CITY OF PALMETTO, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by
City Administrator's Office
Terry L. Todd
City Administrator
Palmetto City Hall



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CITY OF PALMETTO, GEORGIA

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

ORGANIZATION CHART

LISTING OF CITY OFFICIALS

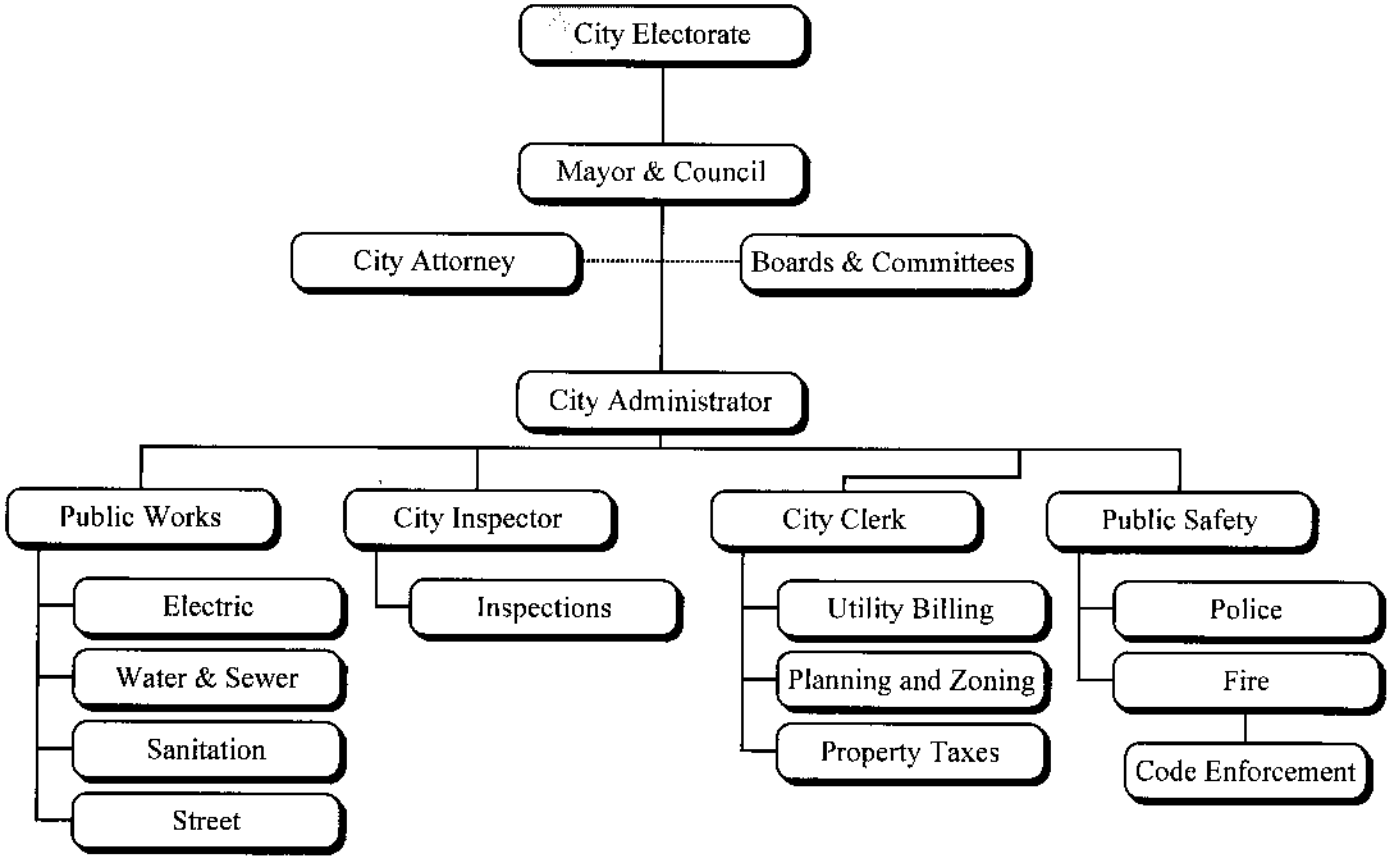
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CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

City of Palmetto, Georgia

Organizational Chart



CITY OF PALMETTO, GEORGIA

CITY OFFICIALS
2009

MAYOR
John O. Miller

CITY COUNCIL
Lorraine Allen
Mike Basaric
Natalie McFadden
Laura Mullis
Gregory Rusch
Leon Sumlin

CITY ADMINISTRATOR
Terry L. Todd

CITY CLERK
Cynthia Hanson

PUBLIC WORKS DIRECTOR
William F. "Butch" Gaddy

CHIEF OF POLICE
Luther Graham

FIRE CHIEF
Henry Argo

CITY RECORDER
H. Clay Collins
James Barfield

BUILDING INSPECTOR
David Mundt
Safebuilt, Inc.

CITY PLANNER
Mike Warrix

CITY ATTORNEYS
McNally, Fox, Grant, & Davenport PC

CITY OF PALMETTO, GEORGIA-

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palmetto

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City Of Palmetto

P. O. Box 190
Palmetto, Georgia 30268
Area Code 770/463-3377

Honorable John Miller, Mayor
and Members of the City Council
City of Palmetto
Palmetto, Georgia

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Palmetto, Georgia for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for our most recent comprehensive annual financial report, the City's organizational chart and a list of principal officials. The transmittal letter includes general information about the City, economic condition and outlook for the City, major initiatives for the year and for the future and other information including the audit, awards and acknowledgments.

The financial section includes the independent auditor's report on the financial statements, management's discussion and analysis, the basic audited financial statements with combining and individual fund statements. This section also includes Required Supplementary Information.

The statistical section contains selected historical financial data, debt statistics and miscellaneous social and economic data generally presented on a multi year basis.

General Information - City of Palmetto

In the beginning there was wilderness; then there was Johnson's Store; next there was Willis P. Menefee's plantation; finally there was Palmetto. Thus, the story of the town of Palmetto, Georgia, evolves. Located twenty-five miles southwest of Atlanta, Palmetto grew in much the same way as Atlanta did. Settlement in South Fulton, as it is known today, began with the creation of Coweta County in 1826 and Campbell County in 1828. Most of the people who came to the new district were residents of other parts of Georgia who had won land in the 1827 Land Lottery or who had bought land from those who had won land grants. The first known development in the area that was eventually to become the Town of Palmetto occurred in 1833 with the construction of a general store by John H. Johnson, who was appointed the first postmaster. This store was located in northern Coweta County on a trail that would in the future yield itself to a well traveled roadway, later to be Highway 29, and to the West Point Railroad.

The next step in the process of developing a town came with the arrival in the 1840's of Willis P. Menefee, who is sometimes called the "father of the town". Major Menefee settled in an area near Johnson's Store and a Methodist campground. Tradition has it that the Menefee plantation included almost all of the territory now occupied by the

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town of Palmetto. The "Major" saw to it that the settlement would grow into a cohesive and lasting community by donating land for churches, schools and parks. He also had a hand in the naming of the town that was to be.

It happened that in January of 1847 a regiment of soldiers under the leadership of General Butler was traveling from South Carolina on their way to fight in the Mexican War. The soldiers bivouacked for two weeks in the vicinity of the Menefee plantation and the Methodist campground. During this time, Major Menefee opened his home to the men and showed such hospitality to his guests that upon their departure they presented him with a handsome sword. More importantly, the soldiers suggested that this community might be named in honor of both their regiment and their home state - they were the Palmetto Regiment from the Palmetto State. In May of that year the local residents agreed that henceforth this land was to be called Palmetto. In honor of this historic occasion, the town's first governmental official was elected, the Town Intendant, Dr. W.S. Zellars.

On February 18, 1854, the town of Palmetto was granted a charter by the state legislature and the first city limits were established. The first town commissioners were Willis P. Menefee, Samuel Swanson, James J. Beall, Reuben Melsaps and John M. Edwards. By the time the charter was granted, the railroad was already assuming a role in the making of the town. The Atlanta and LaGrange Railroad was completed to Palmetto on March 17, 1851. This railroad was built on a high ridge of land which runs on an easterly parallel to the Chattahoochee River from Atlanta to West Point. As a natural passageway, the ridge was once a trail used by Indians, and later became part of the Montgomery Stage Coach route. People who owned land in the path of the railroad sold rights-of-way for passage through their property. Major Menefee, on the other hand, being a director and stockholder in the railroad company, gave all the land necessary for the laying of tracks and the building of the station in town.

Now Palmetto, which had been primarily a farming town, found itself becoming a railroad town. More businesses developed, more people moved into the district, and the area which began as a wilderness had truly become a town. The many occupations of the residents of Palmetto in the 1870's reveal a developing, self sustaining community. In the surrounding district, the families were engaged in farming, but in the town itself there were numerous dry good merchants and clerks, several physicians, a druggist, ministers, school teachers, a lawyer, a bailiff, a railroad engineer, a depot agent, a blacksmith, a painter, a boot maker, a plasterer, a brick molder, a wheelwright, carpenters, brick masons and a tobacconist agent.

Palmetto is a turn of the century City that has the charm and atmosphere of a small town with the convenience of a large city. Quaint but prosperous, Palmetto is expanding. Today, Palmetto has grown to a population of 4,682 with a population growth rate of 25% between 1980 and 1990 and 27% between 1990 and 2000.

Services Provided

Services provided by the City under general governmental functions include police and fire protection, planning and engineering, code enforcement, street maintenance, traffic control, parks operation and maintenance. In addition, electric, water and sewer services and solid waste collection and disposal services are provided under an Enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The Organization of the Government

The City has a Mayor and Council - City Administrator form of government with a mayor and six council members in the governing body. The City Administrator is appointed by and serves at the pleasure of the City Council. The City Council annually adopts a balanced budget and establishes a tax rate for the support of City programs. The City Administrator has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council. Management has a reasonable basis for assuming responsibility for the

information contained in the basic financial statements as a result of implementing sound internal controls through segregation of accounting duties.

Economic Condition and Outlook

The City of Palmetto is located in South Metro Atlanta just fifteen minutes south of Atlanta's Hartsfield-Jackson International Airport. The community is in close proximity to the dynamic Atlanta interstate hub of commerce being located in south Fulton County and north Coweta County, Palmetto is poised for economic development. Palmetto is known as the "Friendly City" and its current logo invites you to enjoy "Green Space, Blue Skies, Great People".

Two large parcels of land have been annexed into the City since 2006. One of the parcels was annexed in October 2006 and encompasses 3,717 acres on the northwest side of Palmetto within Fulton County. The size of the planned development in this area required designation as a Development of Regional Impact and was found in the best interest of the state by the Atlanta Regional Commission and the Georgia Regional Transportation Authority in January 2009. The area will be rezoned following completion and approval of a Major Amendment to the City's Comprehensive Plan by the Georgia Department of Community Affairs. Approval of the Amendment is anticipated in the first quarter of 2010.

The second parcel was annexed in January 2008 and is located on the southeast side of the City within Coweta County. Of the 255 acres annexed, the planned use for a portion of the acreage located along US Interstate I-85 included 55 acres for light industrial and 30 acres for general commercial.

Major Initiatives

FOR THE YEAR

The City received State Local Assistance Road Program (L.A.R.P.) support and approximately 1000' of Phelps road east of the railroad overpass was resurfaced. The City maintained support for the increased staff and salary level within our police department. This maintains our ability to recruit and retain quality personnel and provide services to our community.

The City maintained support for the increased staff and salary level within our fire department. This maintains the level of service the City is able to provide. Advanced Life Support (ALS) trained personnel are available, at all times, to respond to calls for assistance.

Architectural renderings and plans have been prepared for the Train Depot and submitted to the Georgia Department of Transportation for approval. This restoration project was made possible thru a $750,000 federal grant and a $250,000 City match. We anticipate physical restoration of the depot will commence later this year. In February 2009, the City annexed 39 acres into the City. The property annexed is located in Coweta County. Most of the property will be used for construction of a new church.

A Livable Center Initiative (LCI) Project grant for $100,000, with a City match of $25,000, to provide community direction for historical downtown and associated communities on development guidelines, traffic, transportation and redevelopment opportunities was completed. The information captured in this effort will also be used as input for the development of the Major Amendment to the City's Comprehensive Plan.

Fulton County demolished the old school building on School Road and the City replaced the sanitary sewer lines on Thurman Street from Vine Street to the dead end. Funds for this project came from the Coweta County SPLOST account.

Our request for 2009-2011 CDBG funding was approved for construction of a sidewalk on Fayetteville Road from School Street to the Fulton County line. The approval was for $150,000 with the project expected to start in the second quarter of 2010.

FOR THE FUTURE

The City expects to receive assistance from the Local Assistance Road Program (L.A.R.P.) for the 2009-2010 fiscal year to resurface Carlton Road from 850' west of Highway 154 to Hutcheson Ferry Road.

Plans are still under way to upgrade the electrical system downtown between Church Street and Menefee Street. This project includes new utility poles, new pedestrian and roadway lighting and new black metal poles for traffic lights and crosswalk signals in the downtown area. The old wood poles will be replaced with metal ones and the traffic lights will hang from the pole arms. These funds will come from the Electric Enterprise Fund.

Pending a favorable outcome on the Fulton County Library Bond referendum, a new library is planned for Palmetto. The library will be located jus north of the Public Safety Complex on Highway 154.

Development of a Major Amendment to the City's Comprehensive Plan is in process and will be submitted to the Georgia Department of Community Affairs in 2010. The requirement for the amendment was triggered by the size of recent annexations and planned development of a parcel that was designated as "A Development of Regional Impact".

Upgrades to support customer growth are planned for the Green Springs and Palmetto Springs waste water pump stations and the Snow Fall force main.

Other Information

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Post & Associates, CPA's LLC was selected. The independent auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

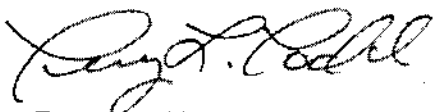
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmetto, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the seventeenth consecutive year that the City has received 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 satisfied both generally accepted accounting principals 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.

MD&A. Generally Accepted Accounting Principles require that management provide a narrative introduction, 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 designed to compliment MD&A and should be read in conjunction with it. The City of Palmetto's MD&A can be found immediately following the report of the independent auditors.

Acknowledgments. I would like to take this opportunity to express my appreciation to you, the Mayor and Council, for your guidance and support in the preparation of this report. I would also like to express my sincere appreciation to the City department heads for their assistance and cooperation during the year to effect a better accounting and reporting system for the City of Palmetto, for without this assistance and cooperation this report would not have been possible.

Respectfully submitted,



Terry L. Todd
City Administrator

October 8, 2009



CITY OF PALMETTO, GEORGIA

FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS



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Daniel L. Post, CPA
Daniel L. Post, Jr., CPA
Kenneth S. Neal, CPA
Joy C. Chandler, CPA
Samantha W. Maxwell, CPA
James C. Castle, CPA
Gale J. Rifice, CPA

Post & Associates CPA's

MEMBERS
American Institute of CPA's
Georgia Society of CPA's

ESTABLISHED 1968

Independent Auditors' Report

Honorable John O., Miller, Mayor
and Members of the City Council
City of Palmetto
Palmetto, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Georgia, as of and for the year ended June 30, 2009, which collectively comprise, in relation to coverage, the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Palmetto's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund position of the City of Palmetto, Georgia, as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary position of the of the General fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 8, 2009, on our consideration of the City of Palmetto, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, budgetary comparison information, and Capital Assets Used in the Operation of Governmental Funds on pages 18 through 24 and 60 through 62, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, combining and individual fund statement, Capital Project Fund Budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance, comparative Schedules of Revenues, Expenditures and Changes in Fund Net Assets for the Electric, Water and Sewer and Sanitary Funds Capital Asset Schedules, and Statistical Tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Palmetto, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tyrone, Georgia
October 8, 2009

Post & Associates, LLC - Certified Public Accountants
3475 Dallas Highway, Suite 125 • Marietta, Georgia 30064 • Office: (678) 290-5100 • Fax: (678) 290-3307
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Management's Discussion and Analysis

As management of the City of Palmetto, we offer readers of the City of Palmetto's financial statements this narrative overview and analysis of the financial activities of the City of Palmetto for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Palmetto exceeded its liabilities at the close of the fiscal year by $10,115,172 (net assets).

- The government's total net assets decreased by $80,203, primarily due to increased expenditures in the Police and Fire departments.

- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending fund balances of $799,194, an increase of $67,316 in comparison with the prior year.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $167,139.

- The City of Palmetto's total debt decreased by $196,727 during the current fiscal year. The key factor in this decrease was a reduction in indebtedness of revenue bonds payable and retainage payables for vendors resulting from water/sewer construction projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Palmetto's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Palmetto.

Required Components of Annual Financial Report

Basic Financial Statements

The first two statements (pages 26 & 27) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements (pages 28 - 36) are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statement; and 3) the proprietary funds statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Assets and the Statement of Activities are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gage the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, community services, and general administration. Property and other types of taxes and licenses and permits finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the electric, water and sewer and sanitation services offered by the City.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palmetto, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Palmetto can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These finds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year, Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Palmetto adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - City of Palmetto has three types of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Palmetto uses enterprise funds to account for its electric, water and sewer and sanitation operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a fill understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 37 - 54 of this report.

Government-Wide Financial Analysis

City of Palmetto, Georgia
Statement of Net Assets - Primary Government

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	$ 1,156,073	$ 3,847,459	$ 5,003,532	$ 891,878	$ 4,709,166	$ 5,601,044
Noncurrent Assets	-	405,748	405,748	-	432,798	432,798
Capital Assets - Net	2,275,090	16,364,153	18,639,243	2,304,120	15,987,491	18,291,611
Total Assets	$ 3,431,163	$ 20,617,360	$ 24,048,523	$ 3,195,998	$ 21,129,455	$ 24,325,453
Current Liabilities	$ 204,639	$ 967,349	$ 1,171,988	$ 86,304	$ 458,237	$ 544,541
Retainage Payable	-	-	-	-	28,567	28,567
Accrued Bond Interest	-	178,184	178,184	-	183,791	183,791
Revenue Bonds Payable	-	8,765,000	8,765,000	-	9,555,000	9,555,000
Total Liabilities	204,639	9,910,533	10,115,172	86,304	10,225,595	10,311,899
Invested in Capital Assets, Net of Related Debt	$ 2,275,090	$ 7,599,153	$ 9,874,243	$ 2,304,120	$ 6,432,491	$8,736,611
Unrestricted	951,434	3,107,674	4,059,108	805,574	4,471,369	5,276,943
Total Net Assets	$ 3,226,524	$ 10,706,827	$ 13,933,351	$ 3,109,694	$ 10,903,860	$ 14,013,554

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The total assets of the City of Palmetto exceeded total liabilities by $13,933,348 as of June 30, 2009. The City's net assets decreased by $80,203 for the fiscal year ended June 30, 2009. This decrease was primarily due to decreased interest revenues of $90,096 in all funds (reduced bank interest rates) and increased expenses of $654,388 in the Public Safety Departments (mainly due to addition of staff in both the Police and Fire

Departments) offset by decreased expenses in the Streets and Special Services Departments and increased Ad Valorem tax revenues of $494,459.

