611 | 2,136,993 | 2,326,949 |
| Tourism Development | - | 21,504 | 17,560 | 23,104 | 29,537 | 31,245 | 36,474 | - | - | - |
| Public Safety | 632,359 | 835,169 | 855,249 | 2,918,872 | 850,972 | 725,106 | 835,395 | 921,592 | 877,744 | 901,445 |
| Public Works | - | - | - | - | - | - | 74,450 | - | - | - |
| Community Development | 1,957,224 | 1,015,521 | 375,840 | 267,248 | 335,381 | 531,393 | 663,990 | 584,997 | 788,927 | 759,001 |
| Total charges for services | 4,528,973 | 3,793,409 | 2,979,251 | 5,073,045 | 3,325,524 | 3,059,166 | 3,501,537 | 4,018,200 | 3,803,664 | 3,987,395 |
| Operating grants and contributions | 103,045 | 91,128 | 96,152 | - | - | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Capital grants and contributions | 4,238,389 | 4,198,787 | 4,260,001 | 6,970,299 | 5,802,964 | 7,277,425 | 19,324,633 | 20,330,162 | 8,271,838 | 7,249,007 |
| Total governmental activities program revenues | 8,870,407 | 8,083,324 | 7,335,404 | 12,043,344 | 9,128,488 | 10,361,591 | 22,851,170 | 24,373,362 | 12,100,502 | 11,261,402 |
| Business-type activities: | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| Sanitation - Brush & Bulk | - | - | - | - | - | - | 439,606 | 557,079 | 611,083 | 637,487 |
| Total Charges for Services | - | - | - | - | - | - | 439,606 | 557,079 | 611,083 | 637,487 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities expenses | - | - | - | - | - | - | 439,606 | 557,079 | 611,083 | 637,487 |
| Total primary government program revenues | 8,870,407 | 8,083,324 | 7,335,404 | 12,043,344 | 9,128,488 | 10,361,591 | 23,290,776 | 24,930,441 | 12,711,585 | 11,898,889 |
| Net (Expenses)/Revenue | | | | | | | | | | |
| Governmental activities | (9,696,749) | (10,905,586) | (11,902,840) | (9,282,605) | (10,698,065) | (10,467,881) | (1,667,853) | (2,446,940) | (20,349,527) | (17,421,247) |
| Business-type activities | - | - | - | - | - | - | 40,651 | 89,127 | 164,717 | 156,298 |
| Total primary government net (expense)/revenue | \$ (9,696,749) | \$ (10,905,586) | \$ (11,902,840) | \$ (9,282,605) | \$ (10,698,065) | \$ (10,467,881) | \$ (1,627,202) | \$ (2,357,813) | \$ (20,184,810) | \$ (17,264,949) |

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

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

| | Calendar Year | | | | | | | | | |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|------------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Revenue and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property Taxes | \$ 4,203,214 | \$ 4,398,384 | \$ 4,501,655 | \$ 4,630,433 | \$ 4,285,530 | \$ 4,033,631 | \$ 4,140,413 | \$ 4,566,463 | 4,470,102 | 4,824,288 |
| Motor Vehicle Taxes (Ad Valorem & TAVT) | 254,832 | 270,781 | 249,931 | 249,579 | 273,376 | 300,866 | 1,094,431 | 1,275,827 | 1,274,622 | 972,605 |
| Sales Taxes | 9,552,987 | 9,576,131 | 3,860,258 | 4,187,040 | 4,367,306 | 4,589,581 | 5,014,974 | 5,778,730 | 6,399,087 | 6,521,934 |
| Occupational Taxes | 1,732,989 | 1,838,252 | 1,792,961 | 1,603,104 | 1,684,129 | 1,788,599 | 1,877,696 | 2,314,758 | 2,570,247 | 2,974,656 |
| Franchise Taxes | 1,226,762 | 1,324,724 | 1,420,597 | 1,416,636 | 1,449,554 | 1,380,171 | 1,261,724 | 1,306,323 | 1,448,960 | 1,452,675 |
| Insurance Premium Taxes | 887,770 | 909,036 | 900,507 | 874,336 | 1,549,668 | 1,646,007 | 1,704,283 | 1,790,149 | 1,912,480 | 2,071,588 |
| Hotel Motel Taxes | 329,900 | 258,001 | 240,642 | 223,694 | 253,718 | 283,321 | 337,102 | 384,002 | 589,378 | 582,222 |
| Alcoholic Beverage Taxes | 733,406 | 731,681 | 742,731 | 737,209 | 757,381 | 822,432 | 812,992 | 856,438 | 881,758 | 889,718 |
| Other Taxes | 25,471 | 33,524 | 34,544 | 44,909 | 125,950 | 101,620 | 123,094 | 114,835 | 106,096 | 106,400 |
| Interest Revenue | 1,170,885 | 547,677 | 105,671 | 32,524 | 26,179 | 29,369 | 30,481 | 30,104 | 36,852 | 49,770 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - |
| Gain/(Loss) on Sale of Assets | - | - | - | - | - | - | - | 6,360 | (19,468,959) | - |
| Transfer | - | - | - | - | - | - | (196,016) | - | - | (35,000) |
| Contributed Capital | - | - | - | - | - | - | (82,411) | - | - | - |
| Total governmental activities | 20,118,216 | 19,888,191 | 13,849,497 | 13,999,464 | 14,772,791 | 14,975,597 | 16,118,763 | 18,423,989 | 220,623 | 20,410,856 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted Investment Earnings | - | - | - | - | - | - | 112 | 300 | 630 | 1,998 |
| Transfers | - | - | - | - | - | - | 196,016 | - | - | - |
| Contributed Capital - General Fund | - | - | - | - | - | - | 21,652 | - | - | 35,000 |
| Contributed Capital - SPLOST | - | - | - | - | - | - | 60,759 | - | - | - |
| Total business-type activities | - | - | - | - | - | - | 278,539 | 300 | 630 | 36,998 |
| Total Primary Government | 20,118,216 | 19,888,191 | 13,849,497 | 13,999,464 | 14,772,791 | 14,975,597 | 16,397,302 | 18,424,289 | 221,253 | 20,447,854 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | 10,421,467 | 8,982,605 | 1,946,657 | 4,716,859 | 4,074,726 | 4,507,716 | 14,450,909 | 15,977,048 | (20,128,904) | 2,989,609 |
| Business-type Activities | - | - | - | - | - | - | 319,190 | 89,427 | 165,347 | 193,296 |
| Total Primary Government | \$ 10,421,467 | \$ 8,982,605 | \$ 1,946,657 | \$ 4,716,859 | \$ 4,074,726 | \$ 4,507,716 | \$ 14,770,099 | \$ 16,066,475 | \$ (19,963,557) | \$ 3,182,905 |

Notes:

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

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

The change in net position is due mainly to the loss on the sale of assets, primarily for the UWG project, in the amount of \$19,468,959 during 2015, per prior agreement.

