CITY OF PALMETTO, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

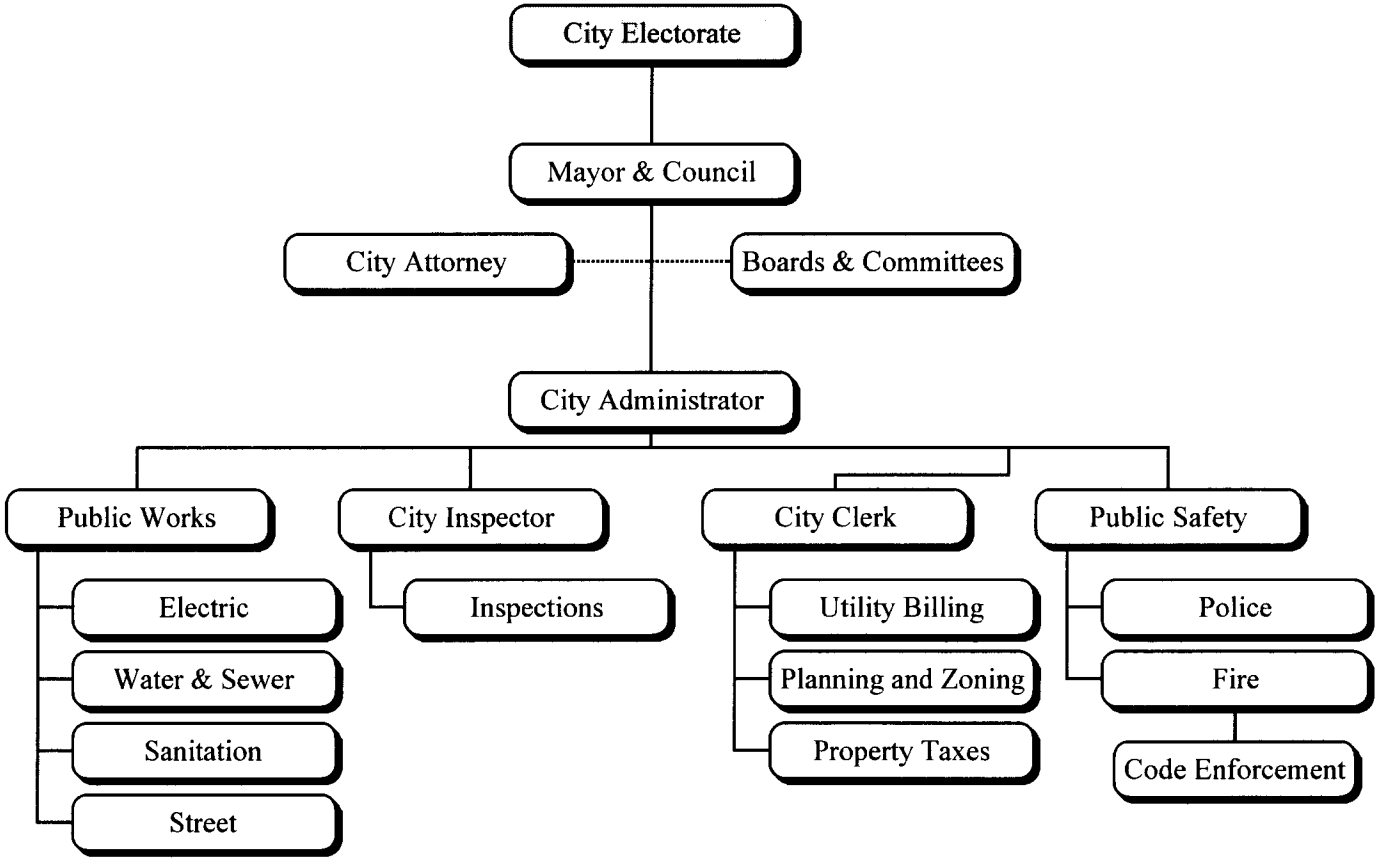
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CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

City of Palmetto, Georgia

Organizational Chart



CITY OF PALMETTO, GEORGIA

CITY OFFICIALS
2010

MAYOR
John O. Miller

CITY COUNCIL
Lorraine Allen
Lucinda Rockemore
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, 2009

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, 2010, 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

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 4,825 with a population growth rate of 25% between 1980 and 1990, 27% between 1990 and 2000, and 42% between 2000 and 2010.

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 2010, 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.

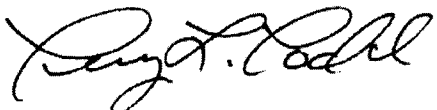
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmetto, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the eighteenth consecutive year that the 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 15, 2010



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CITY OF PALMETTO, GEORGIA

FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

Daniel L. Post, CPA
Daniel L. Post, Jr., CPA
Bret A. Tyler, CPA
Samantha W. Maxwell, CPA
James C. Castle, CPA
Heather K. Hendren, 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, 2010, 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, 2010 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, 2010, 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 on pages 17 through 23 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. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The 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 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 15, 2010

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, 2010. 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 $13,685,007 (net assets).

- The government's total net assets decreased by $311,686 primarily due to decreased revenues for landfill tipping fees, fines and forfeitures in the Police Department, and an increase in bond interest expense in the Water and Sewer Fund. Bond interest costs had previously been capitalized.

- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending fund balances of $923,022, a decrease of $9,965 in comparison with the prior year (The fund balance also recorded an increase of $63,341 due to a prior period adjustment.).

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $223,396.

- The City of Palmetto's total debt decreased by $319,331 during the current fiscal year. The key factor in this decrease was a reduction in indebtedness of revenue bonds payable of $400,000 offset by a capital lease entered into of $109,539 with a balance due at year end of $80,669.

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 24 & 25) 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 27 - 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, 2010			June 30, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and Other Assets	$ 1,604,161	$ 3,923,748	$ 5,527,909	$ 1,156,073	$ 4,253,207	$ 5,409,280
Capital Assets - Net	2,010,202	15,978,053	17,988,255	2,275,090	16,364,153	18,639,243
Total Assets	$ 3,614,363	$ 19,901,801	$ 23,516,164	$ 3,431,163	$ 20,617,360	$ 24,048,523
Long-Term Liabilities	$ 51,799	$ 8,355,000	$ 8,406,799	$ -	$ 8,765,000	$ 8,765,000
Other Liabilities	286,841	1,137,517	1,424,358	204,639	1,145,533	1,350,172
Total Liabilities	338,640	9,492,517	9,831,157	204,639	9,910,533	10,115,172
Invested in Capital Assets, Net of Related Debt	$ 2,220,713	$ 7,844,028	$ 10,064,741	$ 2,275,090	$ 7,599,153	$9,874,243
Unrestricted	1,055,010	2,565,256	3,620,266	951,434	3,107,674	4,059,108
Total Net Assets	$ 3,275,723	$ 10,409,284	$ 13,685,007	$ 3,226,524	$ 10,706,827	$ 13,933,351

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 $13,685,007 as of June 30, 2010. The City's net assets decreased by $311,686 for the fiscal year ended June 30, 2010, offset by a prior period adjustment of $63,342. This decrease was primarily due to decreased landfill tipping fees of $187,603, fines and forfeitures revenues of $85,407 in the General Fund, and increased bond interest expense $343,402 in the Water and Sewer Fund.

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 $3,620,266 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, 2010			June 30, 2009		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	$566,061	$5,111,421	$5,677,482	$1,039,263	$4,922,652	$5,961,915
Operating Grants and Contributions	-	-	-	18,283	-	18,283
General Revenues:						
Property Taxes	1,231,906	-	1,231,906	983,957	-	983,957
Other Taxes	410,436	-	410,436	444,813	-	444,813
Other	978,357	1,788	980,145	996,587	13,930	1,010,517
Total Revenues	$ 3,186,760	$ 5,113,209	$ 8,299,969	$ 3,482,903	$ 4,936,582	$ 8,419,485
Expenses:						
General Government	$ 786,794	$ -	$ 786,794	$ 931,951	-	$ 931,951
Public Safety	2,644,167	-	2,644,167	2,624,122	-	2,624,122
Street	310,413	-	310,413	415,722	-	415,722
Special Services	59,529	-	59,529	94,278	-	94,278
Electric	-	2,620,385	2,620,385	-	2,576,265	2,576,265
Water and Sewer	-	1,915,621	1,915,621	-	1,561,412	1,561,412
Sanitation	-	274,746	274,746	-	295,938	295,938
Total Expenses	$ 3,800,903	$ 4,810,752	$ 8,611,655	$ 4,066,073	$ 4,433,615	$ 8,499,688
Transfers	$ 600,000	$ (600,000)	-	$ 700,000	$ (700,000)	-
Increase in Net Assets	$ (14,143)	$ (297,543)	$ (311,686)	$ 116,830	$ (197,033)	$ (80,203)
Net Assets, July 1	$ 3,226,524	$ 10,706,827	$ 13,933,351	$ 3,109,694	$ 10,903,860	$ 14,013,554
Prior Period Adjustment	$ 63,342	$ -	$ 63,342	$ -	$ -	$ -
Net Assets, June 30	$ 3,275,723	$ 10,409,284	$ 13,685,007	$ 3,226,524	$ 10,706,827	$ 13,933,351

Governmental activities: Governmental activities decreased the City's net assets by $ 14,143. This decrease was primarily due to decreased landfill tipping fees of $187,603, fines and forfeitures revenues of $85,407 in the General Fund

Business-type activities: Business-type activities decreased the City of Palmetto's net assets by $297,543 . This decrease was primarily due to a transfer of $600,000 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 $223,396, while total fund balance reached $416,230. 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 6.15% of total General Fund expenditures while total fund balance represents 11.46% of that same amount.

At June 30, 2010, the governmental funds of City of Palmetto reported a combined find balance of $923,022, a 8.66% increase over last year. The major reason for the increase in the fund balance over the previous year were due to a transfer of $600,000 from the Electric fund to the General Fund offset by decreased landfill tipping fees.

General Fund Budgetary Highlights: Tax revenues were higher than the budgeted amounts primarily because ad valorem taxes were higher than anticipated. Police fine and forfeiture revenues were about $17,000 higher than budget. Intergovernmental revenues were $821,556 less than budgeted due to the deferment of the State Grant Tea Project ($750,000) and a reduction in the Fulton County CDBG Project . SPLOST revenues come in $78,000 more than anticipated. 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 expenses came in nearly $200,000 under budget. Half of that amount was due to not using contingency funds. The Police Department police salaries were $65,000 under budget and gas and oil expenses $15,000 under budget. The Street Department came under budget due to salary difference of $19,000, repair and maintenance of streets and parks of $25,000, and repair and maintenance of the cemetery of $11,000. Capital outlays were over $1,000,000 under budget, nearly all of which was due to the lack of expenditures for the remodeling of the old train depot.

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 $1,823,376. This represents an decrease of $187,000 over the previous year, and which is due primarily to additions to the distribution system. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to $613,528 This represents an increase of $8,000 from the previous year. The Sanitation unrestricted net assets increased by $36,000 due to its net income.

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, 2010, totals $18,910,410 (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 44 through 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	-	624,309	624,309
Buildings and Improvements	1,602,099	30,871	1,632,970
Distribution System	-	15,876,504	15,876,504
Vehicles, Equipment and Furniture	1,516,677	70,678	1,587,355
Infrastructure	956,938	-	956,938
Total	$ 4,366,894	$ 16,609,029	$ 20,975,923

Long-term Debt. As of June 30, 2010 the City of Palmetto had long term bonded debt outstanding of $8,765,000 (including the amount due within one year) 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 $319,331 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 $13,655,215.

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 46 through 48 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 2010, the residents of Palmetto celebrated the City's 156th Anniversary. This event evidences the City's reputation as the "friendly City".