The largest portion of assets is the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Palmetto uses these capital assets to provide services to citizens and, therefore, these assets are not available for future spending. No portion of the city of Palmetto's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets $4,459,108 may be used to meet the government's ongoing obligations to citizens and creditors.

City of Palmetto
Changes in Net Assets - Primary Government

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	$ 1,039,263	$ 4,922,652	$ 5,961,915	$ 618,601	$ 4,817,537	$5,436,138
Operating Grants and Contributions	18,283	-	18,283	30,589	-	30,589
General Revenues:						
Property Taxes	983,957	-	983,957	489,390	-	489,390
Other Taxes	1,402,874	-	1,402,874	1,441,939	-	1,441,939
Other	38,526	13,930	52,456	87,747	55,952	143,699
Total Revenues	$ 3,482.903	$ 4,936,582	$ 8,419,485	$ 2,668,266	$ 4,873,489	$ 7,541,755
Expenses:						
General Government	$ 931,951	-	$ 931,951	$ 750,063	$ -	$ 750,063
Public Safety	2,624,122	-	2,624,122	1,969,734	-	1,969,734
Street	415,722	-	415,722	467,539	-	467,539
Special Services	94,278	-	94,278	116,011	-	116,011
Electric	-	2,576,265	2,576,265	-	2,851,614	2,851,614
Water and Sewer	-	1,561,412	1,561,412	-	1,744,986	1,744,986
Sanitation	-	295,938	295,938	-	282,535	282,535
Total Expenses	$ 4,066,073	$ 4,433,615	$ 8,499,688	$ 3,303,347	$ 4,879,135	$ 8,182.482
Transfers	$ 700,000	$ (700,000)	-	$ 800,000	$ (800,000)	-
Increase in Net Assets	$ 116,830	$ (197,033)	$ (80,203)	$ 164,919	$ (805,646)	$ (640,727)
Net Assets, July 1, 2008	$ 3,109,694	$ 10,903,860	$ 14,013,554	$ 2,944,775	$ 11,709,496	$ 14,654,271

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Net Assets, June 30, 2008	$ 3,226,524	$ 10,706,827	$ 13,933,351	$ 3,109,694	$ 10,903,850	$ 14,013,544

Governmental activities: Governmental activities increased the City's net assets by $116,830. This increase resulted from increased revenues in Ad Valorem taxes of $484,459, Police Fines and Forfeitures of $271,623, Federal and State Confiscations of $200,191, and a transfer of $700,000 from the Electric Department offset by increased expenses of $654,388 in the Public Safety Departments and decreased interest income and Local Option Sales Tax revenues.

Business-type activities: Business-type activities decreased the City of Palmetto's net assets by $197,033. This increase was primarily due to a transfer of $700,000 from the Electric Fund to the General Fund.

Financial Analysis of the City's Funds

As noted earlier, the City of Palmetto uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Palmetto's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Palmetto's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Palmetto. At the end of the current fiscal year, unreserved fund balance of the General Fund was $167,139, while total fund balance reached $308,888. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.35% of total General Fund expenditures while total fund balance represents 8.06% of that same amount.

At June 30, 2009, the governmental funds of City of Palmetto reported a combined find balance of $799,194, a 9.20% increase over last year. The major reason for the increase in the fund balance over the previous year were due to a transfer of $700,000 from the Electric fund to the General Fund offset by increased expenditures in the Police and Fire departments resulting from the hiring of an in-house staff further offset by increased Ad Valorem Tax, Police Fine and Forfeiture, and Drug Confiscation revenues.

General Fund Budgetary Highlights: During the fiscal year, the City revised its budget outside of the departmental level. In doing so, the Administrative Department transferred $9,441 to the Police Department, $18,029 to the Streets Department and $19,052 to Community Services. The Police Department transferred $12,600 to the Administrative Department. The Fire Department transferred $18,300 to the Administrative Department. Community Services transferred $9,800 to the Administrative Department. The Electric Department transferred $8,100 to the Administrative Department. Generally, budget amendments fall into one of three categories; 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Tax revenues were higher than the budgeted amounts primarily because ad valorem taxes were greater than anticipated. License and permit fees results were $34,508 higher than the budgeted amount due to a substantial increase in roofing permits. Police fine and forfeiture revenues were $262,377 higher than budget due to the police department installation of radar equipment which was not anticipated during the budgeting process. Intergovernmental revenues were $856,433 less than budgeted due to the deferment of the State Grant Tea Project ($750,000) and a reduction in the Fulton County CDBG Project. Expenditures were held in check with solid fiscal management to compensate for the lack of revenues and the City was able to comply with its budgetary requirements. Administrative Department legal service expense was $25,036 below the budgeted amount and inspection fee expense was $21,358 below its budgeted amount. Gas and oil expenses in the Police Department were $33,508 below budget. Repair and maintenance expenses in the Streets department were $59,776 below its budget. Capital outlays for remodeling the old train depot were $925,736 under the budgeted amount of $1,000,000 due to a delayed project start.

Proprietary Funds. The City of Palmetto's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Electric Fund at the end of the fiscal year amounted to $2,010,608 This represents an increase of $176,684 over the previous year which is primarily due to an increase in summer electric rates. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to $1,005,481. This represents a decrease of $1,259,279 under the previous year which is primarily due to a decrease of water and sewer tap revenue of $296,450, an increase of $59,042 in depreciation expense and an increase in investment of Capital Assets of $1,163,515 over the previous year. Unrestricted net assets of the Sanitation Fund at the end of the fiscal year amounted to $91,585, an increase of $15,667 which is due to increased sanitation revenues offset by smaller increases in operating costs over the previous year. The total Electric Fund net assets amounted to $3,647,368, a decrease of $59,455 under the previous year. The total Water and Sewer net assets amounted to $6,967,854, a decrease of $153,245 under the previous year. The total Sanitation Fund net assets amounted to $91,585, an increase of $15,667 over the previous year. The total decrease in the proprietary funds net assets for the year is $197,033 or a 1.81% decrease from June 30, 2008. The major reasons for this change in net assets was due to increased depreciation expenses and a transfer of $700,000 to the General Fund offset by increases in electric revenues due to a rate increase.

Capital Asset and Debt Administration

Capital assets. The City of Palmetto's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totals $18,639,243 (net of accumulated depreciation). These assets include land, buildings and improvements, utility systems, vehicles and equipment, and infrastructure.

Additional information on the City's capital assets can be found in Note 5 pages 45 & 46 of the Basic Financial Statements.

City of Palmetto's Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	$ 291,180	$ 6,667	$ 297,847
Construction In Progress	-	409,657	409,657
Buildings and Improvements	935,770	32,941	968,711
System	-	15,829,254	15,829,254
Vehicles, Equipment and Furniture	332,014	85,634	417,648

Infrastructure	716,126	-	716,126
Total	$ 2,275,090	$ 16,364,153	$ 18,639,243

Long-term Debt. As of June 30, 2009 the City of Palmetto had long term bonded debt outstanding of $9,165,000 resulting from the issuance of a Combined Public Utility Revenue Bond series 2005 to be repaid by the City commencing July 1, 2008 with the final payment due July 1, 2025.See note 5D on pages 46-47.

The City of Palmetto's total debt decreased by $196,727 during the past fiscal year.

Georgia general statutes limit the amount of general obligation debt that a unit of government can issue to 10 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Palmetto is $14,777,974

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 45 & 46 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City.

- Continued growth in the tax base projected due to proximity of the City of Atlanta.
- Opening of new businesses proceeds at a positive rate, which creates new service jobs in the area.
- In September 2008, the residents of Palmetto celebrated the City's 154th Anniversary. This event evidences the City's reputation as the "friendly City".

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: Taxes (benefitting from limited economic growth) are expected to lead the increase in budgeted tax revenue by .0095.% to $2,163,250. The City will use these modest increases in revenues to finance programs currently in place. Licenses and permit budgeted revenues are expected to decrease by 42.08% to $33,300 due to the slumping housing market.

Budgeted expenditures in the General Fund are expected to decrease 5.10% to $5,158,327. The largest budgeted decreases are in the Special Services Department where the fiscal responsibility for the operation of the Senior Center was assumed by Fulton County government and the budgeted capital expenditures for the remodeling of the Train Depot (financed by a 75% grant) was reduced due to the amount of work that has already been completed. The remaining departments, which include Police, Fire, Streets and Administrative budgeted expenses have been reduced by an average of 2-3 %..

Business - type Activities: The budgeted revenues of the business-type activities in the City are estimated to increase by $366,001 to $5,337,435 or an increase of 7.38% from the prior year..Budgeted expenditures are estimated to decrease by $649,979 to $6,495,338 or an decrease of 8.76%. The major portion of the budgeted revenues increases are anticipated in the Electric Department due to increased electric summer rates and a new power cost adjustment surcharge The major portion of the budgeted expenditure decreases are anticipated due to the substantial reduction in repairs to the sewer distribution system.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the City Administrator, City of Palmetto, P.O. Box 190, Palmetto, GA 30268.

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and In Banks	$ 567,675	$ 2,938,636	$ 3,506,311
Certificates of Deposit	-	89,723	89,723
Ad Valorem Taxes Receivable	217,486	-	217,486
Local Option Sales Taxes Receivable	81,368	-	81,368
Community Development Block Grant	24,834	-	24,834
Alcoholic Beverage Taxes Receivable	9,552	-	9,552
Franchise Taxes Receivable	23,327	-	23,327
Police Fines Receivable	86,499	-	86,499
Interfund Receivable	3,583	-	3,583
Prepaid Assets	104,437	59,301	163,738
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	468,527	468,527
Other Receivables	-	8,358	8,358
Inventories	37,312	282,914	320,226
Total Current Assets	1,156,073	3,847,459	5,003,532
Non-Current Assets:			
Deferred Charges	-	405,748	405,748
Capital Assets not being depreciated			
Land and Improvements	291,180	6,667	297,847
Construction In Progress	-	409,657	409,657
Capital Assets being depreciated			
Capital Assets (net of Accumulated Depreciation)	1,983,910	15,947,829	17,931,739
Total Non-current Assets	2,275,090	16,769,901	19,044,991
Total Assets	$ 3,431,163	$ 20,617,360	$ 24,048,523
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	$ 7,063	$ 252,977	$ 260,040
Sales Tax Payable	-	17,807	17,807
Interfund Payable	-	3,583	3,583
Accrued Salaries and Payroll Taxes	185,613	60,064	245,677
Utility Deposits	-	232,918	232,918
Inspector Deposit-Developments	11,963	-	11,963
Revenue Bonds Payable	-	400,000	400,000
Total Current Liabilities (Payable from Current Assets):	204,639	967,349	1,171,988
Current Liabilities Payable from Restricted Assets:			
Accrued Bond Interest Payable	-	178,184	178,184
Total Current Liabilities Payable from Restricted Assets:	-	178,184	178,184
Noncurrent Liabilities			
Revenue Bonds Payable	-	8,765,000	8,765,000
Total Liabilities	204,639	9,910,533	10,115,172
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,275,090	7,599,153	9,874,243
Unrestricted	951,434	3,107,674	4,059,108
Total Net Assets	$ 3,226,524	$ 10,706,827	$ 13,933,351

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary Government							
Governmental activities:							
General Government	$ 931,951	$ 92,008	$ 18,283	$ -	$ (821,660)	$ -	$ (821,660)
Public Safety	2,624,123	542,437	-	-	(2,081,686)	-	(2,081,686)
Street	415,722	404,818	-	-	(10,904)	-	(10,904)
Special Services	94,278	-	-	-	(94,278)	-	(94,278)
Total governmental activities	4,066,074	1,039,263	18,283	-	(3,008,528)	-	(3,008,528)
Business activities:							
Electric Utilities	2,576,265	3,214,458	-	-	-	638,193	638,193
Water and Sewer Utilities	1,561,412	1,396,589	-	-	-	(164,823)	(164,823)
Sanitation Utilities	295,938	311,605	-	-	-	15,667	15,667
Total Business-type Activities	4,433,615	4,922,652	-	-	-	489,037	489,037
Total primary government	$ 8,499,689	$ 5,961,915	$ 18,283	$ -	(3,008,528)	489,037	(2,519,491)
General Revenues:							
Local Option Sales Tax					973,849	-	973,849
Ad Valorem Tax					983,957	-	983,957
Motor Vehicle Tax					42,108	-	42,108
Franchise Tax					84,979	-	84,979
Insurance Premium Tax					190,292	-	190,292
Beer/Wine/Liquor Tax					96,162	-	96,162
Financial Institutions Tax					7,947	-	7,947
Transfer Tax					1,280	-	1,280
Intangible Tax					6,257	-	6,257
Interest Income					15,266	13,930	29,196
Miscellaneous					23,260	-	23,260
Transfers					700,000	(700,000)	-
Total General Revenues and Transfers					3,125,357	(686,070)	2,439,287
Change in Net Assets					116,829	(197,033)	(80,204)
Net Assets Beginning					3,109,695	10,903,860	14,013,555
Net Assets Ending					$ 3,226,524	$ 10,706,827	$ 13,933,351

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash on Hand and In Banks	$ 97,957	$ 469,718	$ 567,675
Ad Valorem Taxes Receivable	217,486	-	217,486
Local Option Sales Taxes Receivable	64,363	17,005	81,368
Interfund Receivable	-	3,583	3,583
Community Development Block Grant	24,834	-	24,834
Alcoholic Beverage Taxes Receivable	9,552	-	9,552
Franchise Taxes Receivable	23,327	-	23,327
Police Fines Receivable	86,499	-	86,499
Prepaid Items	104,437	-	104,437
Inventories	37,312	-	37,312
Total Assets	$ 665,767	$ 490,306	$ 1,156,073
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 7,063	$ -	$ 7,063
Accrued Salaries and Taxes Payable	115,158	-	115,158
Inspector Deposit - Developments	11,963	-	11,963
Deferred Ad Valorem Tax Revenue	152,240	-	152,240
Total Liabilities	286,424	-	286,424
Fund Balance			
Reserved for Prepaid Items and Inventories	141,749	-	141,749
Reserved for SPLITS Capital Projects	-	290,105	290,105
Unreserved	237,594	200,201	437,795
Total Fund Balance	379,343	490,306	869,649
Total Liabilities and Fund Balance	$ 665,767	$ 490,306	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets of $ 4,125,755 net of accumulated depreciation of $1,850,665 are not financial resources and, therefore, are not reported in the funds.			2,275,090
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(70,455)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.			152,240
Net Assets of Governmental Activities			$ 3,226,524

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	General	Other Governmental Funds	Total
Revenues:			
Taxes:			
Local Option Sales Tax	$ 841,714	$ 132,135	$ 973,849
Ad Valorem Tax	880,401	-	880,401
Penalties/Interest on Delinquent Taxes	25,012	-	25,012
Motor Vehicle Tax	42,108	-	42,108
Franchise Tax	84,979	-	84,979
Insurance Premium Tax	190,292	-	190,292
Beer, Wine, Liquor Tax	96,162	-	96,162
Financial Institutions Tax	7,947	-	7,947
Transfer Taxes	1,280	-	1,280
Intangibles Taxes	6,257	-	6,257
Total Taxes	2,176,152	132,135	2,308,287
Licenses and Permits:			
Business Licenses	52,840	-	52,840
Building & Other Permits	39,168	-	39,168
Total Licenses and Permits	92,008	-	92,008
Intergovernmental Revenues:			
Federal and State Confiscations	-	200,191	200,191
Federal and State Grants	18,283	-	18,283
Total Intergovernmental Revenues	18,283	200,191	218,474
Fines and Forfeitures:			
Police Department	342,246	-	342,246
Miscellaneous:			
Landfill Tipping Fees	404,818	-	404,818
Community Center	1,850	-	1,850
Cemetery Lot Sales	1,800	-	1,800
Interest Income	12,211	2,584	14,795
Other Miscellaneous	20,081	-	20,081
Total Miscellaneous	440,760	2,584	443,344
Total Revenues	$ 3,069,449	$ 334,910	$ 3,404,359

Continued on the next page.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	General	Other Governmental Funds	Totals
Expenditures:			
Current:			
Administrative	$ 699,644	$ 200,928	$ 900,572
Police	1,411,028	-	1,411,028
Fire Department	1,042,772	-	1,042,772
Street	375,452	-	375,452
Special Services	58,042	-	58,042
Total Current Expenditures	3,586,938	200,928	3,787,866
Capital Outlay:			
Administrative	18,624	-	18,624
Police	47,523	-	47,523
Fire Department	20,728	-	20,728
Street	17,584	-	17,584
Special Services	74,264	-	74,264
Total Capital Outlay	178,723	-	178,723
Total Expenditures	3,765,661	200,928	3,966,589
Excess (Deficit) of Revenues Over Expenditures Before	(696,212)	133,982	(562,230)
Other Financing Sources (Uses)			
Loss on Capital Asset Disposition			
Transfers in	700,000	-	700,000
Net Change in Fund Balance	3,788	133,982	137,770
Fund Balance at Beginning of Year	375,553	356,324	731,877
Fund Balance at End of Year	$ 379,341	$ 490,306	

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

Net change in fund balances - total governmental funds:	$	137,770
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of $207,752 exceeded capital outlays of $178,722 in the current period.		(29,030)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(70,455)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		78,544
Change in Net Assets of Government Activities	$	116,829