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

| Function/Program | Calendar Year | | | | | | | | | |
|-----------------------------------|---------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental activities: | | | | | | | | | | |
| General Government | \$ 1,939,390 | \$ 3,086,953 | \$ 3,503,579 | \$ 4,598,122 | \$ 3,053,365 | \$ 2,746,341 | \$ 10,171,142 | \$ 3,350,719 | \$ 2,990,769 | \$ 3,200,475 |
| Community Development | 1,987,224 | 1,025,521 | 568,304 | 1,141,230 | 1,966,820 | 2,754,309 | 6,267,557 | 13,895,745 | 1,590,729 | 1,196,277 |
| Public Safety | 741,655 | 958,454 | 1,281,257 | 3,669,424 | 1,608,878 | 1,456,751 | 2,530,664 | 4,272,558 | 4,248,474 | 4,758,489 |
| Public Works | 4,202,138 | 2,990,892 | 1,964,704 | 2,611,464 | 2,469,888 | 3,347,945 | 3,655,333 | 2,829,340 | 3,235,030 | 2,079,556 |
| Tourist Development | - | 21,504 | 17,560 | 23,104 | 29,537 | 56,245 | 226,474 | 25,000 | 35,500 | 26,605 |
| Other Services | - | - | - | - | - | - | - | - | - | - |
| Subtotal governmental activities | 8,870,407 | 8,083,324 | 7,335,404 | 12,043,344 | 9,128,488 | 10,361,591 | 22,851,170 | 24,373,362 | 12,100,502 | 11,261,402 |
| Business-type activities: | | | | | | | | | | |
| Sanitation - Brush & Bulk | - | - | - | - | - | - | 439,606 | 557,079 | 611,083 | 637,487 |
| Subtotal business-type activities | - | - | - | - | - | - | 439,606 | 557,079 | 611,083 | 637,487 |
| Total primary government | \$ 8,870,407 | \$ 8,083,324 | \$ 7,335,404 | \$ 12,043,344 | \$ 9,128,488 | \$ 10,361,591 | \$ 23,290,776 | \$ 24,930,441 | \$ 12,711,585 | \$ 11,898,889 |

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

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

| | Calendar Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011* | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 458,929 | \$ 227,287 | \$ 135,435 | \$ 125,936 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 14,168,420 | 14,885,077 | 13,315,495 | 14,746,505 | - | - | - | - | - | - |
| Nonspendable ^(a) | - | - | - | - | 3,378 | 6,647 | 16,728 | 3,027,727 | 2,284,814 | 1,543,948 |
| Restricted | - | - | - | - | 51,645 | 61,140 | 137,715 | 33,670 | 30,404 | 15,470 |
| Assigned ^(b) | - | - | - | - | 567,919 | 548,916 | 385,070 | 395,476 | 449,037 | 704,848 |
| Committed ^(c) | - | - | - | - | - | - | 1,400,871 | 2,500,000 | 1,150,000 | 2,353,593 |
| Unassigned ^(d) | - | - | - | - | 16,925,008 | 18,460,690 | 19,340,624 | 17,194,562 | 20,297,243 | 19,619,524 |
| Total General Fund | \$ 14,627,349 | \$ 15,112,364 | \$ 13,450,930 | \$ 14,872,441 | \$ 17,547,950 | \$ 19,077,393 | \$ 21,281,008 | \$ 23,151,435 | \$ 24,211,497 | \$ 24,237,383 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 13,090,613 | \$ 13,211,566 | \$ 13,683,686 | \$ 16,869,986 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved: | | | | | | | | | | |
| Special Revenue Funds | 1,746 | 120,612 | - | - | - | - | - | - | - | - |
| Capital Projects Funds | 658,091 | 519,701 | 820,018 | 978,802 | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | - |
| Restricted: | | | | | | | | | | |
| Special Revenue Funds ^(f) | - | - | - | - | 1,938,745 | 1,720,349 | 417,634 | 361,748 | 256,544 | 348,156 |
| Capital Projects Funds ^(g) | - | - | - | - | 14,498,443 | 14,727,036 | 16,109,286 | 10,073,465 | 5,943,171 | 6,165,620 |
| Assigned ^(h) | - | - | - | - | 406,878 | 443,409 | 342,590 | 374,027 | 618,489 | 407,660 |
| Unassigned ⁽ⁱ⁾ | - | - | - | - | - | - | - | (1,345,488) | (425,416) | - |
| Total all other governmental funds | \$ 13,750,450 | \$ 13,851,879 | \$ 14,503,704 | \$ 17,848,788 | \$ 16,844,066 | \$ 16,890,794 | \$ 16,869,510 | \$ 9,463,752 | \$ 6,392,788 | \$ 6,921,436 |
| Total Fund Balances | \$ 28,377,799 | \$ 28,964,243 | \$ 27,954,634 | \$ 32,721,229 | \$ 34,392,016 | \$ 35,968,187 | \$ 38,150,517 | \$ 32,615,187 | \$ 30,604,285 | \$ 31,158,819 |

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

(a) The reduction is due to the repayment of \$725,000 from SPLOST 2013 to the General Fund for the intergovernmental loan.

(b) The variance reflects an increase in YE Encumbrances of \$281,212 and a decrease in Equipment Purchases reserve of \$35,000.

(c) The Howard Warner Recreation Center committed balance decreased by \$750,000 and the Municipal Building Renovation committed balance increased by \$1,953,593 during 2016.