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities: Tax revenue is expected to be about $1.5 million in 2011 which equals the tax revenue for 2010. Intergovernmental revenues are expected to increase about $152,000 over the actual received in 2010. Overall governmental revenues are budgeted to increase by nearly $800,000 over the actual received in 2010 due to expected governmental grants totaling $920,000 after receiving no grants in 2010. Expenditures in the General Fund exceed actual incurred in 2010 by $2.9 million. The improvements to the train depot account for $1 million of this, and Streets account for one-half million due largely to a sidewalks project and

other improvements. Employee costs such as pensions contributions, health insurance, and worker's compensation insurance account for significant amounts of the increase as well.

Business - type Activities: The budget for the Electric Fund shows an anticipated revenue of $3,400,000 which is in line with the actual received in 2010. Anticipated expenditures of $2.9 million are an increase of $154,000 over 2010 actual. The largest increases are for purchased power ($150,000) and personnel ($28,600)

The Water and Sewer Fund is budgeted for total revenues of $1.5 million, an increase of $60,000 over actual 2010 revenues. Expenses are expected to increase by $289,000, most of which is due to increases in costs to the distribution systems.

The Sanitation Fund is expected to perform similarly to 2010, with an increase in contracted services of $40,000 forecast.

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, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and In Banks	$ 579,617	$ 1,935,951	$ 2,515,568
Certificates of Deposit	-	89,723	89,723
Ad Valorem Taxes Receivable	292,931	-	292,931
Local Option Sales Taxes Receivable	79,173	-	79,173
Community Development Block Grant	24,834	-	24,834
Alcoholic Beverage Taxes Receivable	12,085	-	12,085
Franchise Taxes Receivable	22,518	-	22,518
Police Fines Receivable	108,989	-	108,989
Prepaid Assets	156,240	36,436	192,676
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	560,193	560,193
Other Receivables	-	71	71
Inventories	36,594	290,634	327,228
Total Current Assets	1,312,981	2,913,008	4,225,989
Non-Current Assets:			
Deferred Charges	-	379,765	379,765
Capital Assets not being depreciated			
Land and Improvements	291,180	6,667	297,847
Construction In Progress	-	624,308	624,308
Capital Assets being depreciated			
Capital Assets (net of Accumulated Depreciation)	2,010,202	15,978,053	17,988,255
Total Non-current Assets	2,301,382	16,988,793	19,290,175
Total Assets	$ 3,614,363	$ 19,901,801	$ 23,516,164
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	$ 22,052	$ 221,882	$ 243,934
Accrued Salaries and Payroll Taxes	223,956	65,646	289,602
Utility Deposits	-	267,805	267,805
Inspector Deposit-Developments	11,963	-	11,963
Capital Leases Payable	28,870	-	28,870
Revenue Bonds Payable	-	410,000	410,000
Total Current Liabilities (Payable from Current Assets):	286,841	965,333	1,252,174
Current Liabilities Payable from Restricted Assets:			
Accrued Bond Interest Payable	-	172,184	172,184
Total Current Liabilities Payable from Restricted Assets:	-	172,184	172,184
Noncurrent Liabilities			
Capital Leases Payable	51,799	-	51,799
Revenue Bonds Payable	-	8,355,000	8,355,000
Total Noncurrent Liabilities	51,799	8,355,000	8,406,799
Total Liabilities	338,640	9,492,517	9,831,157
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,220,713	7,844,028	10,064,741
Unrestricted	1,055,010	2,565,256	3,620,266
Total Net Assets	$ 3,275,723	$ 10,409,284	$ 13,685,007

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

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	$ 786,794	$ 84,804	$ -	$ -	$ (701,990)	$ -	$ (701,990)
Public Safety	2,644,167	264,043	-	-	(2,380,124)	-	(2,380,124)
Street	310,413	217,214	-	-	(93,199)	-	(93,199)
Special Services	59,529	-	-	-	(59,529)	-	(59,529)
Total governmental activities	3,800,903	566,061	-	-	(3,234,842)	-	(3,234,842)
Business activities:							
Electric Utilities	2,620,385	3,358,980	-	-	-	738,595	738,595
Water and Sewer Utilities	1,915,621	1,440,928	-	-	-	(474,693)	(474,693)
Sanitation Utilities	274,746	311,513	-	-	-	36,767	36,767
Total Business-type Activities	4,810,752	5,111,421	-	-	-	300,669	300,669
Total primary government	$ 8,611,655	$ 5,677,482	$ -	$ -	(3,234,842)	300,669	(2,934,173)
General Revenues:							
Intergovernmental Local Option Sales Tax					958,061	-	958,061
Ad Valorem Tax					1,231,906	-	1,231,906
Motor Vehicle Tax					54,254	-	54,254
Franchise Tax					69,823	-	69,823
Insurance Premium Tax					188,507	-	188,507
Beer/Wine/Liquor Tax					90,936	-	90,936
Transfer Tax					1,754	-	1,754
Intangible Tax					5,162	-	5,162
Interest Income					2,647	1,788	4,435
Miscellaneous					17,649	-	17,649
Transfers					600,000	(600,000)	-
Total General Revenues and Transfers					3,220,699	(598,212)	2,622,487
Change in Net Assets					(14,143)	(297,543)	(311,686)
Net Assets Beginning					3,226,524	10,706,827	13,933,351
Prior Period Adjustment					63,342	-	63,342
Net Assets Ending					$ 3,275,723	$ 10,409,284	$ 13,685,007

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



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CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash on Hand and In Banks	$ 83,009	$ 496,608	$ 579,617
Ad Valorem Taxes Receivable	292,931	-	292,931
Local Option Sales Taxes Receivable	68,989	10,184	79,173
Community Development Block Grant	24,834	-	24,834
Alcoholic Beverage Taxes Receivable	12,085	-	12,085
Franchise Taxes Receivable	22,518	-	22,518
Police Fines Receivable	108,989	-	108,989
Prepaid Items	156,240	-	156,240
Inventories	36,594	-	36,594
Total Assets	$ 806,189	$ 506,792	$ 1,312,981
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 22,052	$ -	$ 22,052
Accrued Salaries and Taxes Payable	151,265	-	151,265
Inspector Deposit - Developments	11,963	-	11,963
Deferred Ad Valorem Tax Revenue	204,679	-	204,679
Total Liabilities	389,959	-	389,959
Fund Balance			
Reserved for Prepaid Items and Inventories	192,834	-	192,834
Reserved for SPLOST Capital Projects	-	115,100	115,100
Unreserved , Designated, Reported in Conficated Fund	-	391,692	391,692
Unreserved	223,396	-	223,396
Total Fund Balance	416,230	506,792	923,022
Total Liabilities and Fund Balance	$ 806,189	$ 506,792	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets of $ 4,366,894 net of accumulated depreciation of $2,065,512 are notfinancial resources and, therefore, are not reported in the funds.			2,301,382
Accrued compensated absences are considered long-term and do not require the use of current resources and therefore not recorded in the governmental funds.			(72,691)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.			204,679
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds.			(80,669)
Net Assets of Governmental Activities			$ 3,275,723

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, 2010

	General	Other Governmental Funds	Total
Revenues:			
Taxes:			
Ad Valorem Tax	$ 1,155,473	$ -	$ 1,155,473
Penalties/Interest on Delinquent Taxes	23,994	-	23,994
Motor Vehicle Tax	54,254	-	54,254
Franchise Tax	69,823	-	69,823
Insurance Premium Tax	188,507	-	188,507
Beer, Wine, Liquor Tax	90,936	-	90,936
Transfer Taxes	1,754	-	1,754
Intangibles Taxes	5,162	-	5,162
Total Taxes	1,589,903	-	1,589,903
Licenses and Permits:			
Business Licenses	64,620	-	64,620
Building & Other Permits	20,184	-	20,184
Total Licenses and Permits	84,804	-	84,804
Intergovernmental Revenues:			
Intergovernmental L.O.S.T. Taxes	838,444	119,617	958,061
Federal and State Confiscations	-	7,204	7,204
Total Intergovernmental Revenues	838,444	126,821	965,265
Fines and Forfeitures:			
Police Department	256,839	-	256,839
Miscellaneous:			
Landfill Tipping Fees	217,214	-	217,214
Community Center	1,700	-	1,700
Cemetery Lot Sales	2,110	-	2,110
Interest Income	2,039	608	2,647
Other Miscellaneous	13,839	-	13,839
Total Miscellaneous	236,902	608	237,510
Total Revenues	$ 3,006,892	$ 127,429	$ 3,134,321

Continued on the next page.

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2010

	General	Other Governmental Funds	Totals
Expenditures:			
Current:			
Administrative	$ 744,665	$ 19,002	$ 763,667
Police	1,468,625	-	1,468,625
Fire Department	1,054,828	-	1,054,828
Street	273,403	-	273,403
Special Services	23,293	-	23,293
Total Current Expenditures	3,564,814	19,002	3,583,816
Debt Service			
Principal	-	28,870	28,870
Capital Outlay:			
Police	-	172,610	172,610
Fire Department	32,810	-	32,810
Street	3,348	-	3,348
Special Services	32,371	-	32,371
Total Capital Outlay	68,529	172,610	241,139
Total Expenditures	3,633,343	220,482	3,853,825
Excess (Deficit) of Revenues Over Expenditures Before	(626,451)	(93,053)	(719,504)
Other Financing Sources			
Transfers In	600,000	-	600,000
Proceeds from Capital Leases	-	109,539	109,539
Total Other Financing Sources (uses)	600,000	109,539	709,539
Net Change in Fund Balance	(26,451)	16,486	(9,965)
Fund Balance Beginning	379,341	490,306	869,647
Prior Period Adjustment	63,341	-	63,341
Fund Balance Ending	$ 416,231	$ 506,792	

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, 2010

Net change in fund balances - total governmental funds:	$	(9,965)
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 capital outlays of $241,139 exceeded depreciation of $214,847 in the current period.		26,292
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which compenated absenses increased during the year.		(2,240)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		52,439
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(80,669)
Change in Net Assets of Government Activities	$	(14,143)

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, 2010

	Budget			Variance-Positive (Negative)
	Original	Revised	Actual	
Revenues:				
Taxes	$ 1,351,250	$ 1,351,250	$ 1,589,903	$ 238,653
Licenses and Permits	87,800	87,800	84,804	(2,996)
Intergovernmental Revenues	1,660,000	1,660,000	838,444	(821,556)
Fines and Forfeitures	240,000	240,000	256,839	16,839
Miscellaneous Revenue	410,810	410,810	236,902	(173,908)
Total Revenues	3,749,860	3,749,860	3,006,892	(742,968)
Expenditures:				
Administrative	943,270	943,270	744,665	198,605
Police Department	1,563,932	1,563,932	1,468,625	95,307
Fire Department	1,061,500	1,061,500	1,054,828	6,672
Street Department	437,005	437,005	273,403	163,602
Special Services	55,532	55,532	23,293	32,239
Capital Outlay	1,155,188	1,155,188	68,529	1,086,659
Total Expenditures	5,216,427	5,216,427	3,633,343	1,583,084
Excess (Deficiency) of Revenues over Expenditures	(1,466,567)	(1,466,567)	(626,451)	840,116
Other Financing Sources (Uses)				
Transfers in	-	600,000	600,000	-
Net Change in Fund Balance	(1,466,567)	(866,567)	(26,451)	840,116
Fund Balance at Beginning of Year	379,341	379,341	379,341	-
Prior Period Adjustment	-	-	63,341	63,341
Fund Balance at End of Year	$ (1,087,226)	$ (487,226)	$ 416,231	$ 903,457

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



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CITY OF PALMETTO, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2010