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2009

	Budget			Variance-Positive (Negative)
	Original	Revised	Actual	
Revenues:				
Taxes	$ 1,975,500	$ 1,975,500	$ 2,176,152	$ 200,652
Licenses and Permits	57,500	57,500	92,008	34,508
Intergovernmental Revenues	874,716	874,716	18,283	(856,433)
Fines and Forfeitures	80,000	80,000	342,246	262,246
Miscellaneous Revenue	574,400	574,400	440,760	(133,640)
Total Revenues	3,562,116	3,562,116	3,069,449	(492,667)
Expenditures:				
Administrative	957,101	854,150	699,644	154,506
Police Department	1,466,279	1,468,020	1,411,028	56,992
Fire Department	1,116,294	1,097,903	1,042,772	55,131
Street Department	448,801	453,130	375,452	77,678
Special Services	119,699	121,637	58,042	63,595
Capital Outlay	1,309,750	1,309,750	178,723	1,131,027
Total Expenditures	5,417,924	5,304,590	3,765,661	1,538,929
Excess (Deficiency) of Revenues over Expenditures	(1,855,808)	(1,742,474)	(696,212)	1,046,262
Other Financing Sources (Uses)				
Transfers in	-	700,000	700,000	-
Net Change in Fund Balance	(1,855,808)	(1,042,474)	3,788	1,046,262
Fund Balance at Beginning of Year	527,459	365,302	375,553	-
Fund Balance at End of Year	$ (1,328,349)	$ (677,172)	$ 379,341	$ 1,046,262

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2009

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
ASSETS				
Current Assets:				
Cash in Banks	$ 1,829,279	$ 1,030,317	$ 79,040	$ 2,938,636
Certificates of Deposit	89,723	-	-	89,723
Prepaid Expenses	27,533	31,768	-	59,301
Utility Accounts Receivable (Net of Allowance for Collectibles)	315,539	115,624	37,364	468,527
Other Receivables	8,358	-	-	8,358
Inventories	211,757	71,157	-	282,914
Total Current Assets	2,482,189	1,248,866	116,404	3,847,459
Noncurrent Assets:				
Deferred Charges	-	405,748	-	405,748
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	409,657	-	409,657
Capital Assets Being Depreciated:				
Buildings	62,132	-	-	62,132
Utility Distribution System	2,159,773	16,573,868	-	18,733,641
Water Tanks	-	151,770	-	151,770
Vehicles and Equipment	329,365	130,362	-	459,727
Total	2,557,937	17,265,657	-	19,823,594
Less: Accumulated Depreciation	(921,157)	(2,538,284)	-	(3,459,441)
Total Capital Assets	1,636,780	14,727,373	-	16,364,153
Total Noncurrent Assets	1,636,780	15,133,121	-	16,769,901
Total Assets	$ 4,118,969	$ 16,381,987	$ 116,404	$ 20,617,360
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	$ 201,417	$ 26,741	$ 24,819	$ 252,977
Sales Tax Payable	17,807	-	-	17,807
Interfund Payable to SPLOST Fund	-	3,583	-	3,583
Accrued Liabilities and Payroll Taxes	30,951	29,113	-	60,064
Utility Deposits	221,406	11,512	-	232,918
Revenue Bonds Payable	-	400,000	-	400,000
Total Current Liabilities (Payable from Current Assets):	471,581	470,949	24,819	967,349
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	178,184	-	178,184
Total Current Liabilities (Payable from Restricted Assets	-	178,184	-	178,184
Total Current Liabilities	-	649,133	-	1,145,533
Noncurrent Liabilites				
Revenue Bonds Payable	-	8,765,000	-	8,765,000
Total Liabilities	471,581	9,414,133	24,819	9,910,533
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,636,780	5,962,373	-	7,599,153
Unrestricted	2,010,608	1,005,481	91,585	3,107,674
Total Net Assets	$ 3,647,388	$ 6,967,854	$ 91,585	$ 10,706,827

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2009

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Sales of Utilities	$ 3,081,690	$ 1,324,661	$ -	$ 4,406,351
Sanitation Charges	-	-	298,368	298,368
Water and Sewer Taps	-	29,200	-	29,200
Penalties	92,256	41,539	11,312	145,107
Service, Cut on, and Permit Fees	37,538	-	-	37,538
Miscellaneous	2,974	1,189	1,925	6,088
Total Operating Revenue	3,214,458	1,396,589	311,605	4,922,652
Operating Expenses:				
Purchase of Utilities	2,003,875	24,414	-	2,028,289
Sewer Treatment	-	252,383	-	252,383
Salaries	249,213	250,303	-	499,516
Payroll Taxes	18,631	18,953	-	37,584
Retirement	24,739	23,193	-	47,932
Insurance (Group)	77,624	98,244	-	175,868
Training	8,059	2,105	-	10,164
Uniforms	3,708	2,615	-	6,323
Postage	845	-	-	845
Insurance - Vehicles and Equipment	5,427	617	-	6,044
Insurance - Other	-	10,512	-	10,512
Georgia Public Web	6,087	-	-	6,087
Professional Fees	46,537	126,212	-	172,749
Miscellaneous Administrative Expenses	1,779	12,218	-	13,997
Office Supplies	531	84	-	615
Depreciation Expense	58,397	342,174	-	400,571
Contracted Services	-	-	292,997	292,997
Repairs and Maintenance:				
Buildings	4,635	1,846	-	6,481
Distribution System	8,048	159,661	-	167,709
Equipment	1,768	1,481	-	3,249
Vehicles	10,728	751	-	11,479
Gas and Oil	8,263	7,779	-	16,042
Supplies	7,694	43,264	-	50,958
Equipment Rental	-	37,148	-	37,148
Bad Debt Expense	25,279	14,775	2,941	42,995
Telephone	3,408	9,905	-	13,313
Utilities	532	92,423	-	92,955
Miscellaneous Operating Expense	458	1,302	-	1,760
Total Operating Expenses	2,576,265	1,534,362	295,938	4,406,565
Operating Income	638,193	(137,773)	15,667	516,087

Continued on the next page

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2009

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Nonoperating Revenues (Expenses):				
Interest on Investments	2,352	11,578	-	13,930
Amortization Expense	-	(27,050)	-	(27,050)
Total Nonoperating Revenues (Expenses)	2,352	(15,472)	-	(13,120)
Transfers In (Out)	(700,000)	-	-	(700,000)
Change in Net Assets	(59,455)	(153,245)	15,667	(197,033)
Net Assets, Beginning of Year	3,706,843	7,121,099	75,918	10,903,860
Net Assets, End of Year	$ 3,647,388	$ 6,967,854	$ 91,585	$ 10,706,827

The accompanying notes are an integral part of these financial statements.

CITY OF PALMETTO, GEORGIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2009

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	$ 3,077,925	$ 1,427,708	$ 300,858	$ 4,806,491
Payments to Suppliers	(2,208,947)	(939,271)	(294,702)	(3,442,920)
Payments to Employees	(252,797)	(250,868)	-	(503,665)
Net Cash Provided by (Used in) Operating Activities	616,181	237,569	6,156	859,906
Cash Flows from Non-Capital Financing Activities:				
Retainage Cash Accounts Disbursements	-	(28,567)	-	(28,567)
Receipt of Fulton County Receivable	-	190,791	-	190,791
Transferred to Other Funds	(700,000)	-	-	(700,000)
	(700,000)	162,224	-	(537,776)
Cash Flows from Capital and Related Financing Activities:				
Additions to Property, Plant and Equipment	(44,452)	(1,068,346)	-	(1,112,798)
Net Cash Flows from Capital and Related Financing Activities	(44,452)	(1,068,346)	-	(1,112,798)
Cash Flows From Investing Activities:				
Income on Investments and Interest Bearing Accounts	3,067	11,578	-	14,645
Net Cash From Investing Activities	3,067	11,578	-	14,645
Net Increase (Decrease) in Cash	(125,204)	(656,975)	6,156	(938,247)
Cash at Beginning of Year	2,044,206	1,687,292	72,884	3,804,382
Cash at End of Year	$ 1,919,002	$ 1,030,317	$ 79,040	$ 3,028,359
Classified As:				
Cash on Hand and in Banks	1,829,279	1,030,317	79,040	2,938,636
Certificates of Deposit	89,723	-	-	89,723
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	638,193	(137,773)	15,667	516,087
Adjustments Not Affecting Cash:				
Depreciation	58,397	342,174	-	400,571
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(118,653)	31,744	(10,747)	(97,656)
(Increase) Decrease in Inventory	(409)	(2,565)	-	(2,974)
(Increase) Decrease in Prepaid Expenses	(2,966)	(28,741)	-	(31,707)
Increase (Decrease) in Accounts Payable	44,452	16,379	1,236	62,067
Increase (Decrease) in Accrued Liabilities	15,047	16,976	-	32,023
Increase (Decrease) in Utility Deposits	(17,880)	(625)	-	(18,505)
Total Adjustments	(22,012)	375,342	(9,511)	343,819
Net Cash Provided by (Used in) Operating Activities	$ 616,181	$ 237,569	$ 6,156	$ 859,906

The accompanying notes are an integral part of these financial statements.

(1) Scope of Reporting Entity

The City of Palmetto was incorporated on February 18, 1854, under the provisions of an Act of the General Assembly of Georgia. The City operates under the Mayor and Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, electricity, water and sewer, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City considered all potential component units for inclusion in these financial statements because of significant operational or financial relationships, as required by accounting principles generally accepted in the United States of America. For the year ended June 30, 2009, the City has no component units.

(2) Summary of Significant Accounting Policies

The accounting policies of The City of Palmetto conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City applies all applicable FASB pronouncements issued on or after November 30, 1989 in accounting and reporting for its proprietary operations, unless they conflict with GASB guidance.

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

All governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes, franchise taxes, licenses, charges for services and investment income associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred. 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 judgements, are recorded only when payment is due.

Sales taxes collected and held by the State at year end on behalf of the City also are recognized as revenue. Fines, permits and fees revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

> The **General Fund** is the government'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 **Capital Projects Fund** is used to account for Local Option Sales Tax (L.O.S.T.) that was approved by a voter referendum in November 1992. This is an extra one percent sales tax to be used to provide street repair and road paving for areas located in Coweta County.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed, or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The government reports the following proprietary funds:

The **Electric Fund** accounts for the activities of the City's electric distributions operations.

The **Water and Sewer Fund** accounts for the activities of the City's water and sewer services.

The **Sanitation Fund** accounts for the activities of the City's sanitation services.

Amounts reported as program revenues include 1) Charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions.

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 connection with the principal ongoing operations of the proprietary fund. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The investments of the City consist of bank certificates of deposit and are stated at cost which is equal to fair value. Accrued interest receivable on these investments is shown separately.

2. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The tax digest for the calendar year is compiled by Fulton and Coweta County and is presented to the City by the first of September and the tax levy date for setting the tax millage rate for the calendar year was approved on October 6, 2008 . The digest is reviewed by the City and tax bills are mailed by November 1st of each year and due on or before December 31st. The City may place liens for any and all debts after the due date.

3. Inventories and Prepaid Items

Inventories of supplies and materials are valued at cost using the first-in, first-out method of accounting. Reported inventories in the General Fund are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The consumption method is used to account for inventories within the governmental funds and proprietary funds.

Prepaid items are amortized over their useful lives, generally one year. The current balance represents insurance costs paid for the year ended June 30, 2009. Reported prepaid items in the General Fund are equally offset by a

fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

It is the City's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $250 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	30
Building Improvements	15
Vehicles	5-10
Office Equipment	5-7
Computer Equipment	5
Furniture	10
Water Distribution System	50
Infrastructure	30

5. Compensated Absences

The City provides vacation and sick leave benefits to all eligible employees and permits an accumulation of a maximum of twenty (20) days of vacation. The City, however, does not recognize unused sick pay as a liability, because it does not meet the criteria for accrual. The cost of vacation and sick pay benefits exercised during the current year have been included in the expenditures/expenses of the statements. Provision has been made for accumulated (accrued) vacation-pay benefits and it is included in the Government-wide Statement of Net Assets. The liability for compensated vacation benefits was $115,158 compared to $60,182 in the previous year which represents a increase of $33,295.

6. Long-term Obligations

In the Government-wide financial statements and proprietary fund types in the fund financial statements long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discount, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. As of June 30, 2009 the City had outstanding bonds of $9,165,000 resulting from the issuance of a Combined Public Utility Revenue Bond, Series 2005 on March 9, 2006.

7. Fund Equity

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

8. Comparative Data/Reclassifications

Comparative total data for the prior years have been presented only for individual enterprise funds in the financial statements in order to provide and understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

(3) Reconciliation of Government-wide and Fund Financial Statements.

Explanation of certain differences between governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this ($29,030) difference are as follows:

Capital outlay	$178,722
Depreciation expense	(207,752)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities.	($29,030)

Another element of that reconciliation states that "Deferred ad valorem taxes are not available to pay current period expenditures, and therefore are deferred in the funds." The detail of this $78,544 difference is as follows:

Deferred ad valorem taxes-Current Year	$152,240
Deferred ad valorem taxes-Prior Year	(73,696)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities.	$78,544

(4) Stewardship, Compliance, and Accountability

A. Budgetary Information

The City of Palmetto is legally required to adopt annual budgets for all funds. Budgets are presented by the City Administrator prior to June 1 for the fiscal year commencing the following July 1. Budgets for the General and Special Revenue Funds are prepared using the modified accrual basis of accounting, while budgets for the Enterprise Funds are prepared on the accrual basis. Public hearings are conducted to obtain taxpayer comments. The budgets are then legally enacted through passage of an ordinance by the City Council. The government's department heads may make transfers of appropriations within departmental accounts of a specific fund. Transfers of appropriations between departments require the approval of the council. The approval of City Council is also necessary for budget revisions over $5,000 that alter the total expenditures of any fund or account within a fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed for debt service monies because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgeted amounts are as originally adopted, or as amended by the City Council. All appropriations lapse at the end of the fiscal year on June 30. During the fiscal year, the City revised its budget outside of the departmental level. In doing so, the Administrative Department transferred $9,441 to the Police Department,$18,029 to the Streets Department and $19,052 to the Special Services Department. The Police Department transferred $12,600 to the Administrative Department. The Fire Department transferred $18,300 to the Administrative Department. Special Services Department transferred $9,800 to the Administrative Department. The Electric Department transferred $8,100 to the Administrative Department.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Palmetto because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

(5) Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash" and "Investments" under each fund's caption. Except for bond related transactions, the City conducts all its banking and investment transactions with its depository bank. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and other short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the proprietary fund statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The City's deposits at year end were carrying an amount of $3,506,311 and a bank balance of $4,025,190. Of the bank balance, $1,042,066 was covered by federal depository insurance and $2,983,124 was covered by collateral held in the pledging bank's trust department in the City's name. There were no deposits uninsured or uncollaterialized at June 30, 2009.

The Electric Fund invested in a Certificate of Deposit in the amount of $89,723. The interest rate fluctuates with market as it is automatically renewed every twelve months. The interest rate for the certificate maturing July 6, 2009 was 2.47%. Interest is received by the City monthly. This investment is collateralized with securities held in the pledging bank's trust department in the City's name.

State statutes require all deposits to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities authorized by the state. State statutes allow investments in obligations of the U.S. Government and its agencies, bonds and certificates of indebtedness of the state of Georgia and its agencies, and certificates of deposits of banks and savings and loan associations which have their deposits insured.

In accordance with the City's Cash and Investment Policies, safety of principal is the foremost objective of the investment program. As a result, credit risk and investment risk are aggressively mitigated. To the extent possible, the City shall attempt to match investments with anticipated cash flow requirements.

Maturity	Fair Value	Percent of Total Investment
Ninety Days or Less	$3,506,311	100.00%

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of bank failure, the governments deposits may not be returned to it.

As a means of limiting exposure to credit risk, the risk of loss due to failure of the security issuer or backer, the City limits investments to obligations of the U. S. Government or obligations explicitly guaranteed by the U. S. Government and those deposit-type items which can be collateralized at 110% of the face value. Accordingly, $2,079,972 is currently invested in Royal Bank of Canada Money Market accounts, which are fully insured and

collateralized. Since these have a maturity of ninety days or less, they are considered to be a cash equivalent. Custodial credit risk, that is the risk associated with unsecured deposits, uninsured securities, or securities not registered in the City's name is managed in accordance with the City's policy through a safekeeping agreement with an external party. All investments as of June 30, 2009 were held in the City's name by the contracted custodial agent, with the exception of the certificates of deposits which were held by the City in the City's name.

Through the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, the City reduces exposure to interest rate risk. Interest rate risk, the risk that the market value of securities in the portfolio will fall due to changes in general interest rates is also managed through the City's objective to hold investments until maturity, meaning the yield received is greater than funds that are not invested due to an anticipated improvement of economic conditions. Additionally, interest rate risk is substantially reduced through investing totally in only short term money market accounts.

B. Receivables

Most revenues of the governmental funds are considered "measurable" only when in the hands of the collecting agency and are recorded as revenue when received except for the following items for which receivables have been recorded:

1. Property taxes collected within 60 days after the end of the fiscal year.

2. Local option sales taxes received from the State of Georgia in July.

3. Amounts due from the State of Georgia Department of Transportation for work contracted by them and completed as of June 30.