(d) Variance is primarily due to the increase in committed fund balance for the Municipal Building renovations.

(f) Confiscated Assets fund balance increased by \$93,717 during 2016.

(g) SPLOST 2013 fund balance increased by \$1,335,523, SPLOST 2007 fund balance decreased by \$605,637 & Impact Fees fund balance decreased by \$507,127 during 2016.

(h) The Street Fund fund balance decreased by \$210,829 during 2016.

(i) SPLOST 2013 had a deficit fund balance of \$425,416 at the end of 2015, which was classified as Unassigned. This fund increased substantially during 2016 and is now classified as restricted.

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

| | Calendar Year | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Alcohol Beverage Taxes | \$ 733,406 | \$ 731,681 | \$ 742,731 | \$ 737,209 | \$ 757,381 | \$ 822,432 | \$ 812,992 | \$ 856,438 | \$ 881,758 | \$ 889,718 |
| Excise (Franchise) Taxes | 1,226,762 | 1,324,724 | 1,420,597 | 1,416,636 | 1,449,554 | 1,380,171 | 1,261,724 | 1,306,323 | 1,448,960 | 1,452,675 |
| Hotel/Motel Taxes | 329,900 | 258,001 | 240,642 | 223,694 | 253,718 | 283,321 | 337,102 | 384,002 | 589,378 | 582,222 |
| Insurance Premium Taxes | 887,770 | 909,036 | 900,507 | 874,336 | 1,549,668 | 1,646,007 | 1,704,283 | 1,790,149 | 1,912,480 | 2,071,588 |
| Motor Vehicles ⁽¹⁾ | 254,832 | 270,781 | 249,931 | 249,579 | 273,376 | 300,866 | 1,094,431 | 1,275,827 | 1,274,622 | 972,605 |
| Occupational Taxes | 1,732,989 | 1,838,252 | 1,792,961 | 1,603,104 | 1,684,129 | 1,788,599 | 1,877,696 | 2,314,758 | 2,570,247 | 2,974,656 |
| Other Taxes | 25,471 | 33,524 | 34,544 | 44,909 | 49,162 | 34,289 | 47,224 | 35,269 | 15,546 | 19,268 |
| Property Taxes | 4,145,848 | 4,141,896 | 4,592,154 | 4,630,498 | 4,342,139 | 4,069,084 | 4,282,655 | 4,611,156 | 4,393,641 | 4,908,713 |
| Rental Motor Vehicle Taxes | - | - | - | - | 76,788 | 67,331 | 75,870 | 79,566 | 90,550 | 87,132 |
| Sales Taxes | 9,552,987 | 9,576,131 | 3,860,258 | 4,187,040 | 4,367,306 | 4,589,581 | 5,014,974 | 5,778,730 | 6,399,087 | 6,521,934 |
| Court Condemnations | 6,251 | 165,240 | 163,338 | 2,204,972 | 179,123 | 56,105 | 149,347 | 175,491 | 42,591 | 146,193 |
| Fines and Forfeitures | 632,359 | 669,929 | 691,911 | 624,181 | 575,724 | 666,838 | 684,937 | 746,101 | 581,587 | 552,137 |
| Grants/Private Donations | - | 150,000 | - | - | - | - | - | - | - | - |
| Impact Fees | 1,118,593 | 529,396 | 115,945 | 203,581 | 146,934 | 519,587 | 654,801 | 416,212 | 686,989 | 414,624 |
| Intergovernmental | 476,377 | 499,968 | 4,300,078 | 6,602,500 | 5,154,183 | 5,541,023 | 6,122,544 | 19,069,539 | 6,408,495 | 6,109,307 |
| Intergovernmental - Utility | 1,161,112 | 1,165,377 | 1,172,781 | 1,389,848 | 1,415,620 | 1,404,838 | 1,390,764 | 1,511,528 | 1,589,068 | 1,667,169 |
| Investment Earnings | 1,170,885 | 547,677 | 105,671 | 55,409 | 44,246 | 48,873 | 45,354 | 39,540 | 47,045 | 60,823 |
| Alcohol Licenses | 180,038 | 183,775 | 179,050 | 186,354 | 176,845 | 174,500 | 174,899 | 211,210 | 185,210 | 185,285 |
| Other Revenues | 370,732 | 185,955 | 315,606 | 243,361 | 272,389 | 347,561 | 477,217 | 582,522 | 532,239 | 637,997 |
| Donations | - | - | - | - | - | - | 4,100,000 | - | - | - |
| Program Revenue | - | - | - | - | 30,925 | 17,711 | 69,126 | 74,577 | 109,377 | 22,405 |
| Permits & Inspections | 838,630 | 486,125 | 259,895 | 267,249 | 335,381 | 356,893 | 663,990 | 584,995 | 788,927 | 758,926 |
| Total Revenues | 24,844,942 | 23,667,468 | 21,138,600 | 25,744,460 | 23,134,591 | 24,115,610 | 31,041,930 | 41,843,933 | 30,547,797 | 31,035,377 |
| Expenditures | | | | | | | | | | |
| General government | 2,675,463 | 2,179,436 | 4,238,749 | 3,650,174 | 2,025,539 | 2,328,696 | 2,786,933 | 4,406,762 | 2,647,987 | 5,552,334 |
| Community Development | 2,337,153 | 2,365,981 | 2,335,471 | 2,190,419 | 2,142,737 | 2,194,892 | 2,630,317 | 2,718,409 | 3,313,816 | 2,699,190 |
| Public Safety | 8,314,508 | 8,910,093 | 8,858,915 | 9,215,617 | 9,189,763 | 9,683,048 | 11,195,846 | 11,084,284 | 11,215,028 | 11,935,010 |
| Public Works | 2,637,747 | 2,722,862 | 2,561,396 | 2,508,168 | 2,535,452 | 2,699,986 | 3,700,939 | 3,637,399 | 3,417,345 | 4,982,040 |
| Tourist Development | 2,292 | 4,274 | 9,304 | 3,691 | 2,588 | 121,726 | 248,989 | 322,479 | 387,481 | 381,534 |
| Debt Service: | | | | | | | | | | |
| Interest | - | - | - | - | - | - | 146 | - | - | - |
| Intergovernmental | - | 793,530 | 659,712 | 715,094 | 747,955 | 773,986 | 805,491 | 838,325 | 8,967,575 | 1,705,249 |
| Capital Outlay | 4,953,459 | 6,104,848 | 3,484,662 | 2,712,177 | 4,832,012 | 5,403,168 | 7,487,855 | 24,400,922 | 8,390,368 | 3,254,116 |
| Total Expenditures | 20,920,622 | 23,081,024 | 22,148,209 | 20,995,340 | 21,476,046 | 23,205,503 | 28,856,518 | 47,408,580 | 38,339,600 | 30,509,473 |
| Excess of revenues over (under) expenditures | \$ 3,924,320 | \$ 586,444 | \$ (1,009,609) | \$ 4,749,120 | \$ 1,658,545 | \$ 910,107 | \$ 2,185,412 | \$ (5,564,647) | \$ (7,791,803) | \$ 525,904 |