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
ASSETS				
Current Assets:				
Cash in Banks	$ 1,680,269	$ 171,200	$ 84,482	$ 1,935,951
Certificates of Deposit	89,723	-	-	89,723
Prepaid Expenses	17,508	18,928	-	36,436
Utility Accounts Receivable (Net of Allowance for Collectibles)	297,495	218,828	43,870	560,193
Other Receivables	71	-	-	71
Inventories	223,515	67,119	-	290,634
Total Current Assets	2,308,581	476,075	128,352	2,913,008
Noncurrent Assets:				
Deferred Charges	-	379,765	-	379,765
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	624,308	-	624,308
Capital Assets Being Depreciated:				
Buildings	62,132	-	-	62,132
Utility Distribution System	2,548,435	16,609,994	-	19,158,429
Water Tanks	-	164,100	-	164,100
Vehicles and Equipment	329,365	134,046	-	463,411
Total	2,946,599	17,532,448	-	20,479,047
Less: Accumulated Depreciation	(983,260)	(2,886,759)	-	(3,870,019)
Total Capital Assets	1,963,339	14,645,689	-	16,609,028
Total Noncurrent Assets	1,963,339	15,025,454	-	16,988,793
Total Assets	$ 4,271,920	$ 15,501,529	$ 128,352	$ 19,901,801
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	$ 191,559	$ 30,323	$ -	$ 221,882
Sales Tax Payable	-	-	-	0
Accrued Liabilities and Payroll Taxes	35,328	30,318	-	65,646
Utility Deposits	258,318	9,487	-	267,805
Revenue Bonds Payable	-	410,000	-	410,000
Total Current Liabilities (Payable from Current Assets):	485,205	480,128	-	965,333
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	172,184	-	172,184
Total Current Liabilities (Payable from Restricted Assets	-	172,184	-	172,184
Total Current Liabilities	-	652,312	-	1,137,517
Noncurrent Liabilites				
Revenue Bonds Payable	-	8,355,000	-	8,355,000
Total Liabilities	485,205	9,007,312	-	9,492,517
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,963,339	5,880,689	-	7,844,028
Unrestricted	1,823,376	613,528	128,352	2,565,256
Total Net Assets	$ 3,786,715	$ 6,494,217	$ 128,352	$ 10,409,284

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, 2010

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Sales of Utilities	$ 3,208,915	$ 1,374,485	$ -	$ 4,583,400
Sanitation Charges	-	-	295,992	295,992
Penalties	101,499	64,588	14,036	180,123
Service, Cut on, and Permit Fees	43,945	-	-	43,945
Miscellaneous	4,621	1,855	1,485	7,961
Total Operating Revenue	3,358,980	1,440,928	311,513	5,111,421
Operating Expenses:				
Purchase of Utilities	2,096,215	12,979	-	2,109,194
Sewer Treatment	-	330,323	-	330,323
Salaries	222,718	260,194	-	482,912
Payroll Taxes	17,560	20,090	-	37,650
Retirement	19,896	29,844	-	49,740
Insurance (Group)	63,667	90,595	-	154,262
Training	12,265	-	-	12,265
Uniforms	3,469	2,294	-	5,763
Insurance - Vehicles and Equipment	7,302	2,112	-	9,414
Insurance - Other	3,523	9,960	-	13,483
Georgia Public Web	2,649	-	-	2,649
Professional Fees	38,018	105,776	-	143,794
Miscellaneous Administrative Expenses	708	11,990	-	12,698
Office Supplies	153	115	-	268
Depreciation Expense	62,103	348,475	-	410,578
Contracted Services	-	-	273,156	273,156
Repairs and Maintenance:				
Buildings	767	437	-	1,204
Distribution System	23,264	108,281	-	131,545
Equipment	329	3,882	-	4,211
Vehicles	5,512	1,810	-	7,322
Gas and Oil	7,326	9,418	-	16,744
Supplies	(960)	53,586	-	52,626
Equipment Rental	125	34,313	-	34,438
Bad Debt Expense	28,677	6,396	1,590	36,663
Telephone	3,691	8,956	-	12,647
Utilities	1,208	89,945	-	91,153
Miscellaneous Operating Expense	200	3,398	-	3,598
Total Operating Expenses	2,620,385	1,545,169	274,746	4,440,300
Operating Income	738,595	(104,241)	36,767	671,121

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, 2010

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Nonoperating Revenues (Expenses):				
Interest on Investments	732	1,056	-	1,788
Amortization Expense	-	(27,050)	-	(27,050)
Bond Interest	-	(343,402)	-	(343,402)
Total Nonoperating Revenues (Expenses)	732	(369,396)	-	(368,664)
Transfers In (Out)	(600,000)	-	-	(600,000)
Change in Net Assets	139,327	(473,637)	36,767	(297,543)
Net Assets, Beginning of Year	3,647,388	6,967,854	91,585	10,706,827
Net Assets, End of Year	$ 3,786,715	$ 6,494,217	$ 128,352	$ 10,409,284

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, 2010

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	$ 3,393,546	$ 1,329,303	$ 303,417	$ 5,026,266
Payments to Suppliers	(2,331,908)	(915,604)	(297,975)	(3,545,487)
Payments to Employees	(222,718)	(260,194)	-	(482,912)
Net Cash Provided by (Used in) Operating Activities	838,920	153,505	5,442	997,867
Cash Flows from Non-Capital Financing Activities:				
Transferred to Other Funds	(600,000)	-	-	(600,000)
Net Cash Flows from Non-Capital Financing Activities:	(600,000)	-	-	(600,000)
Cash Flows from Capital and Related Financing Activities:				
Cash Paid for Additions to Property, Plant and Equipment	(388,662)	(264,276)	-	(652,938)
Principal Paid on Bond Indebtedness	-	(400,000)	-	(400,000)
Interest Paid on Bond Indebtedness	-	(349,402)	-	(349,402)
Net Cash Flows from Capital and Related Financing Activities	(388,662)	(1,013,678)	-	(1,402,340)
Cash Flows From Investing Activities:				
Income on Investments and Interest Bearing Accounts	732	1,056	-	1,788
Net Cash From Investing Activities	732	1,056	-	1,788
Net Increase (Decrease) in Cash	(149,010)	(859,117)	5,442	(1,002,685)
Cash at Beginning of Year	1,919,002	1,030,317	79,040	3,028,359
Cash at End of Year	$ 1,769,992	$ 171,200	$ 84,482	$ 2,025,674
Classified As:				
Cash on Hand and in Banks	1,680,269	171,200	84,482	1,935,951
Certificates of Deposit	89,723	-	-	89,723
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	738,595	(104,241)	36,767	671,121
Adjustments Not Affecting Cash:				
Depreciation	62,103	348,475	-	410,578
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	26,331	(103,204)	(6,506)	(83,379)
(Increase) Decrease in Inventory	(11,758)	4,038	-	(7,720)
(Increase) Decrease in Prepaid Expenses	10,025	12,840	-	22,865
Increase (Decrease) in Accounts Payable	(27,665)	-	(24,819)	(52,484)
Increase (Decrease) in Accrued Liabilities	4,377	(2,378)	-	1,999
Increase (Decrease) in Utility Deposits	36,912	(2,025)	-	34,887
Total Adjustments	100,325	257,746	(31,325)	326,746
Net Cash Provided by (Used in) Operating Activities	$ 838,920	$ 153,505	$ 5,442	$ 997,867

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, 2010, 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.

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 November 5, 2009. 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, 2010. 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 $93,477 compared to $115,158 in the previous year which represents a decrease of $21,681.

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, 2010 the City had outstanding bonds of $8,765,000 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 ()difference are as follows:

Capital outlay	$241,139
Depreciation expense	(214,847)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities.	$26,292

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 $52,438 difference is as follows:

Deferred ad valorem taxes-Current Year	$204,679
Deferred ad valorem taxes-Prior Year	(152,240)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities.	$52,439

(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.

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 $2,515,568 and a bank balance of $2,667,170. Of the bank balance, $339,723 was covered by federal depository insurance and $2,327,447 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, 2010.

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 4,

2010 was 0.95%. 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.

Cash Accounts with Banks Maturity	Fair Value	Percent of Total Investment
Ninety Days or Less	$2,515,568	100.00%

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to.

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, $1,426,353 is currently invested in Royal Bank of Canada Money Market accounts, which are fully insured or 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, 2010 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, 2010 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	$ 393,736	$ 129,415	$ 264,321
Water & Sewer	271,931	53,103	218,828
Sanitation	55,337	11,469	43,868
Total	$ 721,004	$ 193,987	$ 527,017

C. Capital Assets

Governmental activities as of June 30, 2010:

Asset Class	Balance 7/01/09	Increases	Decreases	Balance 6/30/10
Capital assets not being depreciated: Land	$ 291,180	$ -	$ -	$ 291,180
Capital assets being depreciated:				
Building	1,574,727	27,714	-	1,602,441
Furniture	87,215	2,652	-	89,867
Machinery, Equipment & Vehicles	1,215,695	210,773	-	1,426,468
Infrastructure	956,938		-	956,938
Total capital assets being depreciated	3,834,575	241,139	-	4,075,714
Less accumulated depreciation for:				
Buildings	(638,957)	(68,622)	-	(707,579)
Furniture	(70,009)	(4,809)	-	(74,818)

Asset Class	Balance 7/01/09	Increases	Decreases	Balance 6/30/10
Machinery, Equipment & Vehicles	(900,887)	(107,970)	-	(1,008,857)
Infrastructure	(240,812)	(33,446)	-	(274,258)
Total accumulated depreciation	(1,850,665)	(214,847)	-	(2,065,512)
Total capital assets being depreciated, net	1,983,910	26,292	-	2,010,202
Government activities capital assets, net	2,275,090	$ 26,292	-	$ 2,301,382

Business-type activities as of June 30, 2010:

Asset Class	Balance 7/01/09	Increases	Decreases	Balance 6/30/10
Capital assets not being depreciated: Land	$ 6,667	$ -	$ -	$ 6,667
Construction In Progress	409,657	214,651	-	624,308
Capital assets being depreciated:				
Buildings	62,132	-	-	62,132
Machinery, Equipment & Vehicles	459,727	3,684	-	463,411
Water Tanks	151,770	12,330	-	164,100
Distribution System	18,733,641	424,788	-	19,158,429
Total capital assets being depreciated	19,407,270	440,802	-	19,848,072
Less accumulated depreciation for:				
Buildings	(29,191)	(13,011)	-	(42,202)
Machinery, Equipment & Vehicles	(382,812)	(18,574)	-	(401,386)
Water Tanks	(80,301)	(10,941)	-	(91,242)
Distribution system	(2,967,137)	(368,052)	-	(3,335,189)
Total accumulated depreciation	(3,459,441)	(410,578)	-	(3,870,019)
Total capital assets being depreciated, net	15,947,829	30,224	-	15,978,053
Business type activities capital assets, net	$ 16,364,153	$ 244,875	-	$ 16,609,028

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

Government activities:		
Administration	$	22,467
Police		82156
Fire		38,217
Streets		35,771
Special Services		36,236
Total depreciation expense-governmental activities	$	214,847
Business-type activities:		
Electric		62,103
Water and Sewer		348,475
Total depreciation expense-business-type activities	$	410,578

D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2010:

	Water & Sewer Revenue
Bonds Payable July 1, 2009	$ 9,165,000
Bonds Issued	-
Bonds Retired	(400,000)
Bonds Payable June 30, 2010	$ 8,765,000

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, 2010 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
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	$ 8,765,000	$ 3,330,588	$ 12,095,588

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, 2010, $756,369 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, 2010.

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, 2010, the Electric Fund transferred $600,000 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 is10.86% 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 2010, the City's annual pension cost of $237,424 for the PEPP was equal to the City's recommended and actual contributions. The required contribution was determined as part of the Januray 1, 2010 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) 7.75% investment rate of return (net administrative expenses) and (b) projected salary increases of 3.5% per year. Both (a) and (b) included an inflation component of 3.0%. 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
2008	$154,620	100%	0.00%
2009	$222,176	100%	0.00%
2010	$237,424	100%	0.00%

Schedule of Funding Progress. The information presented on the following page is based on the January 1, 2010, 2009 and 2008 actuarial valuations.