4. Other miscellaneous receivables recorded for grants and certain other revenue which were received in July.

The City provides electric service, water and sewer service and sanitation (garbage) service to residents on a user charge basis. Billings are made monthly and include all three services (if applicable). Utility accounts receivable include all billed services rendered. The allowance for uncollectible accounts on each of the utilities is determined based upon current experience of collections. As of June 30, 2009 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	$ 416,277	$ 100,738	$ 315,539
Water & Sewer	162,331	46,707	115,624
Sanitation	47,243	9,879	37,364
Total	$ 625,851	$ 157,324	$ 468,527

C. Capital Assets

Governmental activities as of June 30, 2009:

Asset Class	Balance 7/01/08	Increases	Decreases	Balance 6/30/09
Capital assets not being depreciated:				
Land	$ 291,180	$ -	$ -	$ 291,180
Capital assets being depreciated:				
Building	1,494,763	79,964	-	1,574,727
Furniture	81,096	6,119	-	87,215
Machinery, Equipment & Vehicles	1,201,535	76,188	62,028	1,215,695
Infrastructure	940,487	16,451	-	956,938
Total capital assets being depreciated	3,717,881	178,722	62,028	3,834,575
Less accumulated depreciation for:				
Buildings	(570,335)	(68,622)	-	(638,957)
Furniture	(65,465)	(4,544)	-	(70,009)
Machinery, Equipment & Vehicles	(861,775)	(101,140)	62,028	(900,887)
Infrastructure	(207,366)	(33,446)	-	(240,812)
Total accumulated depreciation	(1,704,941)	(207,752)	62,028	(1,850,665)
Total capital assets being depreciated, net	2,012,940	(29,030)	-	1,983,910
Government activities capital assets, net	$ 2,304,120	$ (29,030)	-	$ 2,275,090

Business-type activities as of June 30, 2009:

Asset Class	Balance 7/01/08	Increases	Decreases	Balance 6/30/09
Capital assets not being depreciated:				
Land	$ 6,667	$ -	$ -	$ 6,667
Construction In Progress	-	409,657	-	409,657
Capital assets being depreciated:				
Buildings	62,132	-	-	62,132
Machinery, Equipment & Vehicles	474,905	2,322	17,500	459,727
Distribution System	18,520,157	365,254	-	18,885,411
Total capital assets being depreciated	19,057,194	367,576	17,500	19,407,270

Asset Class	Balance 7/01/08	Increases	Decreases	Balance 6/30/09
Less accumulated depreciation for:				
Buildings	(27,120)	(2,071)	-	(29,191)
Machinery, Equipment & Vehicles	(380,820)	(19,492)	17,500	(382,812)
Distribution system	(2,668,430)	(379,008)	-	(3,047,438)
Total accumulated depreciation	(3,076,370)	(400,571)	-	(3,459,441)
Total capital assets being depreciated, net	15,980,824	(32,995)	-	15,947,829
Business type activities capital assets, net	$ 15,987,491	$ 376,662	-	$ 16,364,153

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:	
Administration	$ 22,467
Police	75,061
Fire	38,217
Streets	35,771
Special Services	36,236
Total depreciation expense-governmental activities	$ 207,752
Business-type activities:	
Electric	58,397
Water and Sewer	342,174
Total depreciation expense-business-type activities	$ 400,571

D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2009:

	Water & Sewer Revenue
Bonds Payable July 1, 2008	$ 9,555,000
Bonds Issued	-
Bonds Retired	(390,000)
Bonds Payable June 30, 2009	$ 9,165,000

On March 9, 2005, the City of Palmetto issued a Combined Public Utility Revenue Bond , Series 2005 amounting to $9,555,000 of long term debt. The Series 2005 Bonds were issued to finance the construction of a new main pump station at the existing treatment plant site, and a new forced main to a point where it can connect into the Fulton County wastewater collection system. In addition the City has agreed to purchase one million gallons per day of guaranteed wastewater treatment capacity at the County's Camp Creek Water Reclamation Facility.

Bonds Payable at June 30, 2009 are comprised of the following:

> $9,555,000 Series 2005, Combined Public Utility Revenue Bonds due in annual installments of $390,000 to $725,000 through July 1, 2025; interest at 1.28% to 4.35%.

Fiscal Year Ending June 30	Water & Sewer System Principal	Water & Sewer System Interest	Water & Sewer System Total
2010	400,000	356,369	756,369
2011	410,000	344,369	754,369
2012	425,000	330,019	755,019
2013	440,000	316,206	756,206
2014	455,000	301,246	756,246
2015	470,000	285,321	755,321
2015	490,000	268,284	758,284
2016	505,000	249,909	754,909
2017	525,000	230,719	755,719
2018	545,000	210,244	755,244
2019	570,000	188,444	758,444
2020	590,000	165,644	755,644
2021	615,000	141,454	756,454
2022	640,000	116,085	756,085
2023	665,000	89,685	754,685
2024	695,000	61,422	756,422
2025	725,000	31,537	756,537
Total	$ 9,165,000	$ 3,686,957	$ 12,851,957

E. Debt Service and Sinking Fund Requirements

(1) Sinking Fund Requirements-The Bond Resolution requires the creation and maintenance of a Combined Utility Sinking Fund which is to be used to pay the principal and interest on the Revenue Bonds as they become due. The bond resolutions specifically require that monies be deposited monthly into the Sinking Fund until sufficient funds are on hand to pay the semiannual interest payments and bonds as they mature.

During the year ended June 30, 2009, $751,975 was paid into the Sinking Fund out of the Revenue Fund.

(2) Debt Service Reserve - The bond resolution also requires a Debt Service Requirement as of its date of calculation an amount not less than the least of (a) 10% of the original principal amount of the bond issue, (b) the maximum annual principal of and interest on the Bonds payable in any Sinking Fund Year or (c) 125% of average annual debt service on the Bonds in any Sinking Fund Year .To satisfy the Debt Service Reserve requirement the City purchased a "Debt Service Reserve Surety Bond" (cost of $36,026) which is credited to the Reserve Account in lieu of or in partial substitution for monies and securities on deposit therein.

(3) Renewal and Extension Fund - After the monthly operating and maintenance expenses have been paid and the required debt service transfers have been made, all monies remaining in the Revenue Fund are to be transferred to the Renewal & Extension Fund until the balance is equal to an amount that the City shall deem reasonable and prudent. The bond resolutions restrict disbursements fro this fund to the following:

1. Paying Debt Service Requirements on the City's Bonds then outstanding and falling due at any time for the payment of which money is not available in the Sinking Fund securing the payment of same and the interest thereon;

2. In case of an emergency having a major effect upon the Combined System caused by some extraordinary occurrence which makes it necessary to use the funds of the Combined System for the alleviation or removal of such effects and an insufficiency of money exists in the Revenue Fund to meet emergency;

3. Making replacements, additions, extensions, and improvements to the Combined System deemed by the governing body of the City to be reasonable and in the best interest of the City and the Bondholders;

4. Paying the charges of any custodian or depository of any of the funds created in the Bond Resolution.

Since the Series 2005 Bond proceeds are still available to complete construction, there were no transfers to the Renewal and Extension Fund during the year ended June 30, 2009.

F. Interfund Transfers

Historically, the Electric Fund has been used to subsidize the operations of the General Fund. During the fiscal year ended June 30, 2009, the Electric Fund transferred $700,000 to the General Fund.

(6) Retirement Plan

Plan Description. The City's defined benefit pension plan, Palmetto Employees Pension Plan (PEPP), provides retirement and disability benefits, annual cost-of -living adjustments, and death benefits to plan members and beneficiaries. PEPP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), a state wide, agent multiple-employer pension plan administered by the Georgia Municipal Association. GMEBS handles all administrative and investment functions relative to the plan. All full time City employees and City Officials are eligible to participate in the system. Benefits vest after five years of service. Members may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age 50 or 55, depending on the classification. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement, payable monthly for life. City Officials receive a lifetime benefit at age 65 of $25 per month for each year of service to the City. There is no waiting period to become eligible to participate in the plan for City Officials. Regulations of the State of Georgia assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for PEPP, the authority rests with the City Council of Palmetto.

The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing or calling:

Georgia Municipal Association
Risk Management and Employee Benefit Services
201 Pryor Street, SW
Atlanta, Georgia 30303
(404) 688-0472 www.gmanet.com

Funding Policy. The City's plan is non-contributory, under this plan and the City's policy is to contribute 100% of an actuarially determined rate; the current rate is 8.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the GMEBS Board of Trustees.

Annual Pension Costs. For 2009, the City's annual pension cost of $222,176 for the PEPP was equal to the City's recommended and actual contributions. The required contribution was determined as part of the May 1, 2009 actuarial valuation using the projected unit credit actuarial cost method and the level dollar amortization of the unfunded actuarial accrued liability over 30 years from 1983 and changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year during which such changes arise. The actuarial assumptions included (a) 8.0% investment rate of return (net administrative expenses) and (b) projected salary increases of 5.5% per year. Both (a) and (b) included an inflation component of 5.0%. The actuarial value of PEPP assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a ten year period. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the net pension obligation. The following table provides three year trend information for the PEPP:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	83,139	100%	0.00%
2008	154,620	100%	0.00%
2009	222,176	100%	0.00%

Schedule of Funding Progress. The information presented on the following page is based on the May 1, 2009, 2008 and 2007 actuarial valuations.

	2009	2008	2007
Actuarial Value of Assets	$ 1,001,239	$ 1,353,624	$ 1,229,036
Actuarial Accrued Liability	2,016,318	1,961,104	1,365,696
Funded Ratio	49.7%	69.0%	90.0%
Total Unfunded Actuarial Liability (Funding Excess)	1,015,079	607,480	136,660
Annual Covered Payroll	1,834,202	1,423,857	1,154,133
Ratio of Unfunded (Excess) to Annual Covered Payroll	55.3%	42.7%	11.8%

The amortization method for unfunded actuarial accrued liability is determined using the projected unit credit actuarial cost method. The period, and related method for amortizing the initial unfunded actuarial accrued liability is thirty years from 1983 and current changes in the unfunded actuarial accrued liability over fifteen years for actual gains and losses, twenty years for plan provisions, and thirty years for actuarial assumptions and cost methods as a dollar level amount. These amortization periods, if applicable, are closed for the current plan year.

(7) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City is a member of the Georgia Interlocal Risk Management Agency, which allows the City to share liability, crime, motor vehicle and property damage risks. The City did not experience any significant reductions in insurance coverage from the prior year. The City has also not experienced any settlements which exceeded insurance coverage for the past three fiscal years.

Coverages are as follows:

COVERAGE DESCRIPTION - PROPERTY:	
Buildings and Contents	$8,282,870
Mobile Equipment	$ 244,828
Automobile Physical Damage	Per application on file with GIRMA

COVERAGE DESCRIPTION - CASUALTY:	
Comprehensive General Liability and Law Enforcement Liability	$1,000,000
Automobile Liability	$1,000,000
Errors and Omissions (Public Officials) Liability	$1,000,000
Employee Benefits Liability	$1,000,000
Pollution Liability	$1,000,000
COVERAGE DESCRIPTION - CRIME:	
Blanket Bond	$500,000
Depositors Forgery	$500,000
Computer Crime	$500,000
Money and Securities - Loss Inside and Outside the Premises	$500,000
DEDUCTIBLE:	
All coverages are subject to a per occurrence deductible of	$1,000
COVERAGE EXCEPTIONS:	
None	
COVERAGES SUBJECT TO A RETROACTIVE DATE:	
(Unless stated otherwise in the Coverage Exceptions)	
Public Officials Liability	1/1/90
Employee Benefits Liability	1/1/90
Pollution Liability	5/1/98

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes 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 municipal government. GIRMA is to defend in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Palmetto must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established.

- To assist and cooperate with GIRMA, or its authorized representatives, in defense and settlement of claims against the City.

- To use due diligence and concur in doing all things reasonable practicable to avoid or diminish any loss of or damage to the property herein covered.

➢ To allow GIRMA, or their duly authorized representatives, reasonable access to inspect the premises and to examine the books or records so far as they relate to coverage provided by GIRMA.

➢ To follow all loss reduction and prevention procedures established by GIRMA.

➢ To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Palmetto retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $1,000 deductible.

The City is not aware of any claims which the City is liable for (up to the $1,000) which were outstanding and unpaid at June 30, 2009 No provisions have been made in the financial statements for the year ended June 30, 2009 for any estimate of potential unpaid claims.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Palmetto became a member of the Georgia Municipal Workers' Compensation Self Insurance Fund (GMWCSIF). The liability of the fund to the employees of any employer (City of Palmetto) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. GMWCSIF is to defend and process claims in accordance with the member government contract.

The responsibilities of the City are as follows:

➢ To pay all contributions, assessments or other sums due to GMWCSIF at such times and in such amounts as shall be established by GMWCSIF.

➢ To assist and cooperate with GMWCSIF, or its authorized representatives, in defense and settlement of workers compensation claims against the City.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefor, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgement, and all expenses incurred for investigation, negotiation or defense.

The City of Palmetto also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

(8) Regional Development Center Membership

The City of Palmetto, Georgia, in conjunction with cities and counties in the nine (9) county Atlanta Metropolitan area are members of the Atlanta Regional Commission (ARC). Membership in a regional development center (RDC) is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City paid no annual dues to the ARC for the year ended June 30, 2009 because currently all dues are paid on the City's behalf by Fulton County. An RDC Board membership includes the chief elected official of each county and a rotating chief elected official of each municipality from South Fulton. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as "public agencies and instrumentality's of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources, (O.C.G.A. 50-8-39.1). Separate financial statements may be obtained from:

Atlanta Regional Commission (ARC)
40 Courtland Street, NE
Atlanta, GA 30303

(9) Contingencies

A. Litigation

The City Attorney has advised that there are no pending or threatened litigation or potential claims against the City as of June 30, 2009.

B. Contingencies

The City has participated in a number of grant programs funded by certain Federal and State agencies. Several of these programs are subject to program compliance audits and reviews by the grantor, some of which have not been concluded. Accordingly, the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts to be immaterial based upon previous experience.

The City has entered into contracts with the Municipal Electric Authority of Georgia (the "Authority") which requires the City to purchase, from the Authority, all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. These contracts contain certain minimum purchase requirements regardless of the City's ability to sell its allocation , through the year 2020. The minimum purchase requirements are based upon the Authority's system output.

(10) Related Organizations

A. South Fulton Municipal Water and Sewer Authority

The South Fulton Municipal Water and Sewer Authority was formed on March 13, 2001 by resolutions of the City of Union City, the City of Fairburn, and the City of Palmetto pursuant to the authority of the General Assembly of the State of Georgia, Act 540 Georgia Law 2000 page 3739 and following and as may be thereafter amended. The Authority is governed by a Board of seven directors, three of whom are the chief elected official of each member city, three of whom are appointed one each by each of the member cities, and one director being appointed by members of the local delegation of the Georgia General Assembly who represent all, or any part of, a member city.

The Authority is a special purpose governmental entity engaged in business-like activities. The purpose of the authority is to acquire and develop adequate sources of water supply, including, but not limited to, the construction of reservoirs, the treatment of such water, and the collection and treatment of waste water. The Authority will provide these services to the area in and around the three municipalities.

B. The Housing Authority of the City of Palmetto, Georgia

The Housing Authority of the City of Palmetto, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Palmetto, Georgia. The City of Palmetto, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Palmetto, Georgia is a related organization.



CITY OF PALMETTO, GEORGIA

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF PALMETTO, GEORGIA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Confiscated Assets Fund	SPLOST Fund	Total Non-Major Governmental
ASSETS			
Cash on Hand and in Banks	$ 200,201	$ 269,517	$ 469,718
Local Option Sales Tax Receivable	-	17,005	17,005
Interfund Receivable-Sewer Fund	-	3,583	3,583
Total Assets	$ 200,201	$ 290,105	$ 490,306
LIABILITIES AND FUND BALANCE			
Fund Balances			
Reserved for SPLOST Capital Projects	-	290,105	290,105
Unreserved , designated for Law Enforcement	200,201	-	200,201
Total Liabilities and Fund Balance	$ 200,201	$ 290,105	$ 490,306

CITY OF PALMETTO, GEORGIA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2009

	Confiscated Asset Fund	SPLOST Fund	Total Non-Major Governmental
Revenues:			
L.O.S.T. Taxes	$ -	$ 132,135	$ 132,135
State and Federal Confiscations	200,191	-	200,191
Interest Income	10	2,574	2,584
Total Revenues	200,201	134,709	334,910
Expenditures:			
Administrative	-	200,928	200,928
Total Expenditures	-	200,928	200,928
Excess (Deficiency) of Revenues over Expenditures	200,201	(66,219)	133,982
Fund Balance at Beginning of Year	-	356,324	356,324
Fund Balance at End of Year	$ 200,201	$ 290,105	$ 490,306

CITY OF PALMETTO, GEORGIA

ELECTRIC FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL

For the Fiscal Years Ended June 30, 2009 and 2008

	2009			2008		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 2,728,739	$ 3,081,690	$ 352,951	$ 2,951,635	$ 2,857,673	$ (93,962)
Cut On and Permit Fees	20,000	35,785	15,785	20,000	4,491	(15,509)
Penalties	85,000	92,256	7,256	80,000	90,851	10,851
Service Fees	5,000	1,753	(3,247)	45,000	20,520	(24,480)
Miscellaneous	9,000	2,974	(6,026)	7,000	8,324	1,324
Total Operating Revenue	2,847,739	3,214,458	366,719	3,103,635	2,981,859	(121,776)
Operating Expenses:						
Personnel Services:						
Salaries	239,017	249,213	(10,196)	236,897	236,816	81
Payroll Taxes	19,644	18,631	1,013	18,000	17,670	330
Retirement	25,931	24,739	1,192	22,926	22,926	-
Insurance (Group)	82,085	77,624	4,461	58,090	57,808	282
Training Expense	9,500	8,059	1,441	8,684	8,676	8
Uniforms	4,432	3,708	724	4,500	3,023	1,477
Total Personal Services	380,609	381,974	(1,365)	349,097	346,919	2,178
Administrative Expenses:						
Insurance - Vehicles and Equipment	8,500	5,427	3,073	12,090	11,991	99
Insurance - Other	3,400	-	3,400	7,300	7,219	81
Miscellaneous	4,500	1,779	2,721	3,232	2,975	257
Office Supplies	1,000	531	469	1,000	329	671
Postage	1,500	845	655	4,847	4,847	-
Georgia Public Web	8,500	6,087	2,413	9,109	9,068	41
Professional Fees and Contracted Services	47,626	46,537	1,089	36,223	36,074	149
Total Administrative Expenses	75,026	61,206	13,820	73,801	72,503	1,298
Depreciation Expense	58,397	58,397	-	52,000	51,793	207
Other Operating Expenses:						
Purchase of Utilities	2,188,576	2,003,875	184,701	2,108,652	2,106,717	1,935
Sales Tax	175,802	-	175,802	168,731	168,731	-
Repairs and Maintenance:						
Buildings	4,734	4,635	99	4,350	4,343	7
Distribution System	25,600	8,048	17,552	32,783	32,783	-
Equipment	3,000	1,768	1,232	1,457	1,303	154
Vehicles	11,500	10,728	772	6,017	5,644	373
Bad Debt Expense	25,279	25,279	-	22,464	22,464	-
Equipment Rental	200	-	200	200	-	200
Gas and Oil	8,500	8,263	237	6,946	6,946	-
Miscellaneous Operating Expenses	2,700	458	2,242	2,000	1,653	347
Supplies	13,774	7,694	6,080	22,716	22,605	111
Telephone	3,500	3,408	92	2,000	1,427	573
Utilities	1,500	532	968	1,500	1,116	384
Total Other Operating Expenses	2,464,665	2,074,688	389,977	2,379,816	2,375,732	4,084
Total Expenses	2,978,697	2,576,265	402,432	2,854,714	2,846,947	7,767
Operating Income (Loss)	(130,958)	638,193	769,151	248,921	134,912	(114,009)
Nonoperating Revenues (Expenses):						
Interest on Investments	3,000	2,352	(648)	3,000	3,054	54
Transferred to General Fund	-	(700,000)	-	(800,000)	(800,000)	-
Total Nonoperating Revenues (Expenses)	3,000	(697,648)	(648)	(797,000)	(796,946)	54
Net Income (Loss)	(127,958)	(59,455)	68,503	(548,079)	(662,034)	(113,955)
Net Assets at Beginning of Year	3,706,843	3,706,843	-	4,373,544	4,373,544	-
Net Assets at End of Year	$ 3,578,885	$ 3,647,388	$ 68,503	$ 3,825,465	$ 3,711,510	$ (113,955)