(1) New tax category added in 2013; revenues updated for prior years to match new category. Includes Motor Vehicle Ad Valorem and the new Vehicle Title Ad Valorem Taxes. Revenues exceeded expenditures primarily due to the sale of assets related to the UWG project in the amount of \$5,000,000 during 2015.

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

| | Calendar Year | | | | | | | | | |
|--|-------------------------|-----------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers from other Funds | \$ 1,350,890 | \$ 861,413 | \$ 867,985 | \$ 453,216 | \$ 500,704 | \$ 169,992 | \$ 420,379 | \$ 76,800 | \$ 680,640 | \$ 366,111 |
| Performance Bond Damages Recovered | - | - | - | - | - | 627,748 | 165,000 | - | - | - |
| Transfers to other Funds | (1,350,890) | (861,413) | (867,985) | (453,216) | (500,704) | (169,992) | (616,395) | (76,800) | (680,640) | (401,111) |
| Insurance recoveries | - | - | - | - | - | - | - | - | 23,654 | 51,195 |
| Sale of Capital Assets | 12,000 | - | - | 17,475 | 12,242 | 38,316 | 27,934 | 29,317 | 5,057,941 | 12,436 |
| Total Other Financing Sources (Uses) | 12,000 | - | - | 17,475 | 12,242 | 666,064 | (3,082) | 29,317 | 5,081,595 | 28,631 |
| Net Change in Fund Balances | \$ 3,936,320 | \$ 586,444 | \$ (1,009,609) | \$ 4,766,595 | \$ 1,670,787 | \$ 1,576,171 | \$ 2,182,330 | \$ (5,535,330) | \$ (2,710,208) | \$ 554,535 |
| Debt Service as a Percentage of Noncapital Expenditures | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

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

| Calendar Year | General Property ⁽¹⁾ | Franchise | Insurance Premium ⁽²⁾ | Occupational ⁽³⁾ | Alcoholic Beverage | Hotel / Motel | Local Option Sales Tax | Motor Vehicle ⁽⁴⁾ | Other | Total |
|---------------------------------|--|------------------|---|------------------------------------|---------------------------|----------------------|-------------------------------|-------------------------------------|--------------|---------------|
| 2007 | \$ 4,145,848 | \$ 1,226,762 | \$ 887,770 | \$ 1,732,989 | \$ 733,406 | \$ 329,900 | \$ 9,552,987 | \$ 254,832 | \$ 25,471 | \$ 18,889,965 |
| 2008 | 4,141,896 | 1,324,724 | 909,036 | 1,838,252 | 731,681 | 258,001 | 9,576,131 | 270,781 | 33,524 | 19,084,026 |
| 2009 | 4,592,154 | 1,420,597 | 900,507 | 1,792,961 | 742,731 | 240,642 | 3,860,258 | 249,931 | 34,544 | 13,834,325 |
| 2010 | 4,630,498 | 1,416,636 | 874,336 | 1,603,104 | 737,209 | 223,694 | 4,187,040 | 249,579 | 44,909 | 13,967,005 |
| 2011 | 4,342,139 | 1,449,554 | 1,549,668 | 1,684,129 | 757,381 | 253,718 | 4,367,306 | 273,376 | 125,950 | 14,803,221 |
| 2012 | 4,069,084 | 1,380,171 | 1,646,007 | 1,788,599 | 822,432 | 283,321 | 4,589,581 | 300,866 | 101,620 | 14,981,681 |
| 2013 | 4,282,655 | 1,261,724 | 1,704,283 | 1,877,696 | 812,992 | 337,102 | 5,014,974 | 1,094,431 | 123,094 | 16,508,951 |
| 2014 | 4,611,156 | 1,306,323 | 1,790,149 | 2,314,758 | 856,438 | 384,002 | 5,778,730 | 1,275,827 | 114,835 | 18,432,218 |
| 2015 | 4,393,641 | 1,448,960 | 1,912,480 | 2,570,247 | 881,758 | 589,378 | 6,399,087 | 1,274,622 | 106,096 | 19,576,269 |
| 2016 | 4,908,713 | 1,452,675 | 2,071,588 | 2,974,656 | 889,718 | 582,222 | 6,521,934 | 972,605 | 106,400 | 20,480,511 |
| % Change 2015 - 2016 | 11.7% | 0.3% | 8.3% | 15.7% | 0.9% | -1.2% | 1.9% | -23.7% | 0.3% | 4.6% |

⁽¹⁾ City's millage rated remained consistent with 2015 at 4.05 mills per thousand dollars of assessed value.

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

⁽³⁾ Occupational taxes increased by 15.7% from 2015 to 2016 mainly due to an increase in the population and number of businesses in Newnan.

⁽⁴⁾ Motor Vehicle taxes decreased by 23.7% as a result of the percentage distribution determined by the State of Georgia for the TAVT tax.