	2010	2009	2008
Actuarial Value of Assets	$ 1,337,393	$ 1,001,239	$ 1,353,624
Actuarial Accrued Liability	2,105,624	2,016,318	1,961,104
Funded Ratio	63.5%	49.7%	69.0%
Total Unfunded Actuarial Liability (Funding Excess)	768,231	1,015,079	607,480
Annual Covered Payroll	2,148,938	1,834,202	1,423,857
Ratio of Unfunded (Excess) to Annual Covered Payroll	35.7%	55.3%	42.7%

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, 2010 No provisions have been made in the financial statements for the year ended June 30, 2010 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, 2010 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, 2010.

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.

(11) Prior Period Adjustment

The City made a prior period adjustment to the General Fund to adjust for understating prepaid insurance by $63,341 in the prior year. This adjustment increased fund balance by that amount.



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, 2010

	Confiscated Assets Fund	SPLOST Fund	Total Non-Major Governmental
ASSETS			
Cash on Hand and in Banks	$ 115,100	$ 381,508	$ 496,608
Local Option Sales Tax Receivable	-	10,184	10,184
Total Assets	$ 115,100	$ 391,692	$ 506,792
LIABILITIES AND FUND BALANCE			
Fund Balances			
Reserved for SPLOST Capital Projects	115,100	-	115,100
Unreserved , Designated for Law Enforcement	-	391,692	391,692
Total Liabilities and Fund Balance	$ 115,100	$ 391,692	$ 506,792

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2010

	Confiscated Asset Fund	SPLOST Fund	Total Non-Major Governmental
Revenues:			
Intergovernmental L.O.S.T. Taxes	$ -	$ 119,617	$ 119,617
State and Federal Confiscations	7,204	-	7,204
Interest Income	141	467	608
Total Revenues	7,345	120,084	127,429
Expenditures:			
Current			
Administrative	505	18,497	19,002
Debt Service			
Principal	28,870	-	28,870
Capital Outlays			
Police	172,610	-	172,610
Total Expenditures	201,985	18,497	220,482
Excess (Deficiency) of Revenues over Expenditures	(194,640)	101,587	(93,053)
Other Financing Sources			
Proceeds from Capital Leases	109,539	-	109,539
Net Change in Fund Balances	(85,101)	101,587	16,486
Fund Balance at Beginning of Year	200,201	290,105	490,306
Fund Balance at End of Year	$ 115,100	$ 391,692	$ 506,792

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, 2010 and 2009

	2010			2009		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 3,355,000	$ 3,208,915	$ (146,085)	$ 2,728,739	$ 3,081,690	$ 352,951
Cut On and Permit Fees	25,000	42,945	17,945	20,000	35,785	15,785
Penalties	85,000	101,499	16,499	85,000	92,256	7,256
Service Fees	2,000	1,000	(1,000)	5,000	1,753	(3,247)
Miscellaneous	8,000	4,621	(3,379)	9,000	2,974	(6,026)
Total Operating Revenue	3,475,000	3,358,980	(116,020)	2,847,739	3,214,458	366,719
Operating Expenses:						
Personnel Services:						
Salaries	247,026	222,718	24,308	239,017	249,213	(10,196)
Payroll Taxes	21,200	17,560	3,640	19,644	18,631	1,013
Retirement	21,400	19,896	1,504	25,931	24,739	1,192
Insurance (Group and Worker's Compensation)	63,400	63,667	(267)	82,085	77,624	4,461
Training Expense	13,200	12,265	935	9,500	8,059	1,441
Uniforms	4,500	3,469	1,031	4,432	3,708	724
Total Personal Services	370,726	339,575	31,151	380,609	381,974	(1,365)
Administrative Expenses:						
Insurance - Vehicles and Equipment	8,300	7,302	998	8,500	5,427	3,073
Insurance - Other	4,200	3,523	677	3,400	-	3,400
Miscellaneous	2,000	708	1,292	4,500	1,779	2,721
Office Supplies	1,000	153	847	1,000	531	469
Postage	100	-	100	1,500	845	655
Georgia Public Web	8,500	2,649	5,851	8,500	6,087	2,413
Professional Fees and Contracted Services	41,200	38,018	3,182	47,626	46,537	1,089
Total Administrative Expenses	65,300	52,353	12,947	75,026	61,206	13,820
Depreciation Expense		62,103	(62,103)	58,397	58,397	-
Other Operating Expenses:						
Purchase of Utilities	2,250,000	2,096,215	153,785	2,188,576	2,003,875	184,701
Sales Tax	175,000	-	175,000	175,802	-	175,802
Repairs and Maintenance:						
Buildings	4,500	767	3,733	4,734	4,635	99
Distribution System	30,000	23,264	6,736	25,600	8,048	17,552
Equipment	3,000	329	2,671	3,000	1,768	1,232
Vehicles	11,500	5,512	5,988	11,500	10,728	772
Bad Debt Expense	-	28,677	(28,677)	25,279	25,279	-
Equipment Rental	200	125	75	200	-	200
Gas and Oil	8,000	7,326	674	8,500	8,263	237
Miscellaneous Operating Expenses	6,000	200	5,800	2,700	458	2,242
Supplies	13,400	(960)	14,360	13,774	7,694	6,080
Telephone	4,200	3,691	509	3,500	3,408	92
Utilities	1,500	1,208	292	1,500	532	968
Total Other Operating Expenses	2,507,300	2,166,354	340,946	2,464,665	2,074,688	389,977
Total Expenses	2,943,326	2,620,385	322,941	2,978,697	2,576,265	402,432
Operating Income (Loss)	531,674	738,595	206,921	(130,958)	638,193	769,151
Nonoperating Revenues (Expenses):						
Interest on Investments	2,000	732	(1,268)	3,000	2,352	648
Transferred to General Fund	(600,000)	(600,000)	-	(700,000)	(700,000)	-
Total Nonoperating Revenues (Expenses)	(598,000)	(599,268)	(1,268)	(697,000)	(697,648)	648
Net Income (Loss)	(66,326)	139,327	205,653	(827,958)	(59,455)	768,503
Net Assets at Beginning of Year	3,647,388	3,647,388	-	3,706,843	3,706,843	-
Net Assets at End of Year	$ 3,581,062	$ 3,786,715	$ 205,653	$ 2,878,885	$ 3,647,388	$ 768,503

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, 2010 and 2009

	2010			2009		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 1,325,000	$ 1,374,485	$ 49,485	$ 1,300,000	$ 1,324,661	$ 24,661
Water and Sewer Taps	165,000	-	(165,000)	450,000	29,200	(420,800)
Penalties	35,000	64,588	29,588	30,000	41,539	11,539
Miscellaneous	200	1,855	1,655	200	1,189	989
Total Operating Revenues	1,525,200	1,440,928	(84,272)	1,780,200	1,396,589	(383,611)
Operating Expenses:						
Personnel Services:						
Salaries	273,002	260,194	12,808	279,987	250,303	29,684
Payroll Taxes	21,900	20,090	1,810	23,556	18,953	4,603
Retirement	29,900	29,844	56	24,566	23,193	1,373
Insurance (Group and Worker's Compensatior	88,800	90,595	(1,795)	107,757	98,244	9,513
Training Expenses	1,200	-	1,200	3,000	2,105	895
Uniforms	4,000	2,294	1,706	4,000	2,615	1,385
Total Personal Services	418,802	403,017	15,785	442,866	395,413	47,453
Administrative Expenses:						
Insurance - Vehicles and Equipment	2,350	2,112	238	4,500	617	3,883
Insurance - Other	5,150	9,960	(4,810)	10,940	10,512	428
Miscellaneous	25,600	11,990	13,610	36,600	12,218	24,382
Professional Fees	190,200	105,776	84,424	126,220	126,212	8
Office Supplies	200	115	85	200	84	116
Total Administrative Expenses	223,500	129,953	93,547	178,460	149,643	28,817
Depreciation Expense	350,000	348,475	1,525	342,174	342,174	-
Other Operating Expenses:						
Water Purchases	30,000	12,979	17,021	30,000	24,414	5,586
Sewer Treatment	300,000	330,323	(30,323)	299,000	252,383	46,617
Bad Debt Expense	-	6,396	(6,396)	14,775	14,775	-
Equipment Rental	35,000	34,313	687	37,150	37,148	2
Gas and Oil	10,000	9,418	582	9,000	7,779	1,221
Landfill Sludge Disposal	6,000	-	6,000	6,000	-	6,000
Miscellaneous Operating Expense	3,500	3,398	102	3,000	1,302	1,698
Repairs and Maintenance:						
Buildings	4,000	437	3,563	4,000	1,846	2,154
Distribution - Water and Sewer Systems	170,100	108,281	61,819	175,000	159,661	15,339
Equipment	9,000	3,882	5,118	10,000	1,481	8,519
Vehicles	5,000	1,810	3,190	1,690	751	939
Supplies	70,400	53,586	16,814	64,000	43,264	20,736
Telephone	10,000	8,956	1,044	10,000	9,905	95
Utilities	3,000	89,945	(86,945)	93,000	92,423	577
Total Other Operating Expenses	656,000	663,724	(7,724)	756,615	647,132	109,483
Total Expenses	1,648,302	1,545,169	103,133	1,720,115	1,534,362	185,753
Operating Income (Loss)	(123,102)	(104,241)	18,861	60,085	(137,773)	(197,858)
Nonoperating Revenues (Expenses):						
Interest on Investments	15,000	1,056	(13,944)	65,000	11,578	(53,422)
Bond Interest	(596,370)	(343,402)	252,968	(599,319)	-	599,319
Amortization	-	(27,050)	(27,050)	-	(27,050)	27,050
Total Nonoperating Revenues (Expenses)	(581,370)	(369,396)	211,974	(534,319)	(15,472)	572,947
Net Income (Loss)	(704,472)	(473,637)	230,835	(474,234)	(153,245)	375,089
Net Assets at Beginning of Year	6,967,854	6,967,854	-	7,121,099	7,121,099	-
Net Assets at End of Year	$ 6,263,382	$ 6,494,217	$ 230,835	$ 6,646,865	$ 6,967,854	$ 375,089

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, 2010 and 2009

	2010			2009		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sanitation Charges	$ 312,735	$ 295,992	$ (16,743)	$ 265,000	$ 298,368	$ 33,368
Penalties	8,000	14,036	6,036	8,000	11,312	3,312
Miscellaneous	2,500	1,485	(1,015)	2,500	1,925	(575)
Total Operating Revenue	323,235	311,513	(11,722)	275,500	311,605	36,105
Operating Expenses:						
Contracted Services - Garbage	312,740	273,156	39,584	293,496	292,997	499
Bad Debt Expense	1,590	1,590	-	2,941	2,941	-
Other Operating Expenses	2,810	-	2,810	-	-	-
Total Operating Expenses	317,140	274,746	42,394	296,437	295,938	499
Net Income (Loss)	6,095	36,767	30,672	(20,937)	15,667	36,604
Net Assets at Beginning of Year	91,585	91,585	-	75,918	75,918	-
Net Assets at End of Year	$ 97,680	$ 128,352	$ 30,672	$ 54,981	$ 91,585	$ 36,604

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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009