CITY OF PALMETTO, GEORGIA

WATER AND SEWER FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL

For the Fiscal Years Ended June 30, 2009 and 2008

	2009			2008		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 1,300,000	$ 1,324,661	$ 24,661	$ 1,454,332	$ 1,220,553	$ (233,779)
Water and Sewer Taps	450,000	29,200	(420,800)	1,147,500	325,650	(821,850)
Penalties	30,000	41,539	11,539	36,000	28,992	(7,008)
Miscellaneous	200	1,189	989	200	312	112
Total Operating Revenues	1,780,200	1,396,589	(383,611)	2,638,032	1,575,507	(1,062,525)
Operating Expenses:						
Personnel Services:						
Salaries	279,987	250,303	29,684	282,300	278,667	3,633
Payroll Taxes	23,556	18,953	4,603	21,759	21,696	63
Retirement	24,566	23,193	1,373	21,719	21,719	-
Insurance (Group)	107,757	98,244	9,513	91,542	85,122	6,420
Training Expenses	3,000	2,105	895	2,000	632	1,368
Uniforms	4,000	2,615	1,385	4,000	3,301	699
Total Personal Services	442,866	395,413	47,453	423,320	411,137	12,183
Administrative Expenses:						
Insurance - Vehicles and Equipment	4,500	617	3,883	4,000	4,024	(24)
Insurance - Other	10,940	10,512	428	15,000	14,447	553
Miscellaneous	36,600	12,218	24,382	36,081	34,703	1,378
Professional Fees	126,220	126,212	8	190,000	184,066	5,934
Office Supplies	200	84	116	600	109	491
Total Administrative Expenses	178,460	149,643	28,817	245,681	237,349	8,332
Depreciation Expense	342,174	342,174	-	173,000	170,754	2,246
Other Operating Expenses:						
Water Purchases	30,000	24,414	5,586	25,000	24,284	716
Sewer Treatment	299,000	252,383	46,617	220,000	214,178	5,822
Bad Debt Expense	14,775	14,775	-	1,712	1,712	-
Equipment Rental	37,150	37,148	2	31,514	31,514	-
Gas and Oil	9,000	7,779	1,221	8,195	8,195	-
Landfill Sludge Disposal	6,000	-	6,000	-	-	-
Miscellaneous Operating Expense	3,000	1,302	1,698	2,300	2,228	72
Repairs and Maintenance:						
Buildings	4,000	1,846	2,154	4,000	3,784	216
Distribution-Water and Sewer Systems	175,000	159,661	15,339	175,620	171,432	4,188
Equipment	10,000	1,481	8,519	9,408	9,408	-
Vehicles	1,690	751	939	6,000	2,638	3,362
Supplies	64,000	43,264	20,736	40,384	37,499	2,885
Telephone	10,000	9,905	95	10,000	7,727	2,273
Utilities	93,000	92,423	577	74,000	73,945	55
Total Other Operating Expenses	756,615	647,132	109,483	608,133	588,544	19,589
Total Expenses	1,720,115	1,534,362	185,753	1,450,134	1,407,784	42,350
Operating Income (Loss)	60,085	(137,773)	(197,858)	1,187,898	167,723	(1,020,175)
Nonoperating Revenues (Expenses):						
Interest on Investments	85,000	11,578	(53,422)	128,000	52,898	(75,102)
Bond Interest	(599,319)	-	599,319	(599,319)	(197,764)	401,555
Amortization	-	(27,050)	(27,050)	-	(27,050)	(27,050)
Total Nonoperating Revenues (Expenses)	(534,319)	(15,472)	518,847	(471,319)	(171,916)	299,403
Net Income (Loss)	(474,234)	(153,245)	320,989	716,579	(4,193)	(720,772)
Net Assets at Beginning of Year	7,121,099	7,121,099	-	7,237,670	7,237,670	-
Net Assets at End of Year	$ 6,646,865	$ 6,967,854	$ 320,989	$ 7,954,249	$ 7,233,477	$ (720,772)

CITY OF PALMETTO, GEORGIA

SANITATION FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL

For the Fiscal Years Ended June 30, 2009 and 2008

	2009			2008		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sanitation Charges	$ 265,000	$ 298,368	$ 33,368	$ 277,977	$ 250,499	$ (27,478)
Penalties	8,000	11,312	3,312	7,500	7,959	459
Miscellaneous	2,500	1,925	(575)	3,000	1,713	(1,287)
Total Operating Revenue	275,500	311,605	36,105	288,477	260,171	(28,306)
Operating Expenses:						
Contracted Services - Garbage	293,496	292,997	499	279,977	279,920	57
Bad Debt Expense	2,941	2,941	-	2,615	2,615	-
Other Operating Expenses	296,437	295,938	499	282,592	282,535	57
Net Income (Loss)	(20,937)	15,667	36,604	5,885	(22,364)	(28,249)
Net Assets at Beginning of Year	75,918	75,918	-	98,282	98,282	-
Net Assets at End of Year	$ 54,981	$ 91,585	$ 36,604	$ 104,167	$ 75,918	$ (28,249)

CITY OF PALMETTO, GEORGIA

NON-MAJOR GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

Year Ended June 30, 2009
With Comparative Actual Amounts for Year Ended June 30, 2008

	Confiscated Asset Fund				SPLOST FUND			
	Budgeted	Actual	Variance-Positive (Negative)	2008 Actual	Budgeted	Actual	Variance-Positive (Negative)	2008 Actual
Revenues:								
L.O.S.T. Taxes	$ -	$ -	$ -	-	$ 150,000	$ 132,135	$ (17,865)	131,714
State and Federal Confiscations	-	200,191	200,191	-	-	-	-	-
Interest Income	-	10	10	-	4,000	2,574	(1,426)	9,999
Total Revenues	-	200,201	200,201	-	154,000	134,709	(19,291)	141,713
Expenditures:								
Administrative	-	-	-	-	200,000	200,928	(928)	2,651
Total Expenditures	-	-	-	-	200,000	200,928	(928)	2,651
Excess (Deficiency) of Revenues over Expenditures	-	200,201	200,201	-	(46,000)	(66,219)	(20,219)	139,062
Fund Balance at Beginning of Year	-	-	-	-	356,324	356,324	-	217,262
Fund Balance at End of Year	$ -	$ 200,201	$ 200,201	$ -	$ 310,324	$ 290,105	$ (20,219)	$ 356,324

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds
Schedule by Source

June 30, 2009

Governmental Funds Capital Assets:

Land	$	291,180
Buildings and Improvements		1,574,727
Furniture and Fixtures		87,215
Vehicles and Equipment		1,215,695
Infrastructure		956,938
	$	4,125,755

Investment in Governmental Funds Capital Assets by Source:

Grants	$	286,301
General Fund		2,428,202
Special Revenue Fund		96,352
Acquired prior to June 30, 2003		1,314,900
Total Investment in Capital Assets	$	4,125,755

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2009

Function and Activity	Total June 30, 2009	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	$ 476,089	$ 40,194	$ 283,053	$ 45,694	$ 107,148	$ -
Police Department	1,090,621	60,000	563,087	11,343	456,191	-
Fire Department	821,202	135,633	161,519	13,022	511,028	-
Street Department	1,117,483	35,353	-	6,325	118,867	956,938
Special Services	620,360	20,000	567,068	10,831	22,461	-
Total Capital Assets Allocated to Functions	$ 4,125,755	$ 291,180	$ 1,574,727	$ 87,215	$ 1,215,695	$ 956,938

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes by Function and Activity

For The Fiscal Year Ended June 30, 2009

Function and Activity	General Fund Capital Assets 7/1/2008	Additions	Deductions	General Fund Capital Assets 6/30/2009
Administrative	$ 457,465	$ 18,624	$ -	$ 476,089
Police Department	1,080,226	47,523	37,128	1,090,621
Fire Department	800,474	20,728	-	821,202
Street Department	1,124,800	17,583	24,900	1,117,483
Special Services	546,096	74,264	-	620,360
Total Capital Assets	$ 4,009,061	$ 178,722	$ 62,028	$ 4,125,755



CITY OF PALMETTO, GEORGIA

STATISTICAL SECTION

Statistical tables differ from financial statements because they usually cover more than two fiscal years and may contain non-accounting data. These schedules reflect financial trends of the City with social and economic data.

There are five different types of information or categories contained in the Statistical section, namely (1) financial trend data, (2) revenue capacity data, (3) debt capacity data, (4) demographic and economic information, and (5) operating information.

CITY OF PALMETTO, GEORGIA

TABLE 1

NET ASSETS BY COMPONENT

Last Five Fiscal Years

	2005	2006	2007	2008	2009
Primary Government					
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	$ 2,209,805	$ 2,208,130	$ 2,302,669	$ 2,304,120	$ 2,275,090
Restricted	-	-	-	-	-
Unrestricted	563,166	698,358	642,106	805,574	951,434
Total Governmental Activities Net Assets	2,772,971	2,906,488	2,944,775	3,109,694	3,226,524
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	5,725,806	5,517,370	5,180,360	6,432,491	7,599,153
Restricted	2,561,094	3,990,207	641,500	296,767	-
Unrestricted	1,610,085	1,785,235	5,887,636	4,174,602	3,107,674
Total Business-Type Activities Net Assets	9,896,985	11,292,812	11,709,496	10,903,860	10,706,827
Primary Government					
Invested in Capital Assets, Net of Related Debt	7,935,611	7,725,500	7,483,029	8,736,611	9,874,243
Restricted	2,561,094	3,990,207	641,500	296,767	-
Unrestricted	2,173,251	2,483,593	6,529,742	4,980,176	4,059,108
Total Primary Government Net Assets	$ 12,669,956	$ 14,199,300	$ 14,654,271	$ 14,013,554	$ 13,933,351

CITY OF PALMETTO, GEORGIA

TABLE 2

CHANGES IN NET ASSETS

Last Five Fiscal Years

	2005	2006	2007	2008	2009
Expenses					
Governmental Activities					
Administrative	576,471	$ 862,373	$ 704,027	$ 750,063	$ 931,951
Public Safety	833,178	922,142	1,497,973	1,969,734	2,624,123
Streets	322,197	372,317	389,707	467,539	415,722
Special Services	69,284	83,245	101,643	116,011	94,278
Total Governmental Activities Expenses	1,801,130	2,240,077	2,693,350	3,303,347	4,066,074
Business-Type Activities					
Electric Utilities	2,245,057	2,385,629	2,561,226	2,851,614	2,576,265
Water and Sewer Utilities	1,148,403	1,250,719	1,514,835	1,744,976	1,561,412
Sanitation	238,260	256,460	255,946	282,535	295,938
Total Business-Type Activities Expenses	3,631,720	3,892,808	4,332,007	4,879,125	4,433,615
Total Primary Government Expenses	5,432,850	6,132,885	7,025,357	8,182,472	8,499,689
Program Revenues					
Governmental Activities					
Charges for Services:					
Licenses and Permits	Not available	Not available	Not available	Not available	92,008
Federal and state Seizures	Not available	Not available	Not available	Not available	200,191
Fines and Forfeitures	Not available	Not available	Not available	Not available	342,246
Landfill Tipping Fees	Not available	Not available	Not available	Not available	404,818
Total Charges for Services	220,689	143,347	397,308	618,601	1,039,263
Operating Grants and Contributions	29,697	140,960	193,337	30,589	18,283
Total Governmental Activities Program Revenues	250,386	284,307	590,645	649,190	1,057,546
Business-Type Activities					
Charges for Services:					
Electric	2,806,980	3,036,804	2,977,552	2,981,859	3,214,458
Water	646,633	607,530	597,011	600,224	505,870
Sewer	809,710	959,056	937,715	975,283	890,719
Sanitation	231,895	232,868	244,992	260,171	311,605
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	4,495,218	4,836,358	4,757,270	4,817,537	4,922,652
Total Primary Government Program Revenues	4,745,604	5,120,665	5,347,915	5,466,727	5,980,198
Net (Expense) Revenue					
Governmental Activities	(1,550,744)	(1,955,770)	(2,102,705)	(2,654,157)	(3,008,528)
Business-Type Activities	863,498	943,550	425,263	(61,588)	489,037
Total Primary Government Net (Expense)	(687,246)	$ (1,012,220)	$ (1,677,442)	$ (2,715,745)	$ (2,519,491)
General Revenue and Other Changes in Net Assets					
Governmental Activities					
Taxes					
Property	339,734	$ 389,411	$ 398,387	$ 489,390	$ 983,957
Sales	848,578	887,697	1,028,512	1,047,411	973,849
Franchise	56,067	66,392	65,265	67,881	84,979
Insurance Premium	158,276	170,283	178,160	185,840	190,292
Beer, Wine and Liquor Tax	93,706	92,859	89,189	83,747	96,162
Other	49,888	54,911	59,481	57,060	57,592
Other Local Revenue	7,253	12,382	11,752	24,407	23,260
Unrestricted Investment Earnings	62,244	128,833	147,265	63,340	15,266
Transfers	198,154	286,519	162,981	800,000	700,000
Total Governmental Activities	1,813,900	2,089,287	2,140,992	2,819,076	3,125,357
Business-Type Activities					
Unrestricted Investment Income	63,888	322,123	154,402	55,952	13,930
Other	-	416,673	-	-	-
Transfers	(198,154)	(286,519)	(162,981)	(800,000)	(700,000)
Total Business-Type Activities	(134,266)	452,277	(8,579)	(744,048)	(686,070)
Total Primary Government	1,679,634	2,541,564	2,132,413	2,075,028	2,439,287
Change in Net Assets					
Governmental Activities	263,156	133,517	38,287	164,919	116,829
Total Business-Type Activities	729,232	1,395,827	416,684	(805,636)	(197,033)
Total Primary Government	992,388	$ 1,529,344	$ 454,971	$ (640,717)	$ (80,204)

CITY OF PALMETTO, GEORGIA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Five Fiscal Years

	2005	2006	2007	2008	2009
General Fund					
Reserved	$ 124,951	$ 141,364	$ 139,929	$ 151,017	141,749
Unreserved	110,841	386,095	225,372	224,537	237,594
Total General Fund	235,792	527,459	365,301	375,554	379,343
All Other Governmental Funds					
Reserved	-	-	-	-	-
Unreserved, Reported in:					
Capital Projects Fund (SPLOST)	281,252	116,200	217,261	356,324	290,105
Confiscated Fund	-	-	-	-	200,201
Total All Other Governmental Funds	$ 281,252	$ 116,200	$ 217,261	$ 356,324	490,306

CITY OF PALMETTO, GEORGIA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Five Fiscal Years

	2005	2006	2007	2008	2009
Revenues:					
Taxes	$ 1,529,309	$ 1,652,976	$ 1,814,147	$ 1,917,175	$ 2,308,287
Licenses and Permits	157,225	86,384	102,099	98,896	92,008
Fines and Forfeitures	63,464	56,963	46,032	70,623	342,246
Landfill Tipping Fees	-	-	249,177	449,082	404,818
Intergovernmental Revenue	29,697	27,069	27,069	30,589	200,191
Grants	-	113,891	166,268	-	18,283
Investment Earnings	62,244	128,833	147,265	63,340	14,795
Other Local Revenue	7,253	12,382	11,756	24,407	23,731
Total All Governmental Funds	$ 1,849,192	$ 2,078,498	$ 2,563,813	$ 2,654,112	$ 3,404,359
Expenditures					
Administrative	559,321	843,881	696,924	740,607	919,196
Public Safety	800,146	875,150	1,496,474	1,996,641	2,522,051
Streets	431,916	386,425	507,970	470,344	393,036
Special Services	207,971	132,945	86,521	97,206	132,306
Total Expenditures	1,999,354	2,238,401	2,787,889	3,304,798	3,966,589
Excess (deficit) of Revenues Over Revenues	$ (150,162)	$ (159,903)	$ (224,076)	$ (650,686)	$ (562,230)
Other Financing Sources (Uses)					
Transfers in	198,154	286,519	162,981	800,000	700,000
Total Other Financing Sources (Uses)	198,154	286,519	162,981	800,000	700,000
Net Change in Fund Balance	47,992	126,616	(61,095)	149,314	137,770
Fund Balance Beginning	469,052	517,044	643,659	582,564	731,877
Fund Balance ending	$ 517,044	$ 643,660	$ 582,564	$ 731,878	$ 869,647