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

| Calendar Year Ended December 31, | Real Property | Personal Property | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|---|--------------------------|------------------------------|--|---|--|---|---|
| 2007 | \$ 840,838,199 | \$93,716,664 | \$ 65,963,681 | \$ 868,591,182 | 4.32 | \$2,338,359,915 | 37.15% |
| 2008 | 928,082,597 | 91,674,717 | 62,073,670 | 957,683,644 | 4.32 | 2,565,220,948 | 37.33% |
| 2009 | 949,769,939 | 95,116,548 | 66,807,005 | 978,079,482 | 4.32 | 2,636,081,482 | 37.10% |
| 2010 | 953,353,123 | 92,771,473 | 66,643,892 | 979,480,704 | 4.39 | 2,621,838,417 | 37.36% |
| 2011 | 900,523,872 | 91,837,145 | 66,584,340 | 925,776,677 | 4.39 | 2,494,906,419 | 37.11% |
| 2012 | 835,653,052 | 92,269,724 | 66,410,012 | 861,512,764 | 4.39 | 2,325,772,020 | 37.04% |
| 2013 | 847,125,933 | 89,033,331 | 69,217,708 | 866,941,556 | 4.37 | 2,340,827,691 | 37.04% |
| 2014 | 985,950,139 | 95,848,543 | 74,086,777 | 1,007,711,905 | 4.15 | 2,709,407,531 | 37.19% |
| 2015 | 1,206,951,054 | 101,650,734 | 133,364,837 | 1,175,236,951 | 4.05 | 2,829,261,935 | 41.54% |
| 2016 | 1,223,413,936 | 105,494,305 | 124,371,280 | 1,204,536,961 | 4.05 | 2,993,246,099 | 40.24% |

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

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

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

| Calendar Year | City Direct Rates | | | Overlapping Rates | | | | |
|---------------|-------------------|---------------------------------|-------------------|-------------------|---------------|---------------|-------------|-------|
| | Basic Rate | General Obligation Debt Service | Total Direct Rate | State of Georgia | Coweta County | School System | School Bond | Total |
| 2007 | 4.32 | 0.00 | 4.32 | 0.25 | 6.74 | 18.59 | - | 29.90 |
| 2008 | 4.32 | 0.00 | 4.32 | 0.25 | 7.76 | 18.59 | - | 30.92 |
| 2009 | 4.32 | 0.00 | 4.32 | 0.25 | 7.66 | 18.59 | - | 30.82 |
| 2010 | 4.39 | 0.00 | 4.39 | 0.25 | 7.79 | 18.59 | - | 31.02 |
| 2011 | 4.39 | 0.00 | 4.39 | 0.25 | 7.79 | 18.59 | - | 31.02 |
| 2012 | 4.39 | 0.00 | 4.39 | 0.20 | 7.79 | 18.59 | - | 30.97 |
| 2013 | 4.37 | 0.00 | 4.37 | 0.15 | 7.75 | 18.59 | - | 30.86 |
| 2014 | 4.15 | 0.00 | 4.15 | 0.10 | 7.75 | 18.59 | - | 30.59 |
| 2015 | 4.05 | 0.00 | 4.05 | 0.05 | 7.47 | 18.59 | - | 30.16 |
| 2016 | 4.05 | 0.00 | 4.05 | 0.00 | 7.47 | 18.59 | - | 30.11 |

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

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

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

| Taxpayer | 2007 | | | 2016 | | |
|--------------------------------------|------------------------|------|-----------------------------------|------------------------|------|-----------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total City Tax Levy | Taxable Assessed Value | Rank | Percentage of Total City Tax Levy |
| Ashley Park Property Owners LLC | | | | \$ 23,739,726 | 1 | 1.98% |
| Coweta County Development Authority | | | | 16,367,353 | 2 | 1.37% |
| RPAI Newnan Crossing LLC | | | | 14,974,000 | 3 | 1.25% |
| Bon-L Manufacturing | | | | 11,688,049 | 4 | 0.98% |
| Inland Southeast Newnan Crossing LLC | \$ 13,083,702 | 2 | 1.40% | 11,010,468 | 5 | 0.92% |
| Southeastern Regional Medical Center | | | | 9,766,432 | 6 | 0.82% |
| The Trees of Newnan (Apartments) | | | | 8,727,706 | 7 | 0.73% |
| Wal-Mart | 5,132,135 | 6 | 0.55% | 8,676,148 | 8 | 0.72% |
| Stillwood Farms Venture LLC | | | | 7,899,674 | 9 | 0.66% |
| JDN Realty Corporation | 4,724,995 | 7 | 0.51% | 6,954,338 | 10 | 0.58% |
| Fourth Quarter Properties | 13,191,700 | 1 | 1.41% | | | |
| BellSouth Telecommunications | 7,319,533 | 3 | 0.78% | | | |
| Newnan Development Partners | 6,267,592 | 4 | 0.67% | | | |
| Lullwater Apartments LLC | 5,713,418 | 5 | 0.61% | | | |
| S.G. Preston Mill | 4,720,000 | 8 | 0.50% | | | |
| DR Horton Inc. | 4,119,840 | 9 | 0.44% | | | |
| Coweta-Fayette EMC | 4,119,310 | 10 | 0.44% | | | |
| Total | \$ 68,392,225 | | 7.31% | \$ 119,803,894 | | 10.01% |

Source: Coweta County Tax Commissioner.

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

| Year | Taxes Levied for the Calendar Year | Collected within the Calendar Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2007 | \$ 4,040,685 | \$ 3,710,009 | 91.82% | \$ 328,585 | \$ 4,038,594 | 99.95% |
| 2008 | 4,432,702 | 4,036,118 | 91.05% | 387,798 | 4,423,916 | 99.80% |
| 2009 | 4,507,635 | 4,090,388 | 90.74% | 414,086 | 4,504,474 | 99.93% |
| 2010 | 4,597,973 | 4,191,653 | 91.16% | 398,219 | 4,589,872 | 99.82% |
| 2011 | 4,339,097 | 4,004,319 | 92.28% | 328,062 | 4,332,381 | 99.85% |
| 2012 | 4,048,446 | 3,758,537 | 92.84% | 283,611 | 4,042,148 | 99.84% |
| 2013 | 4,091,767 | 3,867,771 | 94.53% | 216,636 | 4,084,407 | 99.82% |
| 2014 | 4,479,867 | 4,289,462 | 95.75% | 171,703 | 4,461,165 | 99.58% |
| 2015 | 4,516,086 | 4,330,231 | 95.88% | 161,892 | 4,492,123 | 99.47% |
| 2016 | 4,849,059 | 4,690,676 | 96.73% | - | 4,690,676 | 96.73% |