	Confiscated Asset Fund				SPLOST FUND			
	Budgeted	Actual	Variance-Positive (Negative)	2009 Actual	Budgeted	Actual	Variance-Positive (Negative)	2009 Actual
Revenues:								
Intergovernmental L.O.S.T. Taxes	$ -	$ -	$ -	$ -	$ 75,000	$ 119,617	$ 44,617	$ 132,135
State and Federal Confiscations	5,000	7,204	2,204	200,191	-	-	-	-
Interest Income	10	141	131	10	400	467	67	2,574
Total Revenues	5,010	7,345	2,335	200,201	75,400	120,084	44,684	134,709
Expenditures:								
Current								
Administrative	1,000	505	495	-	75,400	18,497	(56,903)	200,928
Debt Service								
Principal	30,000	28,870	1,130	-	-	-	-	-
Capital Outlays								
Administrative	174,000	172,610	1,390	-	-	-	-	-
Total Expenditures	205,000	201,985	3,015	-	75,400	18,497	(56,903)	200,928
Excess (Deficiency) of Revenues over Expenditures	(199,990)	(194,640)	(5,350)	200,201	-	101,587	101,587	(66,219)
Other Financing Sources								
Proceeds from Capital Leases	-	109,539	109,539	-	-	-	-	-
Net Change in Fund Balances	(199,990)	(85,101)	114,889	200,201	-	101,587	101,587	(66,219)
Fund Balance at Beginning of Year	200,201	200,201	-	-	290,105	290,105	290,105	356,324
Fund Balance at End of Year	$ 211	$ 115,100	$ 114,889	$ 200,201	$ 290,105	$ 391,692	$ 391,692	$ 290,105

CITY OF PALMETTO, GEORGIA

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

June 30, 2010

Governmental Funds Capital Assets:

Land	$	291,180
Buildings and Improvements		1,602,099
Furniture and Fixtures		89,867
Vehicles and Equipment		1,426,810
Infrastructure		956,938
	$	4,366,894

Investment in Governmental Funds Capital Assets by Source:

Grants	$	286,301
General Fund		2,496,731
Special Revenue Fund		268,962
Acquired prior to June 30, 2003		1,314,900
Total Investment in Capital Assets	$	4,366,894

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2010

Function and Activity	Total June 30, 2010	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	$ 476,089	$ 40,194	$ 283,053	$ 45,694	$ 107,148	$ -
Police Department	1,263,231	60,000	563,087	11,343	628,801	-
Fire Department	854,012	135,633	161,519	13,022	543,838	-
Street Department	1,120,831	35,353	-	8,977	119,563	956,938
Special Services	652,731	20,000	594,440	10,831	27,460	-
Total Capital Assets Allocated to Functions	$ 4,366,894	$ 291,180	$ 1,602,099	$ 89,867	$ 1,426,810	$ 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, 2010

Function and Activity	General Fund Capital Assets 7/1/2009	Additions	Deductions	General Fund Capital Assets 6/30/2010
Administrative	$ 476,089	$ -	$ -	$ 476,089
Police Department	1,090,621	172,610	-	1,263,231
Fire Department	821,202	32,810	-	854,012
Street Department	1,117,483	3,348	-	1,120,831
Special Services	620,360	32,371	-	652,731
Total Capital Assets	$ 4,125,755	$ 241,139	$ -	$ 4,366,894



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 Six Fiscal Years

	2005	2006	2007	2008	2009	2010
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	2,220,713
Restricted	-	-	-	-	-	-
Unrestricted	563,166	698,358	642,106	805,574	951,434	1,055,010
Total Governmental Activities Net Assets	2,772,971	2,906,488	2,944,775	3,109,694	3,226,524	3,275,723
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	7,844,028
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	2,565,256
Total Business-Type Activities Net Assets	9,896,985	11,292,812	11,709,496	10,903,860	10,706,827	10,409,284
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	10,064,741
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	3,620,266
Total Primary Government Net Assets	$ 12,669,956	$ 14,199,300	$ 14,654,271	$ 14,013,554	$ 13,933,351	13,685,007

CITY OF PALMETTO, GEORGIA

TABLE 2

CHANGES IN NET ASSETS

Last Six Fiscal Years

	2005	2006	2007	2008	2009	2010
Expenses						
Governmental Activities						
Administrative	576,471	$ 862,373	$ 704,027	$ 750,063	$ 931,951	$ 786,794
Public Safety	833,178	922,142	1,497,973	1,969,734	2,624,123	2,644,167
Streets	322,197	372,317	389,707	467,539	415,722	310,413
Special Services	69,284	83,245	101,643	116,011	94,278	59,529
Total Governmental Activities Expenses	1,801,130	2,240,077	2,693,350	3,303,347	4,066,074	3,800,903
Business-Type Activities						
Electric Utilities	2,245,057	2,385,629	2,561,226	2,851,614	2,576,265	2,620,385
Water and Sewer Utilities	1,148,403	1,250,719	1,514,835	1,744,976	1,561,412	1,915,621
Sanitation	238,260	256,460	255,946	282,535	295,938	274,746
Total Business-Type Activities Expenses	3,631,720	3,892,808	4,332,007	4,879,125	4,433,615	4,810,752
Total Primary Government Expenses	5,432,850	6,132,885	7,025,357	8,182,472	8,499,689	8,611,655
Program Revenues						
Governmental Activities						
Charges for Services:						
Licenses and Permits	Not available	Not available	Not available	Not available	92,008	84,804
Federal and State Seizures	Not available	Not available	Not available	Not available	200,191	7,204
Fines and Forfeitures	Not available	Not available	Not available	Not available	342,246	256,839
Landfill Tipping Fees	Not available	Not available	Not available	Not available	404,818	217,214
Total Charges for Services	220,689	143,347	397,308	618,601	1,039,263	566,061
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	566,061
Business-Type Activities						
Charges for Services:						
Electric	2,806,980	3,036,804	2,977,552	2,981,859	3,214,458	3,358,980
Water	646,633	607,530	597,011	600,224	505,870	533,842
Sewer	809,710	959,056	937,715	975,283	890,719	907,086
Sanitation	231,895	232,968	244,992	260,171	311,605	311,513
Total Business-Type Activities Program Revenues	4,495,218	4,836,358	4,757,270	4,817,537	4,922,652	5,111,421
Total Primary Government Program Revenues	4,745,604	5,120,665	5,347,915	5,466,727	5,980,198	5,677,482
Net (Expense) Revenue						
Governmental Activities	(1,550,744)	(1,955,770)	(2,102,705)	(2,654,157)	(3,008,528)	(3,234,842)
Business-Type Activities	863,498	943,550	425,263	(61,588)	489,037	300,669
Total Primary Government Net (Expense)	(687,246)	$ (1,012,220)	$ (1,677,442)	$ (2,715,745)	$ (2,519,491)	$ (2,934,173)
General Revenue and Other Changes in Net Assets						
Governmental Activities						
Taxes						
Property	339,734	$ 389,411	$ 398,387	$ 489,390	$ 983,957	$ 1,231,906
Franchise	56,067	66,392	65,265	67,881	84,979	69,823
Insurance Premium	158,276	170,283	178,160	185,840	190,292	188,507
Beer, Wine and Liquor Tax	93,706	92,859	89,189	83,747	96,162	90,936
Other	49,888	54,911	59,481	57,060	57,592	61,170
Intergovernmental (LOST)	848,578	887,697	1,028,512	1,047,411	973,849	958,061
Other Local Revenue	7,253	12,382	11,752	24,407	23,260	17,649
Unrestricted Investment Earnings	62,244	128,833	147,265	63,340	15,266	2,647
Transfers	198,154	286,519	162,981	800,000	700,000	600,000
Total Governmental Activities	1,813,900	2,089,287	2,140,992	2,819,076	3,125,357	3,220,699
Business-Type Activities						
Unrestricted Investment Income	63,888	322,123	154,402	55,952	13,930	1,788
Other	-	416,673	-	-	-	-
Transfers	(198,154)	(286,519)	(162,981)	(800,000)	(700,000)	(600,000)
Total Business-Type Activities	(134,266)	452,277	(8,579)	(744,048)	(686,070)	(598,212)
Total Primary Government	1,679,634	2,541,564	2,132,413	2,075,028	2,439,287	2,622,487
Change in Net Assets						
Governmental Activities	263,156	133,517	38,287	164,919	116,829	(14,143)
Total Business-Type Activities	729,232	1,395,827	416,684	(805,636)	(197,033)	(297,543)
Total Primary Government	992,388	$ 1,529,344	$ 454,971	$ (640,717)	$ (80,204)	$ (311,686)

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

CITY OF PALMETTO, GEORGIA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Six Fiscal Years

	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	$ 124,951	$ 141,364	$ 139,929	$ 151,017	$ 141,749	$ 192,834
Unreserved	110,841	386,095	225,372	224,537	237,594	223,396
Total General Fund	235,792	527,459	365,301	375,554	379,343	416,230
All Other Governmental Funds						
Reserved	-	-	-	-	-	-
Unreserved, Reported in:						
Capital Projects Fund (SPLOST)	281,252	116,200	217,261	356,324	290,105	115,100
Confiscated Fund	-	-	-	-	200,201	391,692
Total All Other Governmental Funds	281,252	116,200	217,261	356,324	490,306	506,792
Total Governmental Funds	$ 517,044	$ 643,659	$ 582,562	$ 731,878	$ 869,649	$ 923,022

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

CITY OF PALMETTO, GEORGIA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Six Fiscal Years

	2005	2006	2007	2008	2009 *	2010
Revenues:						
Taxes	$ 1,529,309	$ 1,652,976	$ 1,814,147	$ 1,917,175	$ 1,334,438	$ 1,589,903
Licenses and Permits	157,225	86,384	102,099	98,896	92,008	84,804
Fines and Forfeitures	63,464	56,963	46,032	70,623	342,246	256,839
Landfill Tipping Fees	-	-	249,177	449,082	404,818	217,214
Intergovernmental Revenue	29,697	27,069	27,069	30,589	1,174,040	958,061
Grants	-	113,891	166,268	-	18,283	-
Investment Earnings	62,244	128,833	147,265	63,340	14,795	2,647
Other Local Revenue	7,253	12,382	11,756	24,407	23,731	24,853
Total All Governmental Funds	$ 1,849,192	$ 2,078,498	$ 2,563,813	$ 2,654,112	$ 3,404,359	$ 3,134,321
Expenditures						
Administrative	559,321	843,881	696,924	740,607	919,196	936,277
Public Safety	800,146	875,150	1,496,474	1,996,641	2,522,051	2,556,263
Streets	431,916	386,425	507,970	470,344	393,036	276,751
Special Services	207,971	132,945	86,521	97,206	132,306	55,664
Debt Service	-	-	-	-	-	28,870
Total Expenditures	1,999,354	2,238,401	2,787,889	3,304,798	3,966,589	3,853,825
Excess (deficit) of Revenues Over Revenues	$ (150,162)	$ (159,903)	$ (224,076)	$ (650,686)	$ (562,230)	$ (719,504)
Other Financing Sources (Uses)						
Transfers in	198,154	286,519	162,981	800,000	700,000	600,000
Proceeds from Capital Leases	-	-	-	-	-	109,539
Total Other Financing Sources (Uses)	198,154	286,519	162,981	800,000	700,000	709,539
Net Change in Fund Balance	47,992	126,616	(61,095)	149,314	137,770	(9,965)
Fund Balance Beginning	469,052	517,044	643,659	582,564	731,877	869,647
Prior Period Adjustment						63,341
Fund Balance ending	$ 517,044	$ 643,660	$ 582,564	$ 731,878	$ 869,647	$ 923,023

Note: Information for the prior four years are not availal * Prior to 2008 City counted Intergovernmental SPLOSTas tax revenue