CITY OF PALMETTO

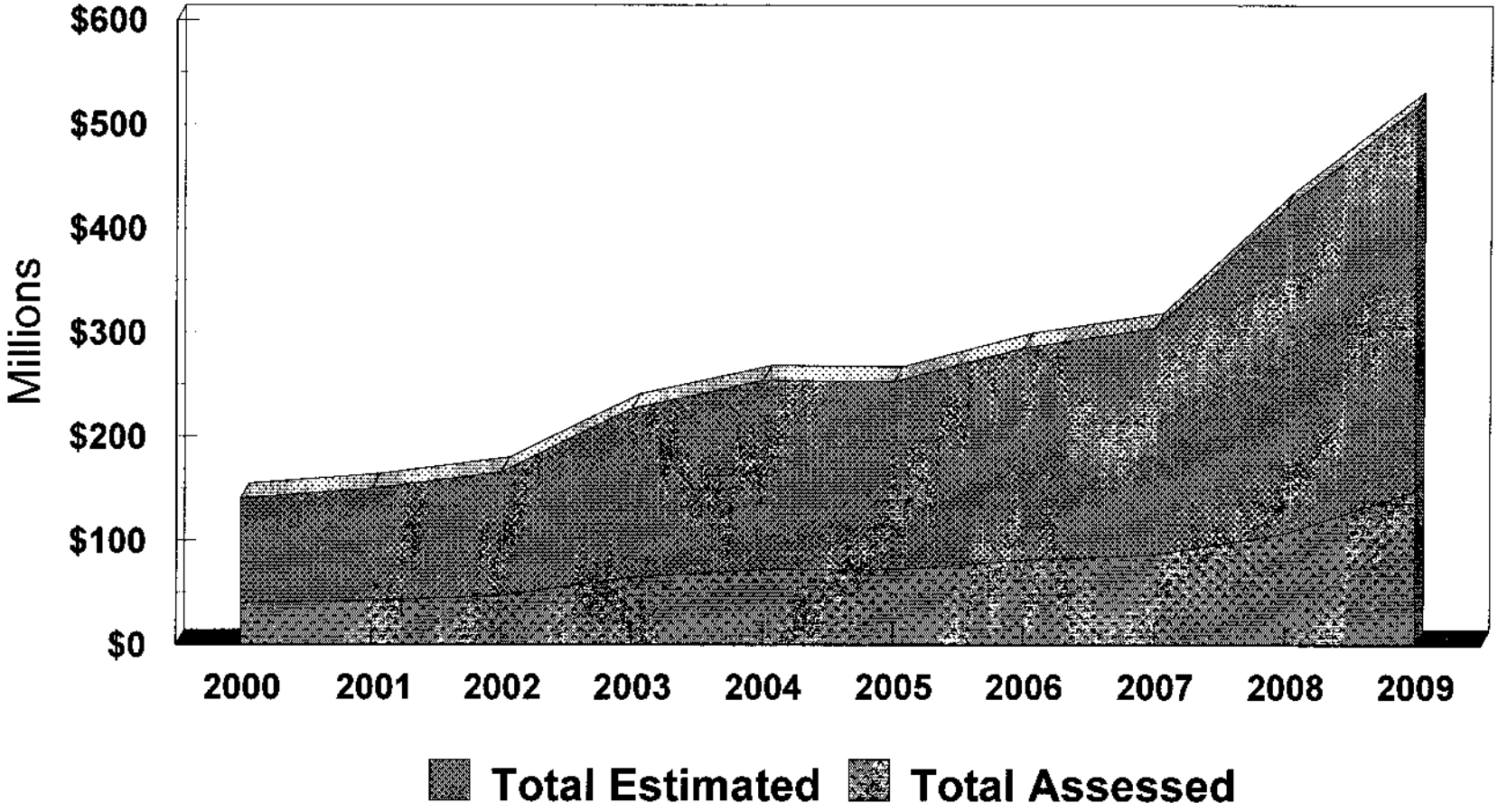
Table 5

ASSESSED VALUE AND ESTIMATED TRUE VALUE OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Year	Real Property		Personal Property		Public Utilities		Total Property		Ratio Total Assessed Value to Total True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	
2000	36,412,240	91,030,600	2,720,210	6,800,525	1,067,653	2,669,133	40,200,103	100,500,258	40.00%
2001	39,130,229	97,825,573	2,721,455	6,803,638	1,035,646	2,589,115	42,887,330	107,218,325	40.00%
2002	43,912,749	109,781,873	2,588,080	6,470,200	951,995	2,379,988	47,452,824	118,632,060	40.00%
2003	60,500,327	151,250,818	3,388,210	8,470,525	954,789	2,386,973	64,843,326	162,108,315	40.00%
2004	68,754,455	171,886,138	2,787,945	6,969,863	1,069,532	2,673,830	72,611,932	181,529,830	40.00%
2005	68,135,489	170,338,723	2,979,797	7,449,493	1,102,492	2,756,230	72,217,778	180,544,445	40.00%
2006	77,419,450	193,548,625	3,094,553	7,736,383	1,089,367	2,723,418	81,603,370	204,008,425	40.00%
2007	82,749,310	206,873,275	3,057,219	7,643,048	1,228,346	3,070,865	87,034,875	217,587,188	40.00%
2008	102,565,682	256,414,205	3,673,565	9,183,914	1,226,064	3,065,159	107,465,311	313,771,613	34.25%
2009	136,901,589	342,253,974	3,801,608	9,504,021	7,076,538	17,691,345	147,779,735	369,449,340	40.00%

ASSESSED VALUE AND EST. TRUE VALUE
LAST TEN FISCAL YEARS



CITY OF PALMETTO

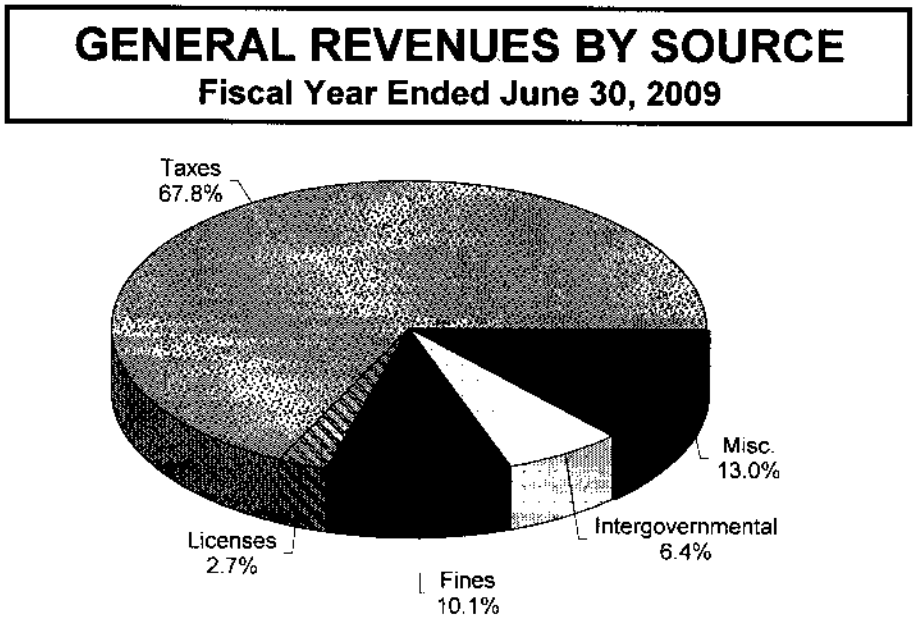
Table 6

GENERAL REVENUES BY SOURCE (1)

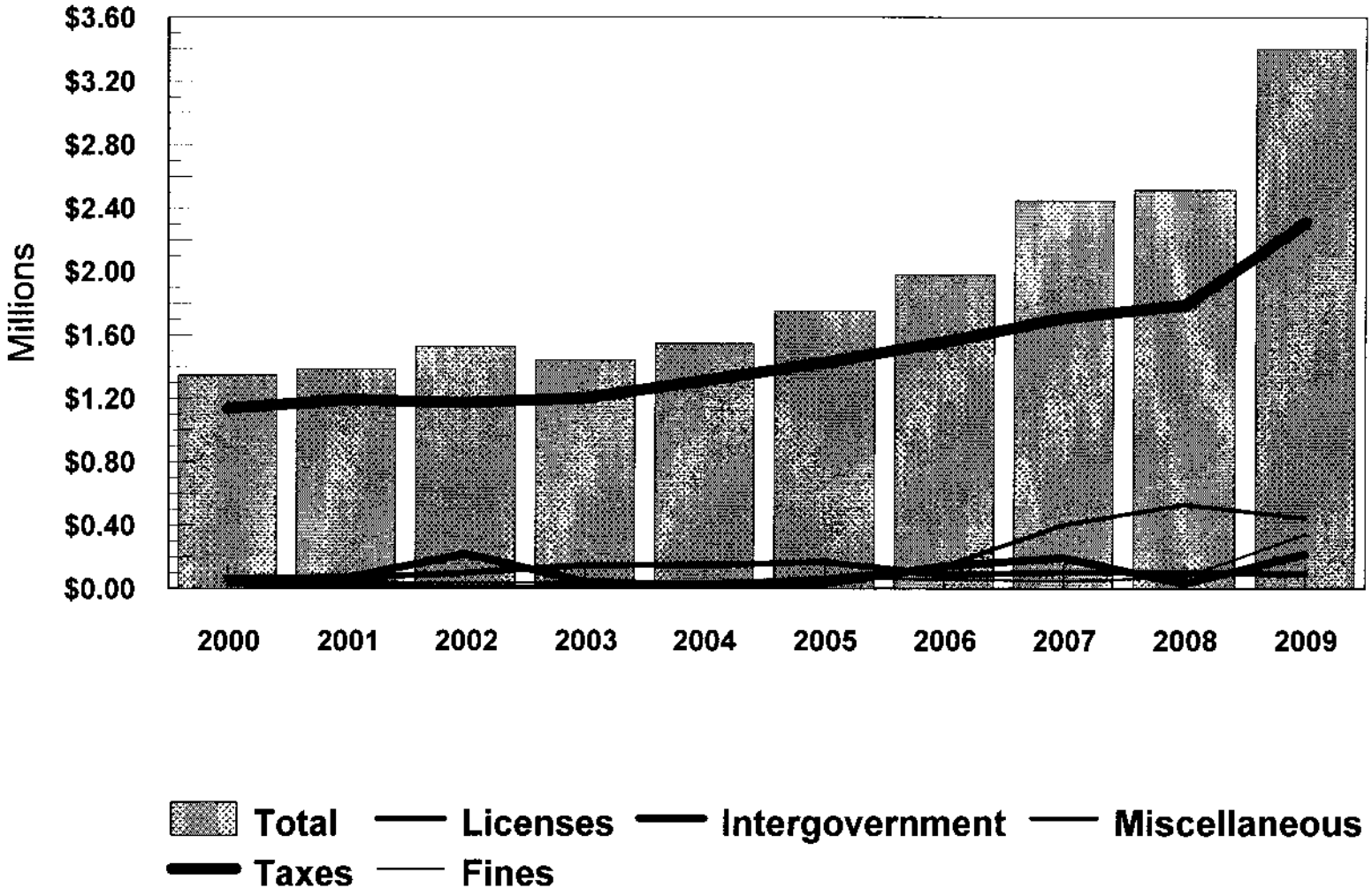
Last Ten Fiscal Years

Year	Taxes	Licenses and Permits	Fines and Forfeitures	Inter-Governmental Revenues	Miscellaneous	Total
2000	1,134,841	69,504	54,145	61,225	24,618	1,344,333
2001	1,189,425	64,305	42,355	65,346	23,730	1,385,161
2002	1,170,039	97,301	35,494	216,135	6,758	1,525,727
2003	1,198,996	144,007	38,933	41,083	15,081	1,438,100
2004	1,309,461	147,850	42,548	14,142	30,559	1,544,560
2005	1,423,328	165,875	63,464	29,697	67,146	1,749,510
2006	1,554,799	86,384	56,963	140,960	138,944	1,978,050
2007	1,704,243	102,099	46,032	193,337	400,783	2,446,494
2008	1,785,461	98,896	70,623	30,589	526,830	2,512,399
2009	2,308,287	92,008	342,246	218,474	443,344	3,404,359

(1) Includes General Fund Revenues Only.



GENERAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS



CITY OF PALMETTO, GEORGIA

Table 7

TAX RATES AND TAX LEVIES

Last Ten Fiscal Years

Tax Rate per Hundred Dollars

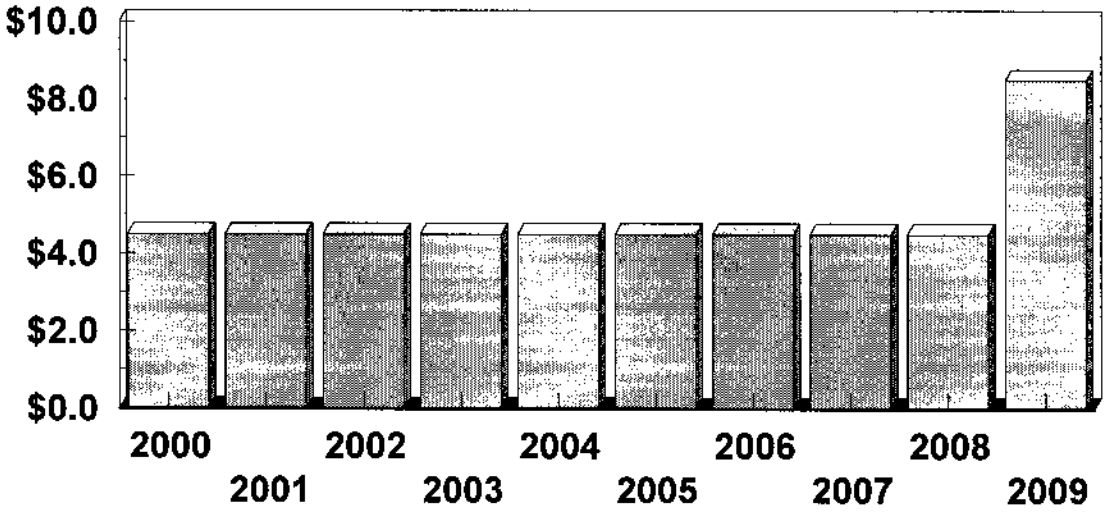
Year	Total	L.O.S.T. Tax Rollback (1)	Net Tax Rate	General Fund
2000	15.25	(10.75)	4.50	4.50
2001	15.25	(10.75)	4.50	4.50
2002	15.25	(10.75)	4.50	4.50
2003	19.54	(15.04)	4.50	4.50
2004	15.53	(11.03)	4.50	4.50
2005	15.25	(10.75)	4.50	4.50
2006	15.25	(10.75)	4.50	4.50
2007	15.25	(10.75)	4.50	4.50
2008	15.25	(10.75)	4.50	4.50
2009	15.25	(6.75)	8.50	8.50

Tax Levies Based Upon the Above Rates

2000	613,274	(432,308)	180,966	180,966	180,966
2001	654,032	(461,039)	192,993	192,993	192,993
2002	723,656	(510,118)	213,538	213,538	213,538
2003	988,861	(697,066)	291,795	291,795	291,795
2004	1,127,663	(800,910)	326,754	326,754	326,754
2005	1,101,321	(776,341)	324,980	324,980	324,980
2006	1,244,451	(877,236)	367,215	367,215	367,215
2007	1,329,532	(937,211)	392,321	392,321	392,321
2008	1,638,845	(1,155,252)	483,593	483,593	483,593
2009	2,295,019	(997,513)	1,297,506	1,297,506	1,297,506

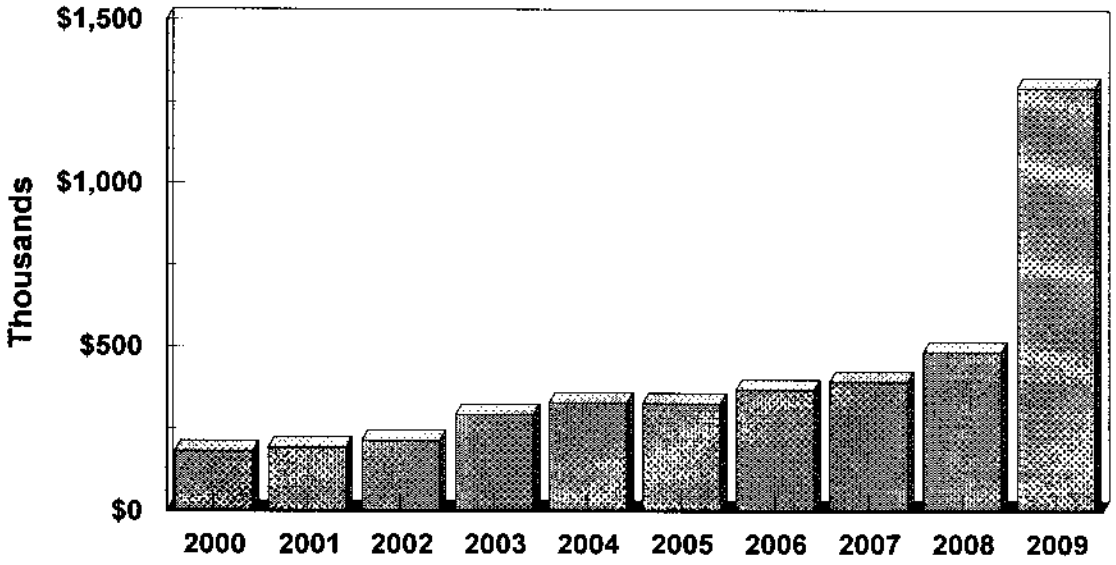
(1) Due to approval by voters of Local Option Sales Tax (LOST) in 1984 local governments are required to roll back millage rate by the amount of tax collected under LOST. From 1990 to 1993 the City of Palmetto rolled back the entire millage rate. Due to an increase of the net tax rate of 4.00 for 2009, property tax became the most significant own source revenue.