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

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

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Accommodations ⁽¹⁾ | \$ - | \$ - | \$ 53,972 | \$ 83,090 | \$ 108,870 | \$ 112,012 | \$ 113,493 | \$ 130,415 | \$ 167,258 | \$ 187,616 |
| Apparel | 526,930 | 499,819 | 234,779 | - | - | - | - | - | - | - |
| Automotive | 3,488,306 | 4,392,034 | 2,816,514 | 2,198,045 | 2,136,427 | 2,262,067 | 1,072,920 | 442,597 | 479,336 | 561,385 |
| Construction ⁽¹⁾ | - | - | 31,972 | 94,584 | 102,177 | 84,101 | 61,131 | 140,787 | 112,887 | 108,889 |
| Food | 4,604,069 | 4,057,615 | 3,351,960 | 3,118,289 | 3,155,028 | 3,313,930 | 3,503,506 | 3,762,233 | 4,093,321 | 4,294,015 |
| General | 2,599,136 | 2,533,278 | 2,792,283 | 2,809,106 | 3,108,903 | 3,247,842 | 3,356,695 | 3,565,869 | 3,752,860 | 3,498,475 |
| Home | 1,224,669 | 1,023,933 | 1,305,365 | 1,305,236 | 1,226,607 | 1,323,877 | 1,363,829 | 1,557,022 | 1,652,122 | 1,860,017 |
| Lumber | 1,987,379 | 1,277,892 | 391,677 | - | - | - | - | - | - | - |
| Manufacturing | 1,013,401 | 931,172 | 1,059,659 | 762,408 | 772,057 | 866,136 | 811,622 | 949,342 | 1,093,488 | 1,102,711 |
| Miscellaneous | 1,299,463 | 1,408,688 | 472,311 | - | - | - | - | - | - | - |
| Miscellaneous Services | 811,870 | 965,907 | 1,088,761 | 1,185,083 | 1,318,039 | 1,232,728 | 1,480,349 | 1,790,827 | 1,950,374 | 1,990,516 |
| Other Retail ⁽¹⁾ | - | - | 1,471,919 | 2,448,746 | 2,705,070 | 3,698,588 | 3,177,469 | 3,466,332 | 3,419,146 | 3,384,245 |
| Other Services ⁽¹⁾ | - | - | 151,802 | 226,837 | 357,111 | 434,245 | 373,192 | 353,686 | 333,449 | 409,914 |
| Utilities | 3,356,457 | 3,808,788 | 3,255,225 | 3,010,243 | 2,807,056 | 2,262,514 | 1,745,286 | 1,573,547 | 1,581,534 | 1,597,447 |
| Wholesale ⁽¹⁾ | - | - | 922,109 | 1,651,568 | 1,896,594 | 1,786,427 | 2,460,618 | 2,326,933 | 1,971,644 | 1,824,607 |
| Total | <u>\$ 20,911,680</u> | <u>\$ 20,899,126</u> | <u>\$ 19,400,308</u> | <u>\$ 18,893,235</u> | <u>\$ 19,693,940</u> | <u>\$ 20,624,467</u> | <u>\$ 19,520,110</u> | <u>\$ 20,059,591</u> | <u>\$ 20,607,420</u> | <u>\$ 20,819,837</u> |

Source: Georgia Department of Revenue, Local Government Services Division

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

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

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

| <u>Calendar Year</u> | <u>City Direct Rate</u> | <u>Coweta County</u> |
|--------------------------|---------------------------------|--------------------------|
| 2007 | 0.00% | 7.00% |
| 2008 | 0.00% | 7.00% |
| 2009 | 0.00% | 7.00% |
| 2010 | 0.00% | 7.00% |
| 2011 | 0.00% | 7.00% |
| 2012 | 0.00% | 7.00% |
| 2013 | 0.00% | 7.00% |
| 2014 | 0.00% | 7.00% |
| 2015 | 0.00% | 7.00% |
| 2016 | 0.00% | 7.00% |

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

CITY OF NEWNAN, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2016

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

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

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

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

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

| | Calendar Year | | | | | | | | | |
|---|----------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Net Assessed Value | \$ 935,343,966 | \$ 1,026,088,379 | \$ 1,054,432,593 | \$ 1,048,735,367 | \$ 997,962,568 | \$ 930,308,808 | \$ 936,331,076 | \$ 1,083,763,012 | \$ 1,133,420,165 | \$ 1,204,536,961 |
| Debt Limit - 10% of Assessed Value | 93,534,397 | 102,608,838 | 105,443,259 | 104,873,537 | 99,796,257 | 93,030,881 | 93,633,108 | 108,376,301 | 113,342,017 | 120,453,696 |
| Debt Applicable to Debt Limit: | | | | | | | | | | |
| General obligation bonds | - | - | - | - | - | - | - | - | - | - |
| Net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal Debt Margin | \$ 93,534,397 | \$ 102,608,838 | \$ 105,443,259 | \$ 104,873,537 | \$ 99,796,257 | 93,030,881 | 93,633,108 | 108,376,301 | 113,342,017 | 120,453,696 |
| Total net debt applicable to the limit as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

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

| Calendar Year | Population¹ | Personal Income (amounts expressed in thousands) | Per Capita Personal Income^{2,5} | Median Age^{1,2,6} | School Enrollment^{2,4} | Unemployment Rate^{2,3} |
|----------------------|-------------------------------|---|---|---------------------------------------|--|--|
| 2007 | 29,885 | 954,557 | 31,941 | 34.2 | 21,352 | 4.0% |
| 2008 | 30,349 | 969,074 | 31,931 | 33.4 | 21,790 | 5.7% |
| 2009 | 31,732 | 1,032,182 | 32,528 | 33.1 | 22,151 | 9.5% |
| 2010 | 33,039 | 1,094,912 | 33,140 | 32.3 | 22,464 | 9.8% |
| 2011 | 33,700 | 1,112,774 | 33,020 | 34.5 | 22,517 | 9.7% |
| 2012 | 34,240 | 858,979 | 25,087 | 36.6 | 22,718 | 8.9% |
| 2013 | 34,557 | 903,527 | 26,146 | 34.2 | 22,563 | 7.7% |
| 2014 | 35,293 | 824,233 | 23,354 | 33.4 | 22,296 | 5.7% |
| 2015 | 35,745 | 836,683 | 23,407 | 33.5 | 22,373 | 6.4% |
| 2016 | 37,291 | 946,893 | 25,392 | 32.9 | 22,489 | 5.3% |