CITY OF PALMETTO

Table 5

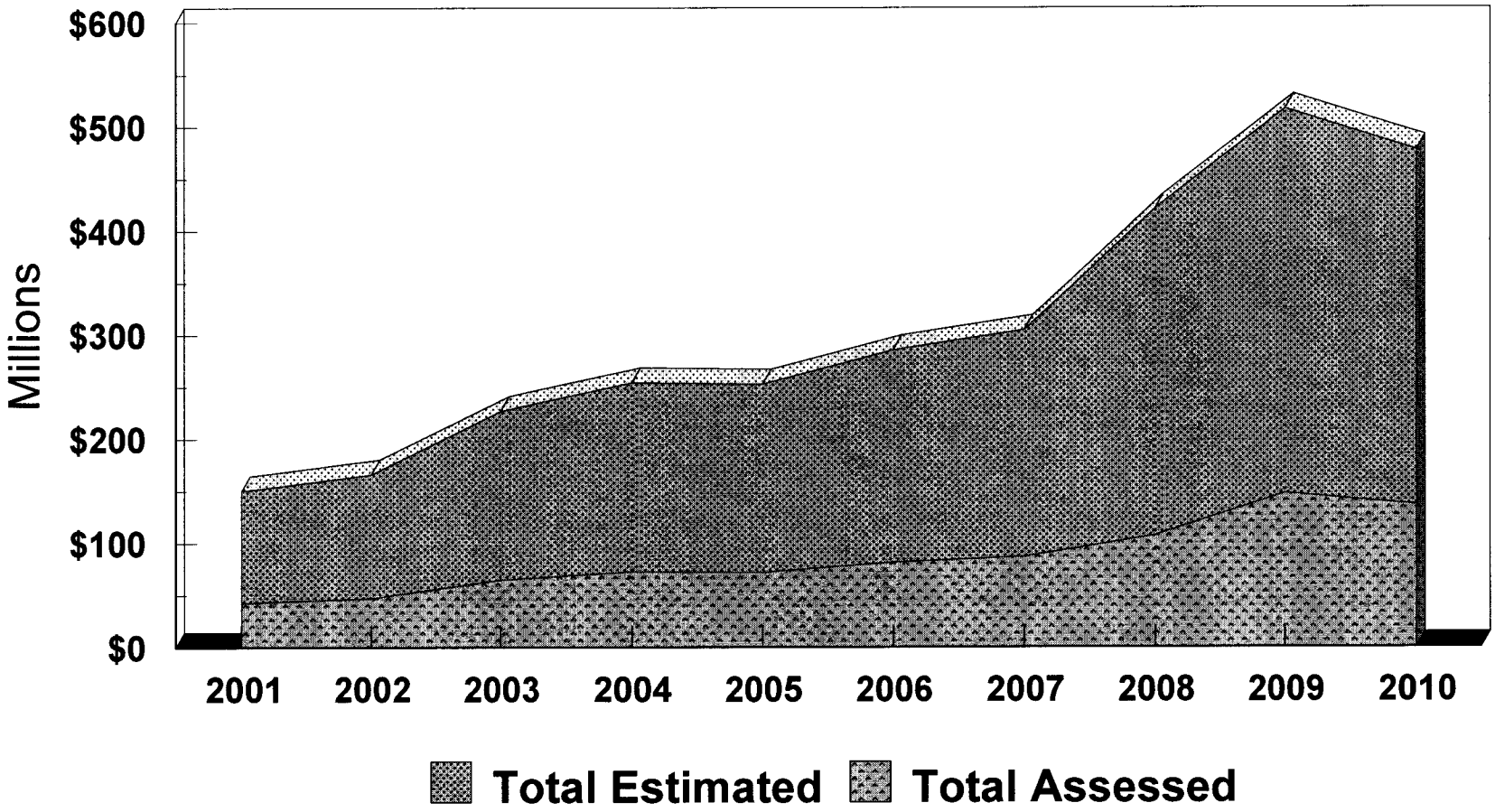
ASSESSED VALUE AND ESTIMATED TRUE VALUE OF ALL TAXABLE PROPERTY

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	
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%
2010	123,676,184	309,190,460	4,046,882	10,117,205	8,829,080	22,072,700	136,552,146	341,380,365	40.00%

Note: The most significant own source revenue is Ad Valorem tax; the revenue base for this tax is the above assessed property value multiplied by the millege rate as shown in table 7. Prior to 2009, Local Option Sales Tax was the highest revenue source, but due to the increase in millage rate increase for property taxes in 2009, property tax revenue became the most significant source.

ASSESSED VALUE AND EST. TRUE VALUE
LAST TEN FISCAL YEARS



CITY OF PALMETTO

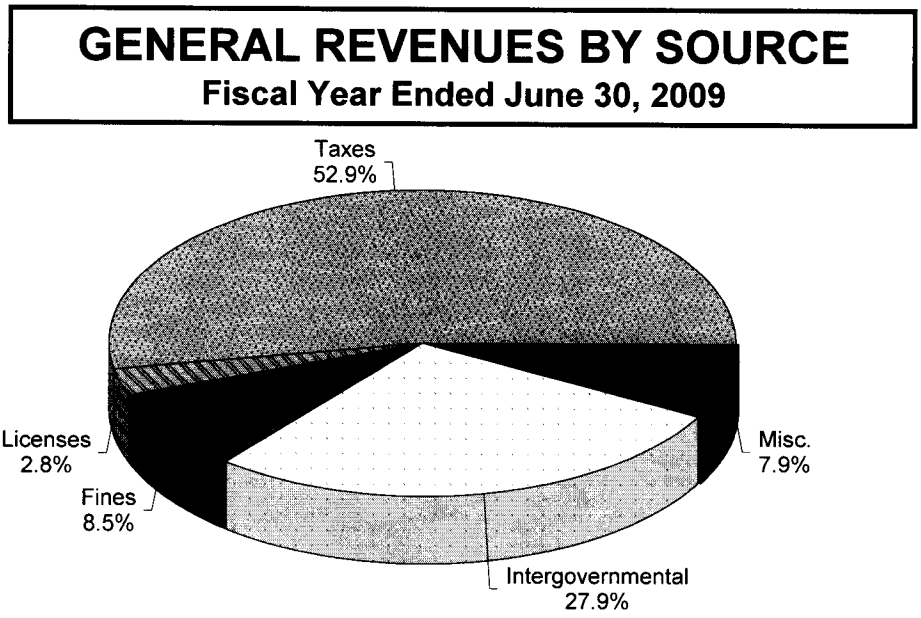
Table 6

GENERAL REVENUES BY SOURCE (1)

Last Ten Fiscal Years

	Year	Taxes	Licenses and Permits	Fines and Forfeitures	Inter-Governmental Revenues	Miscellaneous	Total
	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
(2)	2009	1,334,438	92,008	342,246	859,997	440,760	3,069,449
	2010	1,589,903	84,804	256,839	838,444	236,902	3,006,892

(1) Includes General Fund Revenues Only.
(2) Prior to 2009 LOST revenue was classified as tax revenue rather than intergovernmental revenue





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CITY OF PALMETTO, GEORGIA

Table 7

TAX RATES AND TAX LEVIES

Last Ten Fiscal Years

Tax Rate per Hundred Dollars

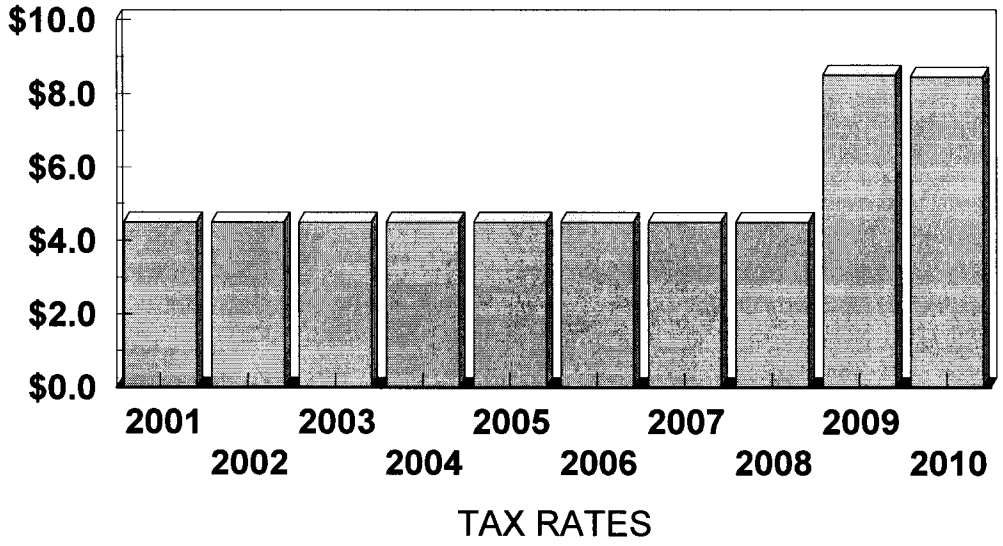
Year	Total	L.O.S.T. Tax Rollback (1)	Net Tax Rate	General Fund
2001	15.25	(10.75)	4.50	4.50
2002	15.25	(10.75)	4.50	4.50
2003	19.54	(15.04)	4.50	4.50
2004	15.53	(11.03)	4.50	4.50
2005	15.25	(10.75)	4.50	4.50
2006	15.25	(10.75)	4.50	4.50
2007	15.25	(10.75)	4.50	4.50
2008	15.25	(10.75)	4.50	4.50
2009	15.25	(6.75)	8.50	8.50
2010	14.86	(6.41)	8.45	8.45

Tax Levies Based Upon the Above Rates

2001	654,032	(461,039)	192,993	192,993
2002	723,656	(510,118)	213,538	213,538
2003	988,861	(697,066)	291,795	291,795
2004	1,127,663	(800,910)	326,754	326,754
2005	1,101,321	(776,341)	324,980	324,980
2006	1,244,451	(877,236)	367,215	367,215
2007	1,329,532	(937,211)	392,321	392,321
2008	1,638,845	(1,155,252)	483,593	483,593
2009	2,295,019	(997,513)	1,297,506	1,297,506
2010	2,029,165	(875,299)	1,153,866	1,153,866

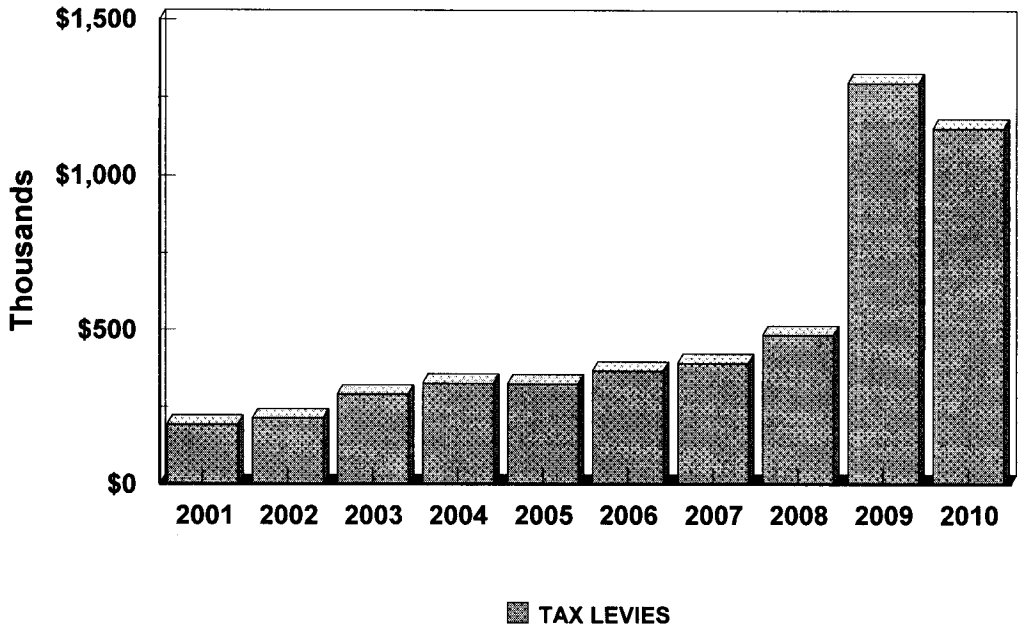
(1) Due to approval by voters of Local Option Sales Tax (LOST) in 1984 local governments are required to roll back millage rate by the amount of tax collected under LOST. From 1990 to 1993 the City of Palmetto rolled back the entire millage rate. Due to an increase of the net tax rate of 4.00 for 2009,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