TAX RATES
LAST TEN FISCAL YEARS



TAX RATES

TAX LEVIES
LAST TEN FISCAL YEARS



CITY OF PALMETTO, GEORGIA

TABLE 8

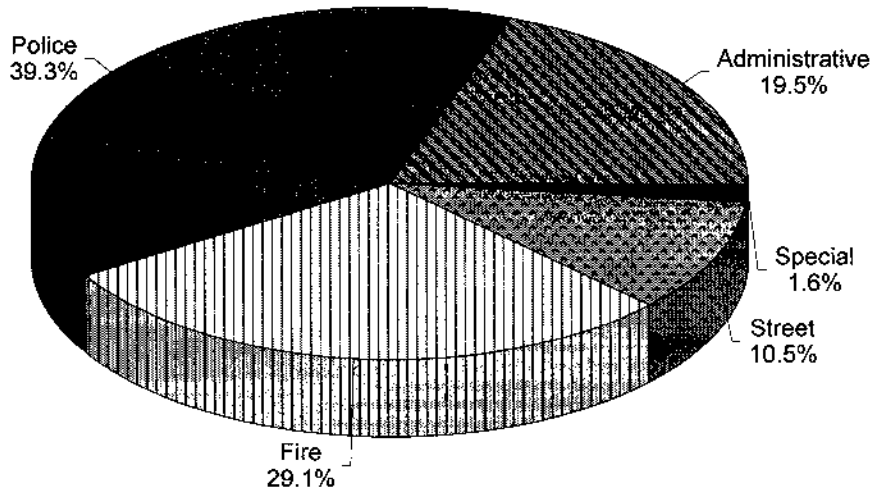
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

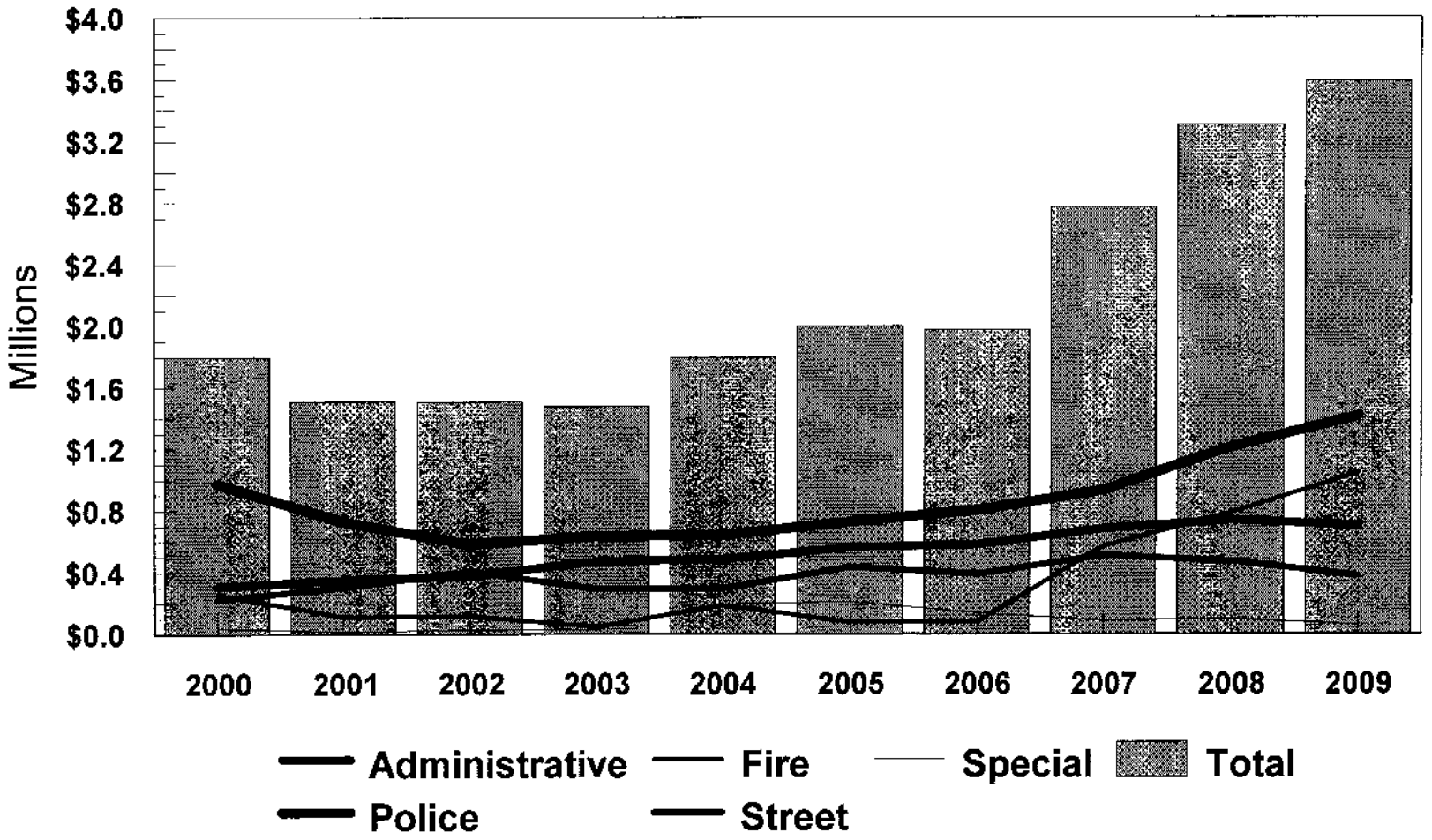
Year	Administrative	Police Department	Fire Department	Street	Special Services	Total
2000	305,854	976,018	256,890	223,832	37,172	1,799,766
2001	351,047	727,811	113,045	302,958	16,488	1,511,349
2002	376,713	581,184	117,382	405,495	27,565	1,508,339
2003	470,648	636,342	47,090	292,548	29,868	1,476,496
2004	484,117	639,621	185,265	294,666	192,088	1,795,757
2005	558,950	725,622	74,524	431,916	207,971	1,998,983
2006	578,381	800,996	74,154	386,425	132,945	1,972,901
2007	680,667	930,198	566,276	507,970	86,521	2,771,632
2008	737,956	1,211,771	784,870	470,344	97,206	3,302,147
2009	699,644	1,411,028	1,042,772	375,452	58,042	3,586,938

(1) Includes General Fund Expenditures Only.

GENERAL GOVERNMENT EXPENDITURES
Fiscal Year Ended June 30, 2009



GENERAL GOVERNMENT EXPENDITURES
BY FUNCTION LAST TEN FISCAL YEARS



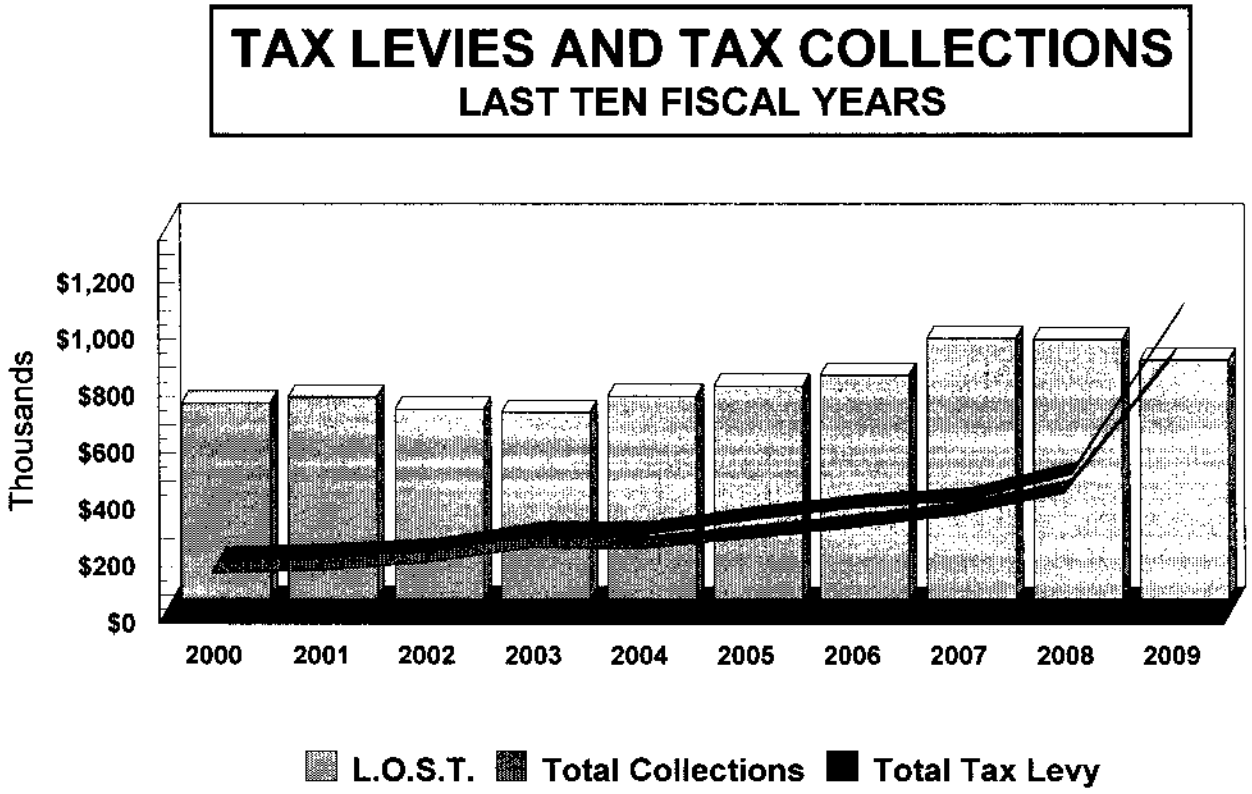
CITY OF PALMETTO, GEORGIA

Table 9

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Year	Total Tax Levy	Collections of Current Years Taxes During Year	Percentage of Levy Collected During Year	Collection of Prior Years Taxes During Year	Total Collections	Accumulated Uncollected Taxes	Ratio of Accumulated Uncollected Taxes to Current Year's Levy	Local Option Sales Tax Collected
2000	180,966	173,332	95.78%	4,516	177,848	23,728	13.11%	691,166
2001	192,993	182,728	94.68%	4,249	186,977	29,744	15.41%	711,253
2002	213,538	206,482	96.70%	9,112	215,594	29,399	13.77%	670,299
2003	271,182	253,110	93.34%	14,723	267,833	32,748	12.08%	658,547
2004	272,945	258,545	94.72%	5,458	264,003	41,690	15.27%	714,702
2005	324,980	296,544	91.25%	4,237	300,781	65,889	20.27%	751,248
2006	367,215	336,254	91.57%	3,876	340,130	78,141	21.28%	789,520
2007	392,321	357,472	91.12%	27,928	385,400	85,062	21.68%	918,608
2008	483,593	441,008	91.19%	22,367	463,375	105,280	21.77%	915,697
2009	1,042,513	901,648	86.49%	28,658	930,306	217,487	20.86%	841,714



CITY OF PALMETTO

TABLE 10

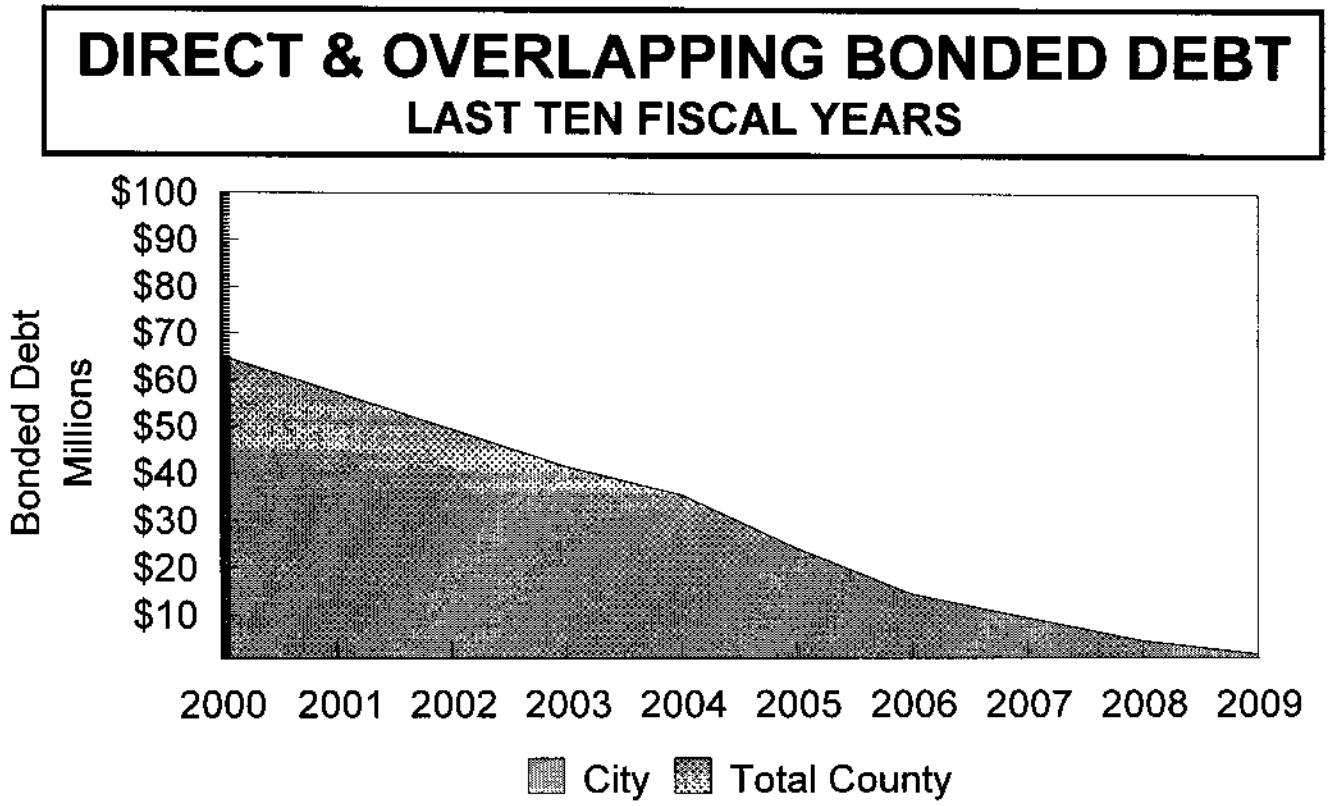
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS

Last Ten Fiscal Years

Net General Obligation
Bonded Debt Outstanding

Year	Direct Total City	Overlapping Total County	% Of County Debt Applicable To City (1)	Total
2000	-	65,126,578	271,017	65,126,578
2001	-	57,321,156	241,725	57,321,156
2002	-	49,464,651	206,101	49,464,651
2003	-	41,468,909	175,370	41,468,909
2004	-	35,472,859	168,158	35,472,859
2005	-	24,077,659	105,067	24,077,659
2006	-	14,381,148	66,331	14,381,148
2007	-	9,428,153	16,889	9,428,153
2008	-	4,581,096	9,039	4,581,096
2009	-	1,760,000	4,156	1,760,000

(1) Based on population numbers.



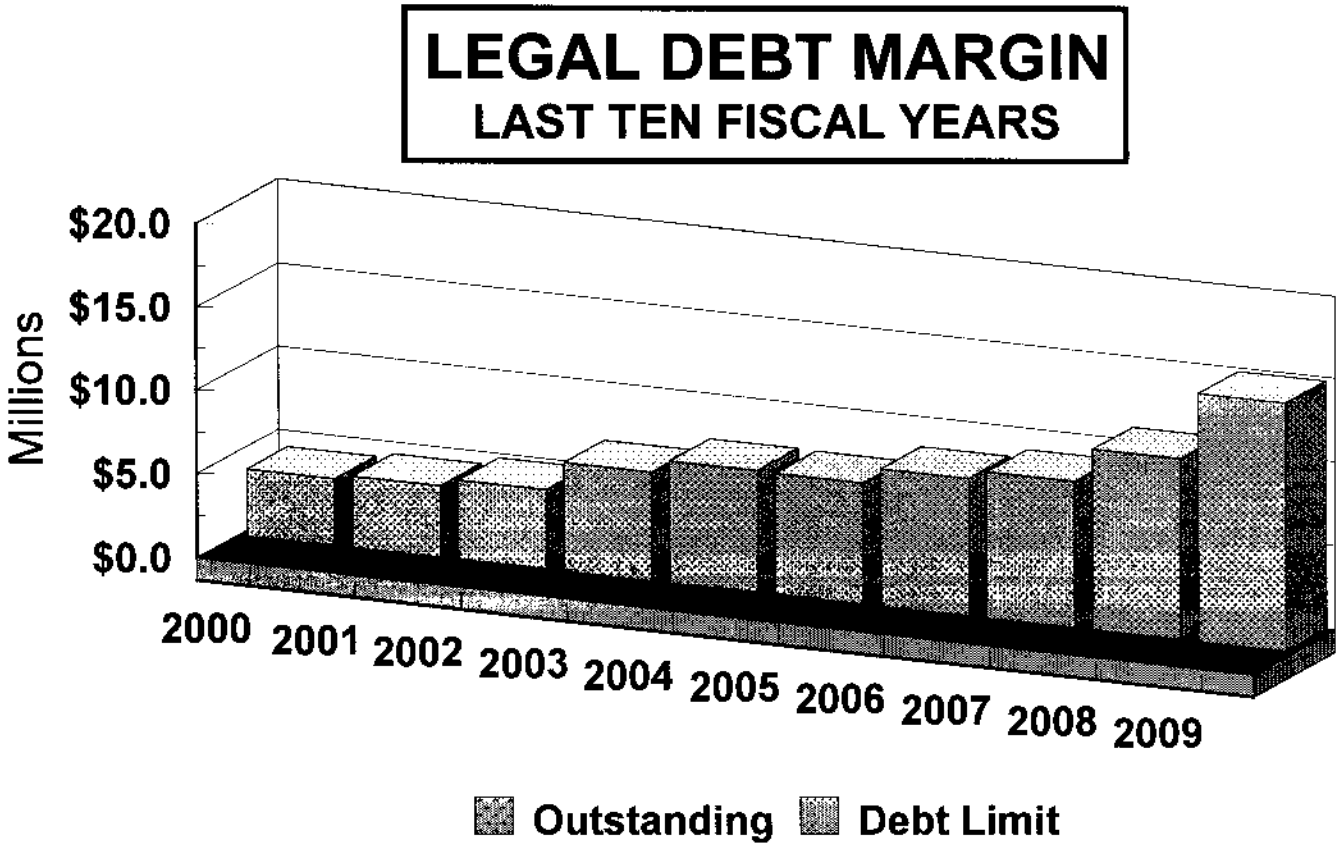
CITY OF PALMETTO, GEORGIA

Table 11

LEGAL DEBT MARGIN TABLE

Last Ten Fiscal Years

Year	Assessed Value	Percentage	Debt Limit	Amount Applicable	Legal Debt Margin
2000	40,200,103	10.00%	4,020,010	-	4,020,010
2001	42,887,330	10.00%	4,288,733	-	4,288,733
2002	47,452,824	10.00%	4,745,282	-	4,745,282
2003	64,843,326	10.00%	6,484,333	-	6,484,333
2004	72,611,932	10.00%	7,261,193	-	7,261,193
2005	72,217,778	10.00%	7,221,778	-	7,221,778
2006	81,732,203	10.00%	8,173,220	-	8,173,220
2007	87,034,875	10.00%	8,703,488	-	8,703,488
2008	107,465,311	10.00%	10,746,531	-	10,746,531
2009	147,779,735	10.00%	14,777,974	-	14,777,974