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

² ARC Community Profile for City of Newnan

³ US Census - American Community Survey 5-year Estimate

⁴ Coweta County Board of Education

⁵ BEA Regional Economic Analysis

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

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

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

| Employer | Type of Industry | 2007 | | | 2016 | | |
|-------------------------------------|---------------------------|------------------|-------------|--|------------------|-------------|--|
| | | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Coweta County School System | Education | 2,700 | 1 | 4.71% | 2,955 | 1 | 4.43% |
| Yamaha Motor Manufacturing | Manufacturing | 1,500 | 2 | 2.62% | 1,700 | 2 | 2.55% |
| Cancer Treatment Centers of America | Healthcare | | | 0.00% | 1,100 | 3 | 1.65% |
| Piedmont Newnan Hospital | Healthcare | | | 0.00% | 990 | 4 | 1.48% |
| Coweta County, Georgia | Government | 690 | 3 | 1.20% | 950 | 5 | 1.42% |
| Pet Smart Distribution Center | Retail Distribution | 280 | 10 | 0.49% | 560 | 6 | 0.84% |
| Wal-Mart Supercenter | Retailer | | | 0.00% | 540 | 7 | 0.81% |
| Bonnell Aluminum | Manufacturing | 550 | 4 | 0.96% | 460 | 8 | 0.69% |
| Cargill Meat Solutions | Packaging | 350 | 8 | 0.61% | 420 | 9 | 0.63% |
| Yokogawa Corporation | Manufacturing | 500 | 5 | 0.87% | 360 | 10 | 0.54% |
| K-Mart Distribution Center | Retail Distribution | 475 | 6 | 0.83% | | | 0.00% |
| Rite Aid Distribution Center | Distribution | 360 | 7 | 0.63% | | | 0.00% |
| Georgia Power - Plant Yates | Utilities | 350 | 8 | 0.61% | | | 0.00% |
| Tencate (formerly Southern Mills) | Textiles | 333 | 9 | 0.58% | | | 0.00% |
| City of Newnan, Georgia | Government | 221 | | 0.39% | 249 | | 0.37% |
| All other employers | | 49,007 | | 85.50% | 56,386 | | 84.57% |
| Total Labor Force | | 57,316 | | 100.00% | 66,670 | | 100.00% |
| | City Unemployment Rate | | 4.0% | | | 5.3% | |
| | County Unemployment Rate | | 4.0% | | | 4.8% | |
| | Georgia Unemployment Rate | | 5.0% | | | 5.2% | |
| | US Unemployment Rate | | 5.0% | | | 4.7% | |

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

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

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

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| City Manager ⁽¹⁾ | 2 | 2 | 2 | 2 | 2 | 2 | 4 | 5 | 5 | 6 |
| City Attorney | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Administrative | | | | | | | | | | |
| Finance | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 |
| City Clerk | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 |
| Human Resources | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Information Technology | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 3 |
| Public Information | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Facilities Maintenance | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 3 | 3 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers ⁽²⁾ | 75 | 75 | 75 | 75 | 75 | 75 | 77 | 78 | 80 | 82 |
| Civilians | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Administrative | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 5 | 5 |
| Municipal Court | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Department | | | | | | | | | | |
| Firefighters ⁽³⁾ | 47 | 49 | 49 | 49 | 50 | 50 | 51 | 53 | 54 | 56 |
| Administrative | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Development | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Planning & Zoning | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Parks & ROW Beautification ⁽⁴⁾ | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 16 |
| Building Inspection | 9 | 9 | 9 | 8 | 8 | 8 | 9 | 10 | 10 | 10 |
| Public Works | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Streets | 23 | 23 | 22 | 22 | 20 | 20 | 19 | 19 | 19 | 19 |
| Garage | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Cemetery | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Engineering ⁽⁵⁾ | 4 | 4 | 4 | 4 | 3 | 2 | 2 | 2 | 3 | 3 |
| Other Services | | | | | | | | | | |
| Carnegie Building ⁽⁶⁾ | 0 | 0 | 1 | 1 | 2 | 1 | 1 | 1 | 2 | 2 |
| Business Development & Main Street (& Special Events) | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Sanitation | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 4 | 4 |
| Total Full-Time Employees | 221 | 224 | 224 | 223 | 221 | 221 | 229 | 234 | 242 | 249 |

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

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

(1) Assistant City Manager position added 4th Qtr 2016.

(3) Added 2 firefighters in 2016.

(2) Added 2 Officer's positions in 2016.

(4) Added 2 beautification workers in 2016.

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

| Function/Program | Calendar Year | | | | | | | | | |
|--|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Government | | | | | | | | | | |
| Occupational Tax Certificates Maintained | 2,122 | 2,186 | 1,819 | 1,807 | 1,890 | 1,687 | 1,755 | 1,740 | 1,855 | 1,842 |
| Alcohol Licenses Issued | 90 | 91 | 92 | 99 | 102 | 99 | 102 | 103 | 101 | 98 |
| Property Tax Bills Issued ⁽¹⁾ | 13,298 | 13,714 | 13,856 | 13,896 | 13,857 | 13,824 | 13,770 | 13,757 | - | - |
| Community Development | | | | | | | | | | |
| Building Permits Issued - Commercial | 32 | 14 | 3 | 27 | 32 | 42 | 57 | 45 | 65 | 87 |
| Building Permits Issued - Residential | 350 | 188 | 69 | 122 | 88 | 159 | 263 | 268 | 321 | 352 |
| Police | | | | | | | | | | |
| Physical Arrests | 631 | 698 | 804 | 1,352 | 1,508 | 1,313 | 1,420 | 1,536 | 1,307 | 1,114 |
| Parking Violations | 1,889 | 1,691 | 1,545 | 1,254 | 375 | 143 | 127 | 265 | 214 | 141 |
| Traffic Violations | 6,461 | 5,921 | 6,216 | 6,191 | 5,379 | 7,383 | 9,297 | 9,200 | 5,096 | 4,865 |
| Fire | | | | | | | | | | |
| Emergency Responses | 2,415 | 3,308 | 2,631 | 3,590 | 3,715 | 4,013 | 4,045 | 4,350 | 4,489 | 4,806 |
| Fires Extinguished | 95 | 98 | 69 | 101 | 137 | 111 | 100 | 83 | 90 | 128 |
| Public Works | | | | | | | | | | |
| Streets Resurfaced (Miles) | | | | | | | | | | |
| Full Depth Reclamation (FDR) | 1.0169 | 0.6750 | 3.6565 | 0.9130 | 0.0000 | 0.6570 | - | 1.2100 | 1.7238 | 0.0000 |
| LARP Resurfacing | 0.0000 | 2.5270 | 3.4750 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| LMIG Resurfacing | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 7.3140 | 2.7900 | 2.6200 | 0.0000 |
| Other Resurfacing | 0.3500 | 0.6938 | 0.8269 | 2.3450 | 2.3700 | 1.5470 | - | N/A | 0.2557 | 0.0000 |

Source: Various City Departments.

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

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

| Function/Program | Calendar Year | | | | | | | | | |
|--------------------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 1 | 1 |
| Patrol Cars | 66 | 66 | 66 | 68 | 68 | 74 | 81 | 85 | 88 | 90 |
| Fire | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Trucks | 6 | 6 | 6 | 6 | 6 | 6 | 12 | 14 | 14 | 14 |
| Fire Hydrants | 1,963 | 1,963 | 1,964 | 2,005 | 2,010 | 2,040 | 2,043 | 2,063 | 2,058 | 2,076 |
| Community Development | | | | | | | | | | |
| Recreation | | | | | | | | | | |
| Community Centers | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Parks | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Park Acreage | 31 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 4 | 4 | 4 | 4 | 4 | 4 | 0 | 0 | 0 | 0 |
| Planning | | | | | | | | | | |
| Streets | | | | | | | | | | |
| Streets (miles) | 182 | 185 | 185 | 172 | 176 | 169 | 169 | 170 | 172 | 172 |
| Sidewalks (miles) | N/A | N/A | N/A | 159 | 163 | 166 | 166 | 166 | 170 | 171 |
| Number of Streets | 641 | 651 | 651 | 618 | 620 | 639 | 639 | 641 | 649 | 651 |
| New Sidewalk Construction (LF) | N/A | N/A | N/A | 3,806 | 3,616 | 724 | 0 | 2,297 | 12,240 | 14,490 |

Source: Various City Departments and Newnan Utilities

GOVERNMENTAL REPORTS

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2007)
FOR THE YEAR ENDED DECEMBER 31, 2016

| Project | Expenditures | | | | |
|--|-------------------------------|-------------------------------|----------------------|-------------------|----------------------|
| | Original Estimated Cost | Current Estimated Costs | Prior Years | Current Year | Total |
| Public Safety - Equipment | \$ 580,000 | \$ 559,000 | \$ 557,871 | \$ - | \$ 557,871 |
| Information System | 325,000 | 328,000 | 327,108 | - | 327,108 |
| Building Maintenances/Structure | 6,650,000 | 6,684,000 | 5,995,817 | 480,954 | 6,476,771 |
| Parks and Recreation | 1,200,000 | 1,200,000 | 1,175,647 | 12,911 | 1,188,558 |
| Streets | 14,925,333 | 13,844,852 | 11,213,571 | 117,961 | 11,331,532 |
| Equipment | 1,625,000 | 1,523,148 | 1,521,288 | - | 1,521,288 |
| Transfer to Water, Sewerage and Light Commission | 4,820,063 | 4,483,000 | 4,482,839 | - | 4,482,839 |
| | <u>\$ 30,125,396</u> | <u>\$ 28,622,000</u> | <u>\$ 25,274,141</u> | <u>\$ 611,826</u> | <u>\$ 25,885,967</u> |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS (2013)
FOR THE YEAR ENDED DECEMBER 31, 2016

| Project | Expenditures | | | | |
|--|-------------------------------|-------------------------------|----------------------|---------------------|----------------------|
| | Original Estimated Cost | Current Estimated Costs | Prior Years | Current Year | Total |
| Streets, drainage, sidewalks, and equipment | \$ 15,207,600 | \$ 15,207,600 | \$ 5,185,753 | \$ 1,878,263 | \$ 7,064,016 |
| Public safety | 10,450,000 | 10,450,000 | 8,260,208 | - | 8,260,208 |
| Parks and recreation | 1,500,000 | 1,500,000 | 43,657 | 827,440 | 871,097 |
| Buildings and facilities | 100,000 | 100,000 | - | 98,891 | 98,891 |
| Information Systems | 100,000 | 100,000 | 46,820 | - | 46,820 |
| Transfer to Water, Sewerage and Light Commission | 4,982,400 | 4,982,400 | 2,496,591 | 868,699 | 3,365,290 |
| | <u>\$ 32,340,000</u> | <u>\$ 32,340,000</u> | <u>\$ 16,033,029</u> | <u>\$ 3,673,293</u> | <u>\$ 19,706,322</u> |

CITY OF NEWNAN, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2016

| Project | Current Expenditures |
|--------------------------------|-------------------------|
| Tourism | |
| Operation of Convention Center | 88,105 |
| | <u>\$ 88,105</u> |

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

Honorable Mayor and Council
City of Newnan, Georgia

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the remaining fund information of the City of Newnan, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City of Newnan, Georgia’s basic financial statements, and have issued our report thereon dated June 17, 2017. Our report includes a reference to other auditors who audited the financial statements of the Newnan Water, Sewerage and Light Commission, as described in our report on the City of Newnan’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or on compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