CITY OF PALMETTO, GEORGIA

Table 12

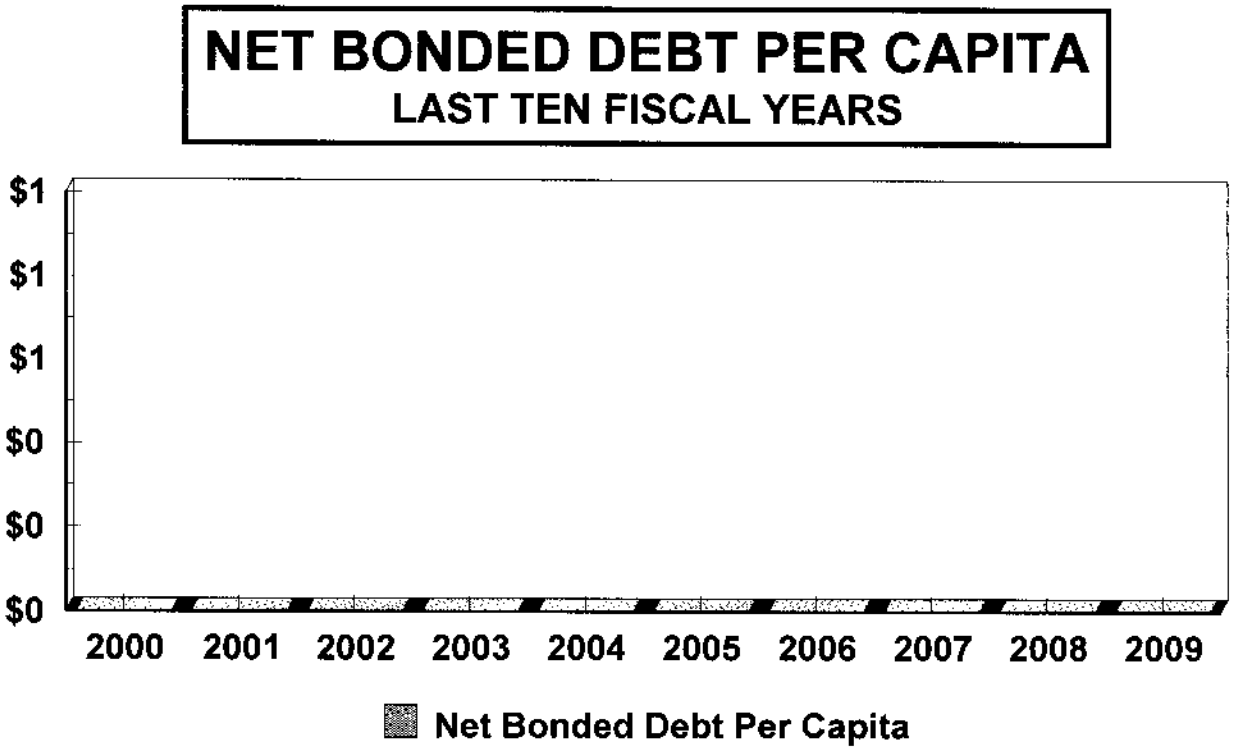
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2000	3,315	40,200,103	-	-	-	0.00%	0.00
2001	3,400	42,887,330	-	-	-	0.00%	0.00
2002	3,502	47,452,824	-	-	-	0.00%	0.00
2003	3,982	64,843,326	-	-	-	0.00%	0.00
2004	3,710	72,611,932	-	-	-	0.00%	0.00
2005	3,980	72,217,778	-	-	-	0.00%	0.00
2006	4,266	81,603,370	-	-	-	0.00%	0.00
2007	4,385	87,034,875	-	-	-	0.00%	0.00
2008	4,550	107,465,311	-	-	-	0.00%	0.00
2009	4,682	147,779,735	-	-	-	0.00%	0.00

(1) Atlanta Regional Commission population reports.

(2) From Table 5



CITY OF PALMETTO, GEORGIA

TABLE 13

DEMOGRAPHIC STATISTICS

As Available from Public Records

Fiscal Year	Popu-lation (1)	Personal Income (2)	Per Capita Income (2)	Median Age (2)	Median Education level in Years of Formal Schooling (2)	School Enroll-ment (2)	Unemploy-ment Rate (3)
2000	3,315	$ 62,646,870	$ 18,898	33.3	12	1336	3.25%
2001	3,400	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	3.60%
2002	3,502	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	4.30%
2003	3,982	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	4.80%
2004	3,710	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	4.60%
2005	3,980	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	4.50%
2006	4,266	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	4.40%
2007	4,385	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	4.20%
2008	4,550	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	9.30%
2009	4,682	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	9.50%

(1) Source: 2000 - U.S. Census, All Other Years - City Count

(2) Source: 2000 U.S. Census

(3) Source: Georgia Department of Labor for State of Georgia

CITY OF PALMETTO

Table 14

PRINCIPAL PROPERTY TAXPAYERS

Last Three Fiscal Years

Taxpayer	2009 Assessed Valuation	2009 % of Total Assessed Valuation	2008 Assessed Valuation	2008 % of Total Assessed Valuation	2007 Assessed Valuation	2007 % of Total Assessed Valuation
J. M. Pacific Enterprises	$ 6,800,000	4.60%	$ 7,800,000	7.26%	$ 6,800,000	7.81%
Coweta/Fayette EMC	5,803,728	3.93%	-	-	-	-
Soful LLC	2,771,200	1.88%	1,930,240	1.80%	-	-
W. H. M. Chattahoochee Hills Investment	2,399,730	1.62%	3,231,460	3.01%	-	-
William Gause	1,725,275	1.17%	1,725,545	1.61%	465,556	0.53%
Gensis Garden Apartments	1,720,000	1.16%	1,720,000	1.60%	1,720,000	1.98%
HWG Limited Partnership	1,713,400	1.16%	-	-	-	-
Wilkerson M OSCP One LLC	1,489,400	1.01%	1,499,600	1.40%	1,346,444	1.55%
Walker Concrete	1,434,600	0.97%	1,289,995	1.20%	882,000	1.01%
Bellsouth Telecomm Fulton	1,051,804	0.71%	949,781	0.88%	1,025,556	1.18%
Cannon Stanley C.	-	-	918,444	0.85%	-	0.00%
Spurlin Industries	-	-	879,375	0.82%	399,556	0.46%
Singh Creative	-	-	-	-	724,444	0.83%
Prudential Ind'l Prop-Dewitt Corp.	-	-	-	-	611,556	0.70%
Palmetto Center	-	-	-	-	564,222	0.65%
Other Taxpayers	120,870,598	81.79%	85,520,871	79.58%	72,495,541	83.29%
	$ 147,779,735	100.00%	$ 107,465,311	100.00%	$ 87,034,875	100.00%

Note 1: Due to a property tax millage rate increase in 2009, property tax revenue currently is the City's most significant own source revenue.
Note 2 : Information for the prior seven years not available.

CITY OF PALMETTO, GEORGIA

Table 15

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2009

	Fees or Salary	Amount of Surety Bond
MEMBERS OF THE CITY COUNCIL		
John O. Miller, Mayor	$ 3,000	$ 150,000
Lorraine Allen, Mayor Pro Tem	1,500	150,000
Natalie McFadden	1,500	150,000
Laura Mullis	1,500	150,000
Gregory Rusch	1,500	150,000
Leon Sumlin	1,500	150,000
OTHER CITY OFFICIALS		
Terry L. Todd, City Administrator	86,611	150,000
Luther Graham, Chief of Police	73,299	150,000
Henry Argo, Fire Chief	66,764	150,000
William F. "Butch" Gaddy, III, Public Works Director	73,316	150,000
Clay Collins, City Recorder	15,000	150,000

CITY OF PALMETTO, GEORGIA

Table 16

SUMMARY OF INSURANCE COVERAGE

June 30, 2009

Coverage

Property Coverage:			
Values Declared		$8,527,698	
Deductible Per Occurrence		1,000	
All Risk Coverage		1,000,000	Limit
Business Interruption		100,000	Limit
Valuable Paper and Records		100,000	Limit
Builders Risk - Automatic To		100,000	Limit
Casualty Coverage:			
General Liability	Occurrence	1,000,000	Limit
Police Professional	Occurrence	1,000,000	Limit
Public Officials	Claims Made	1,000,000	Limit
Automobile Liability	Occurrence	1,000,000	Limit
Employee Benefits Liability	Claims Made	1,000,000	Limit
Watercraft Liability	Occurrence	1,000,000	Limit
Paramedics, EMT	Occurrence	1,000,000	Limit
Liquor Liability	Occurrence	1,000,000	Limit
Crime Coverage:			
Money and Securities		500,000	Limit
Blanket Employee Dishonesty		500,000	Limit
Depositor's Forgery or Alteration		500,000	Limit
Computer Crime		500,000	Limit

CITY OF PALMETTO, GEORGIA

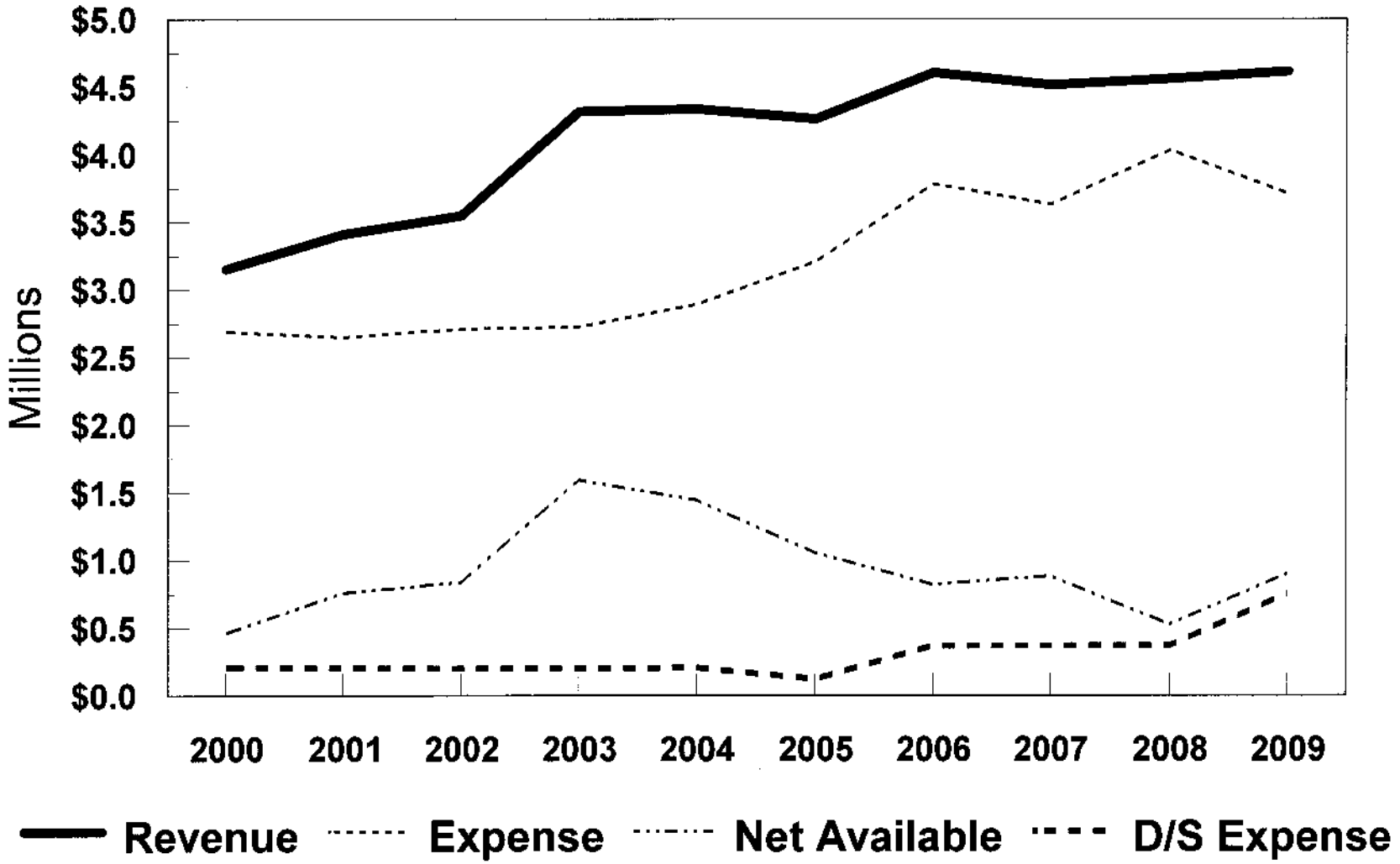
Table 17

REVENUE BOND COVERAGE
COMBINED PUBLIC UTILITY REVENUE BONDS

Last Ten Fiscal Years

	Electric Fund			Water & Sewer Fund			Combined		
Fiscal Year	Gross Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Gross Revenue(1)	Direct Operating Expenses(2)	Net Revenue Available for Debt Service	Net Revenue Available for Debt Service	Debt Service Payments	Coverage
2000	2,453,101	2,000,138	452,963	700,423	689,531	10,892	463,855	208,752	2.22
2001	2,630,800	1,952,022	678,778	779,948	698,999	80,949	759,727	205,046	3.71
2002	2,527,977	2,054,311	473,666	1,020,706	655,462	365,244	838,910	201,270	4.17
2003	2,617,898	2,054,362	563,536	1,700,236	671,271	1,028,965	1,592,501	202,345	7.87
2004	2,777,077	2,120,359	656,718	1,559,473	771,036	788,437	1,445,155	206,791	6.99
2005	2,806,980	2,179,192	627,788	1,456,342	1,029,679	426,663	1,054,451	122,527	8.61
2006	3,036,804	2,332,368	704,436	1,566,586	1,450,438	116,148	820,584	367,581	2.23
2007	2,977,552	2,509,434	468,118	1,534,726	1,120,005	414,721	882,839	367,641	2.40
2008	2,981,859	2,795,154	186,705	1,575,507	1,237,030	338,477	525,182	367,641	1.43
2009	3,214,458	2,517,868	696,590	1,396,589	1,192,188	204,401	900,991	751,975	1.20

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS



CITY OF PALMETTO, GEORGIA

TABLE 18

PRINCIPAL EMPLOYERS
Last Three Fiscal Years
As Available from Public Records

Employer	2007 Number of Employees	2007 % of Total Employment	2008 Number of Employees	2008 % of Total Employment	2009 Number of Employees	2009 % of Total Employment
Fulton County Board of Education	150	15.51%	150	14.78%	100	9.79%
Spurlin Industries	70	7.24%	80	7.88%	51	5.00%
Georgia Baptist Children's Home	70	7.24%	89	8.77%	138	13.52%
City of Palmetto	64	6.62%	69	6.80%	72	7.05%
Baptist Manor & Garrison Personal Care	42	4.34%	42	4.14%	43	4.21%
Bradley's Big Buy	35	3.62%	35	3.45%	35	3.43%
Bojangles	31	3.21%	31	3.05%	31	3.04%
Walker Concrete	26	2.69%	26	2.56%	26	2.55%
Dairy Queen	25	2.59%	25	2.46%	25	2.45%
McDonalds	-	-	20	1.97%	20	1.96%
Jack Peek Sales and Service	15	1.55%	-	-	-	-
Total Principal Employers	528	54.61%	567	55.86%	541	53.00%
Total Employees	967		1,015		1,021	

Note: Information for the prior seven years not available.

CITY OF PALMETTO, GEORGIA

Table 19

MISCELLANEOUS STATISTICAL FACTS

Date of Incorporation:	1853
Date of Adoption of City Charter:	August 7, 1920
Form of Government:	Mayor - Council
Area:	11.8 Square Miles

Miles of Streets:	
Paved	45.0
Sidewalks	6.0
Miles of Sewer:	
Storm	2.0
Sanitary	15.2
Total	17.2
Number of Street Lights:	408
Business Licenses:	
Licenses Issued	411
Building Permits:	
Permits Issued	244
Estimated Construction Costs	$2,612,625

Employees as of June 30, 2009:

Total	Full Time	Part Time
72	68	4

Fire Protection:	
Number of Stations	1
Number of Employees	18
Police Protection:	
Number of Stations	1
Number of Employees	20
Municipal Water Service:	
Number of Customers	1,542
Plant Capacity	1 MGD
Miles of Water Mains	25
Number of Fire Hydrants	174
Municipal Electric Service:	
Number of Customers	1,732
Miles of Line	39
Election:	
Registered Voters	2,060
Number of Votes Cast General Election (11/07)	621
Percentage of Registered Voters Voting	30.15%

Population of Palmetto:

1950	1,257
1960	1,466
1970	2,045
1980	2,086
1990	2,612
1998	3,154
1999	3,218
2000	3,315
2001	3,400
2002	3,502
2003	3,982
2004	3,710
2005	3,980
2006	4,266
2007	4,385
2008	4,550
2009	4,682

TABLE 20

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Three Fiscal Years

Function	2009	2008	2007
General Government	6	7	6
Public Safety:			
Officers	20	20	14
Civilians	3	3	3
Fire			
Firefighters and Officers	18	17	-
Highways and Streets			
Maintenance	6	9	9
Community Services	0	2	2
Electric	6	5	5
Water and Sewer	9	9	10
	68	72	49

Note: Information for the prior seven years are not available.

TABLE 21

OPERATING INDICATORS BY FUNCTION
Last Three Fiscal Years

Function	2009	2008	2007
Police			
Physical Arrests	58	216	154
Parking Violations	0	1	2
Traffic Violations	2,738	934	353
Fire			
Number of Calls Answered	775	767	-
Inspections	254	192	-
Highways and Streets			
Street Resurfacing(Feet)	1000	1200	1000
Potholes Repaired	60	24	24
Community Services			
Admissions	0	47	24
Water			
New Connections	0	36	26
Water Main Breaks	4	2	4
Average Daily Consumption(Gallons)	295,000	291,770	301,193
Sewer			
Average Daily Sewerage Treatment(Gallons)	420,708	423,199	413,368

Sources: Various City Departments.
Note 1: Full Fire Department function implemented in fiscal year 2008.
Note 2: No Operating Indicators are available for the General Government functions.
Note 3: Information for the prior seven years are not available.

TABLE 22

CAPITAL ASSET STATISTICS BY FUNCTION
Last Three Fiscal Years

Function	2009	2008	2007
Public Safety			
Police			
Stations	1	1	1
Patrol Units	17	16	16
Fire Stations	1	1	1
Highways and Streets			
Streets (Miles)	51.0	51.0	46.5
Streetlights	408	408	408
Traffic Signals	2	2	2
Community Centers	1	1	1
Water			
Water Mains(Miles)	25.0	25.0	25.0
Fire Hydrants	174	174	174
Maximum Daily Capacity (thousand gals.)	450	450	450
Sewer			
Sanitary Sewers(Miles)	15.2	15.2	15.2
Storm Sewers(Miles)	2.0	2.0	2.0
Maximum Daily Trearment Capacity	-	-	-
Electric			
Number of Distribution Stations	1	1	1
Miles of Service Lines	39	39	39

Sources: Various City Departments.
Note 1:No Capital Asset Indicators are available for the General Government function.
Note 2: Information for the prior seven years are not available.