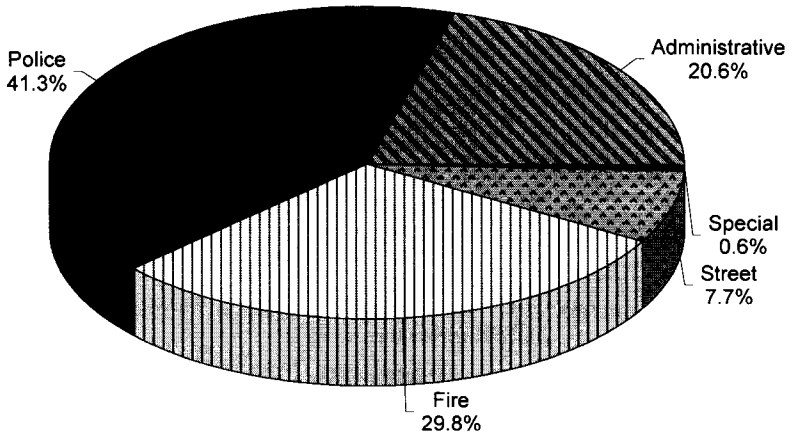
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

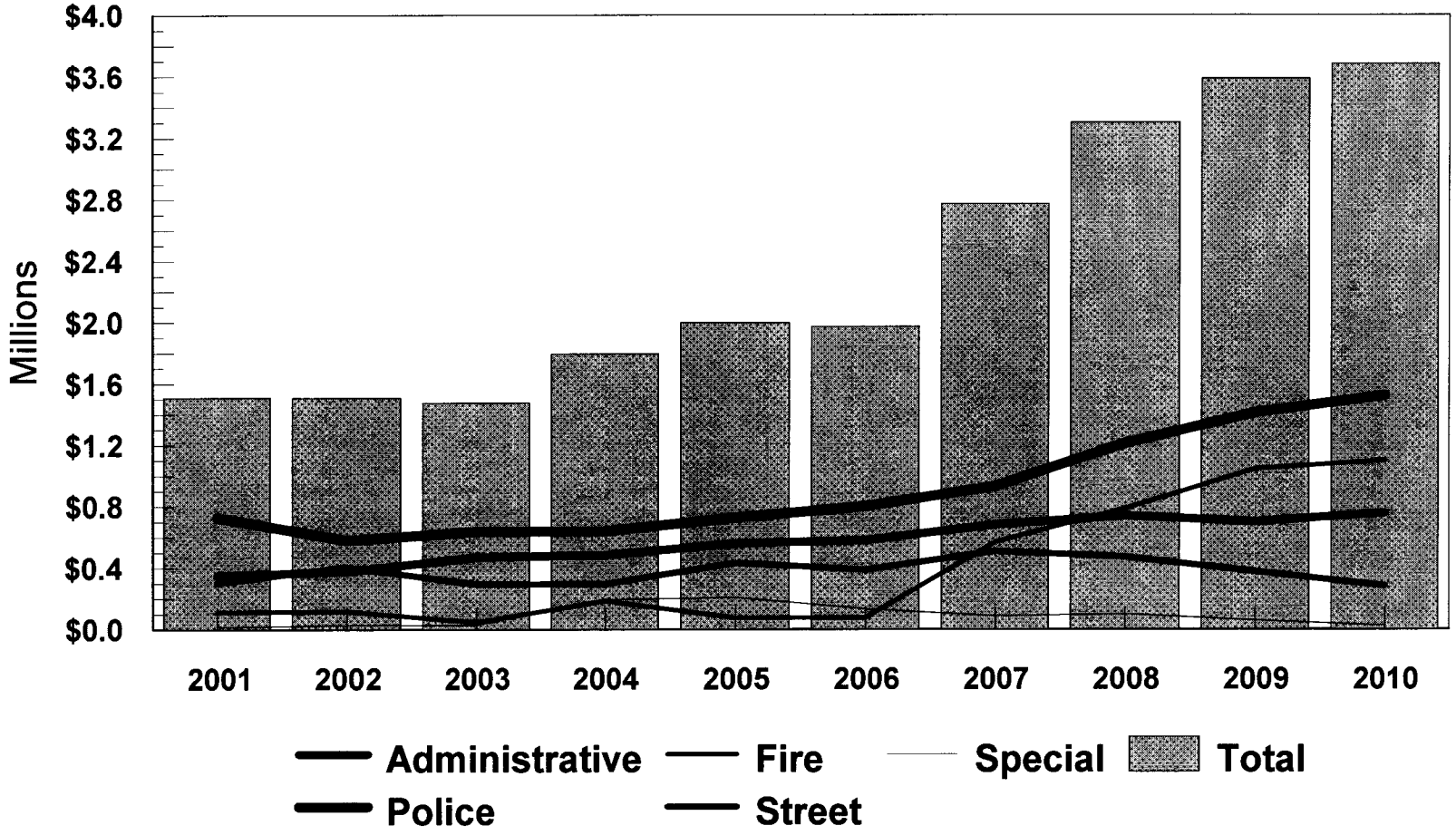
Year	Administrative	Police Department	Fire Department	Street	Special Services	Total
2001	351,047	727,811	113,045	302,958	16,488	1,511,349
2002	376,713	581,184	117,382	405,495	27,565	1,508,339
2003	470,648	636,342	47,090	292,548	29,868	1,476,496
2004	484,117	639,621	185,265	294,666	192,088	1,795,757
2005	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
2010	757,701	1,521,393	1,098,466	282,271	23,293	3,683,124

(1) Includes non-capital General Fund expenditures only.

GENERAL GOVERNMENT EXPENDITURES
Fiscal Year Ended June 30, 2010



GENERAL GOVERNMENT EXPENDITURES
BY FUNCTION LAST TEN FISCAL YEARS



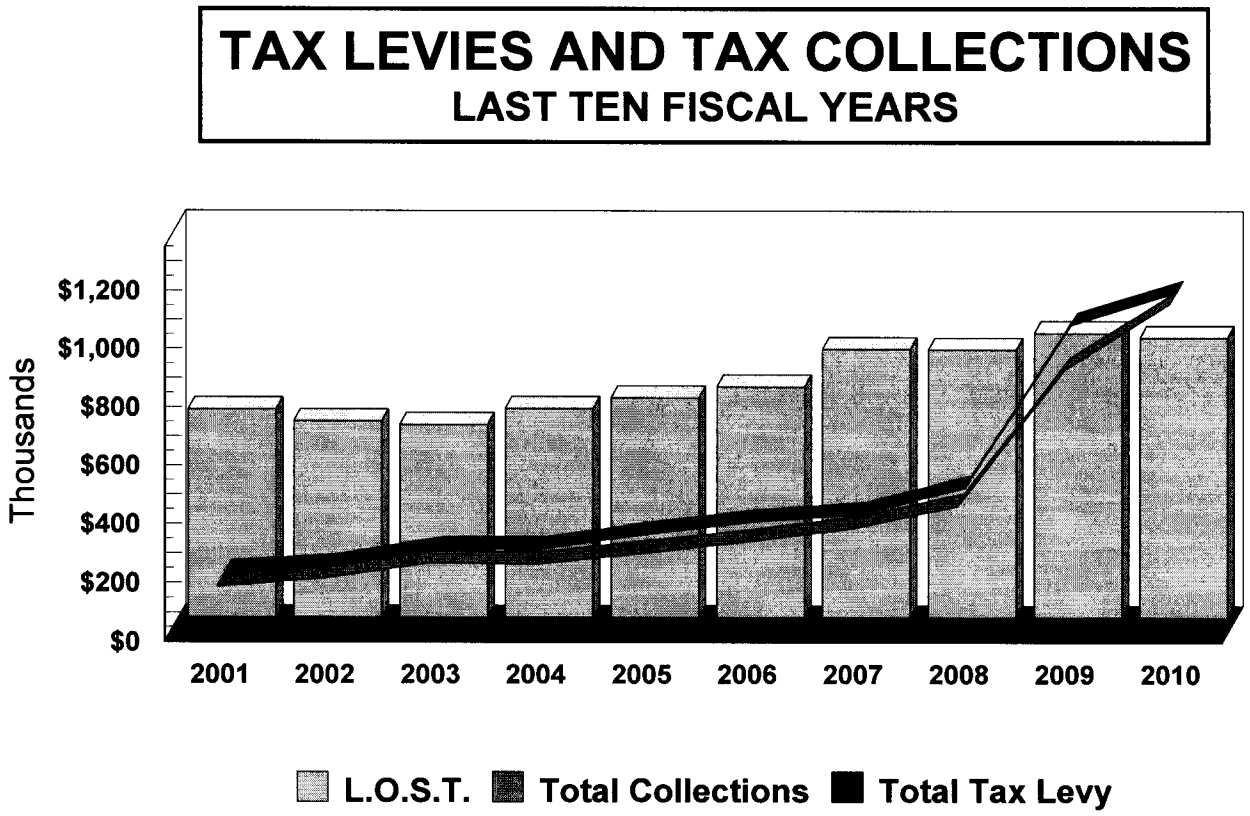
CITY OF PALMETTO, GEORGIA

Table 9

PROPERTY TAX LEVIES AND COLLECTIONS AND L.O.S.T. 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
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%	973,849
2010	1,153,866	1,038,999	90.05%	117,590	1,156,589	292,398	25.34%	958,061



CITY OF PALMETTO

TABLE 10

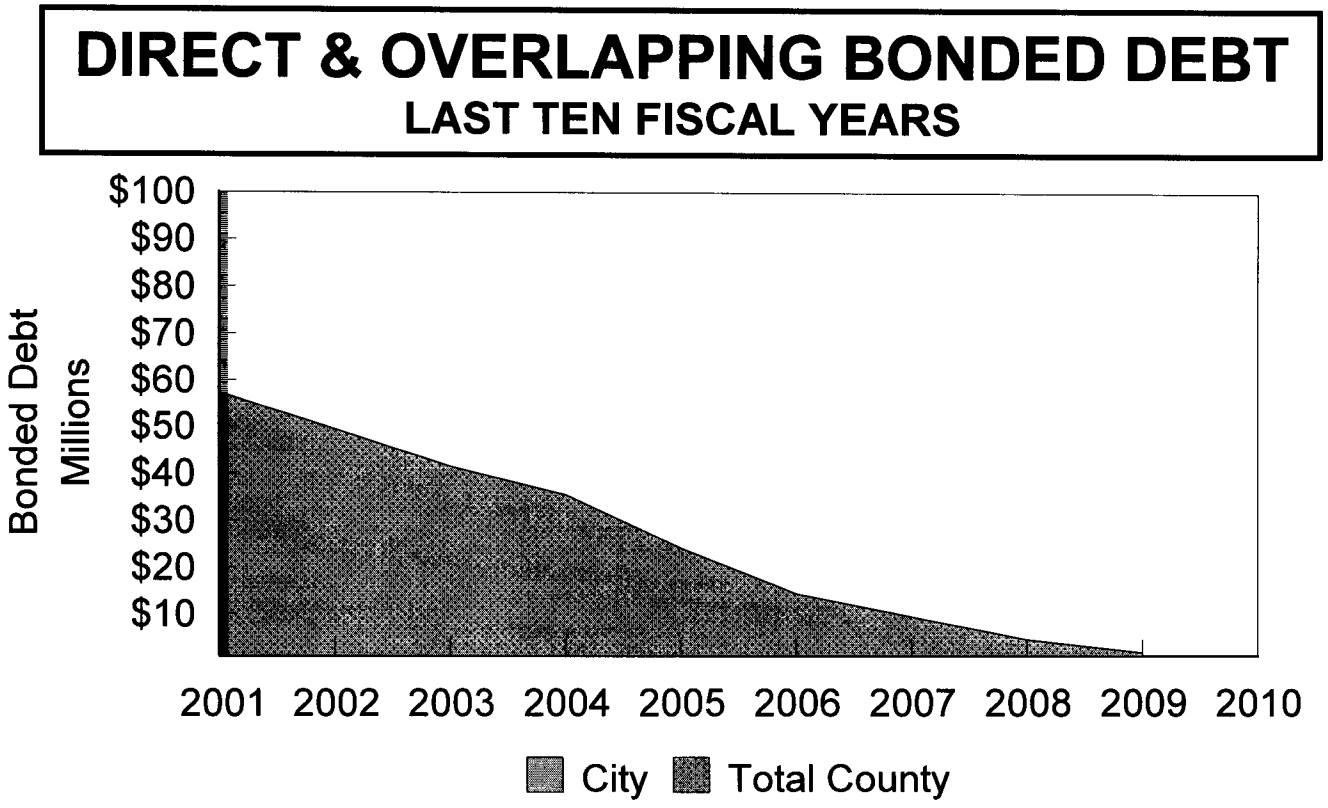
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS

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
2001	-	57,321,156	238,535	57,321,156
2002	-	49,464,651	208,593	49,464,651
2003	-	41,468,909	172,786	41,468,909
2004	-	35,472,859	150,013	35,472,859
2005	-	24,077,659	114,140	24,077,659
2006	-	14,381,148	62,755	14,381,148
2007	-	9,428,153	43,486	9,428,153
2008	-	4,581,096	8,206	4,581,096
2009	-	1,760,000	3,473	1,760,000
2010	-	-	-	-

(1) Based on population numbers.



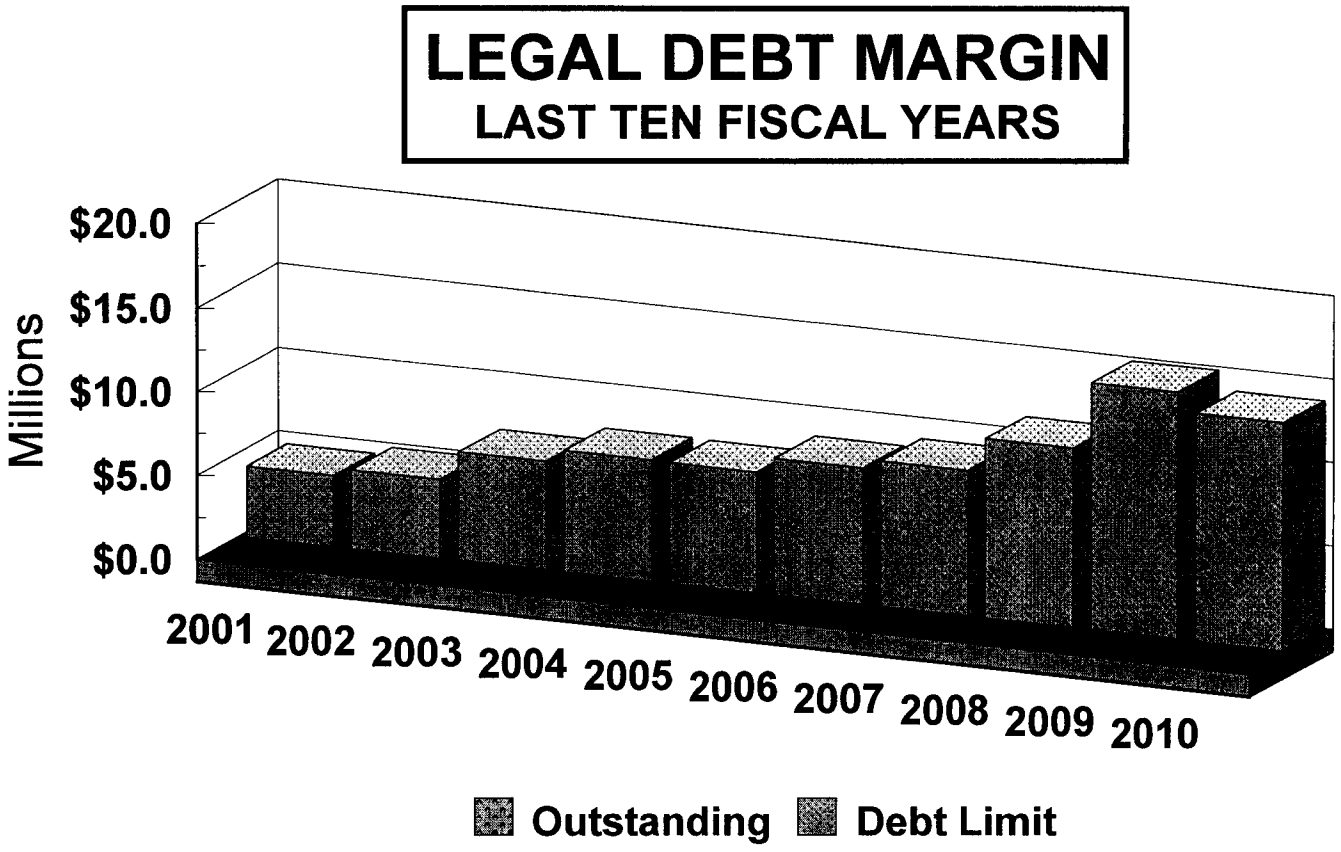
CITY OF PALMETTO, GEORGIA

Table 11

LEGAL DEBT MARGIN TABLE

Last Ten Fiscal Years

Year	Assessed Value	Percentage	Debt Limit	Amount Applicable	Legal Debt Margin
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
2010	136,552,146	10.00%	13,655,215	-	13,655,215



CITY OF PALMETTO, GEORGIA

Table 12

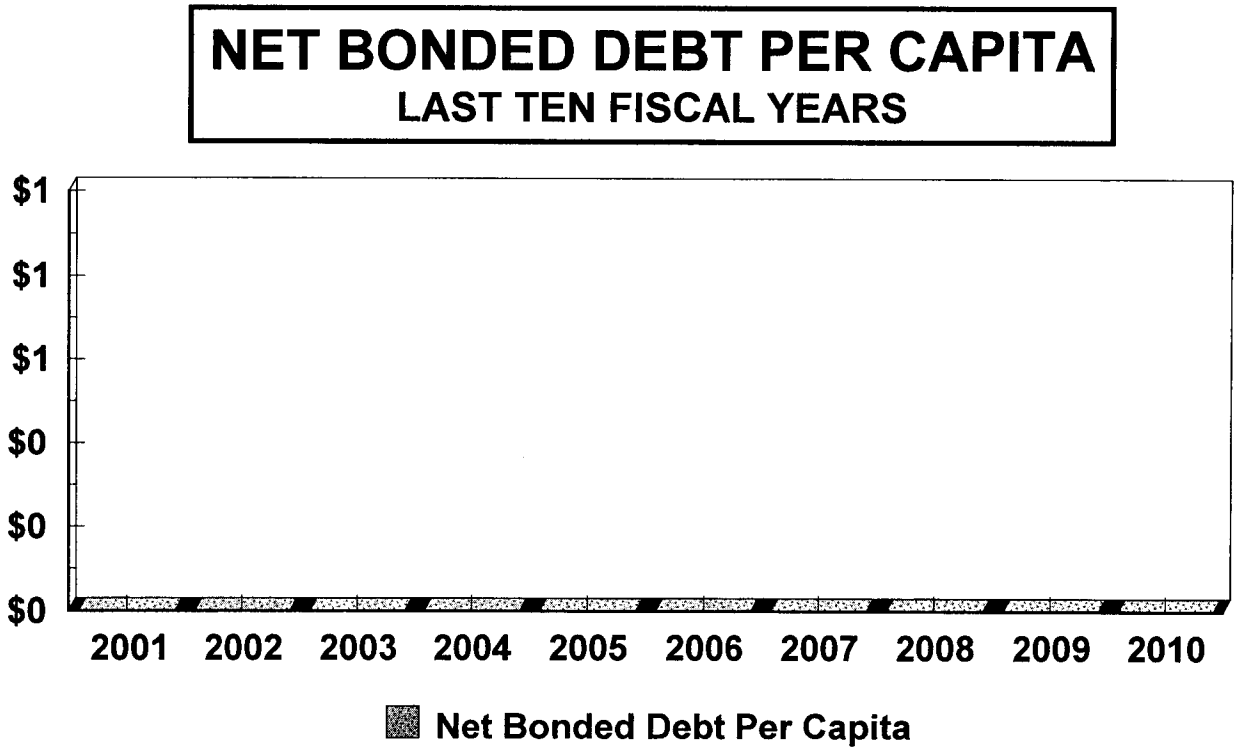
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Debt Service Money Available	Net Bonded Debt	Ratio of Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
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
2010	5,157	136,552,146	-	-	-	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)
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	87,232,600	19,172	31.2	Unavailable	Unavailable	9.30%
2009	4,682	89,763,304	19,172	31.2	Unavailable	Unavailable	9.50%
2010	4,825	92,504,900	19,172	31.2	Unavailable	Unavailable	10.00%

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

(2) Source: city-data.com

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

CITY OF PALMETTO

Table 14

PRINCIPAL PROPERTY TAXPAYERS

Last Year and Three Years Ago

Taxpayer	2010 Assessed Valuation	2010 % of Total Assessed Valuation	2007 Assessed Valuation	2007 % of Total Assessed Valuation
J. M. Pacific Enterprises	$ 12,692,780	9.30%	$ 6,800,000	7.81%
Coweta/Fayette EMC	7,712,356	5.65%	-	-
W. H. M. Chattahoochee Hills Investment	4,209,316	3.08%	-	-
Soful LLC	2,771,200	2.03%	-	-
William Gause	2,712,680	1.99%	465,556	0.53%
Genesis Garden Apartments	2,467,200	1.81%	1,720,000	1.98%
HWG Limited Partnership	1,668,200	1.22%	-	-
Wilkerson M OSCP One LLC	1,500,000	1.10%	1,346,444	1.55%
National Ready Mix	1,162,480	0.85%	-	-
Spurlin Industries	932,235	0.68%	399,556	0.46%
Palmetto Center	882,400	0.65%	564,222	0.65%
Bellsouth Telecomm Fulton	848,421	0.62%	1,025,556	1.18%
Singh Creative	837,951	0.61%	724,444	0.83%
Cannon Garfield	711,920	0.52%	-	0.00%
Prudential Ind'l Prop-Dewitt Corp.	-	-	611,556	0.70%
Walker Concrete	-	-	882,000	1.01%
Other Taxpayers	95,413,006	69.89%	72,495,541	83.29%
	$ 136,522,145	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 2001 not available.

CITY OF PALMETTO, GEORGIA

Table 15

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2010

	Fees or Salary	Amount of Surety Bond
MEMBERS OF THE CITY COUNCIL		
John O. Miller, Mayor	$ 3,000	$ 500,000
Lorraine Allen, Mayor Pro Tem	2,000	500,000
Natalie McFadden	1,500	500,000
Laura Mullis	1,500	500,000
Gregory Rusch	1,500	500,000
Leon Sumlin	1,500	500,000
OTHER CITY OFFICIALS		
Terry L. Todd, City Administrator	86,611	500,000
Luther Graham, Chief of Police	73,299	500,000
Henry Argo, Fire Chief	66,765	500,000
William F. "Butch" Gaddy, III, Public Works Director	73,382	500,000
Clay Collins, City Recorder	18,000	500,000

CITY OF PALMETTO, GEORGIA

Table 16

SUMMARY OF INSURANCE COVERAGE

June 30, 2010

Coverage

Property Coverage:			
Values Declared		$8,570,798	
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

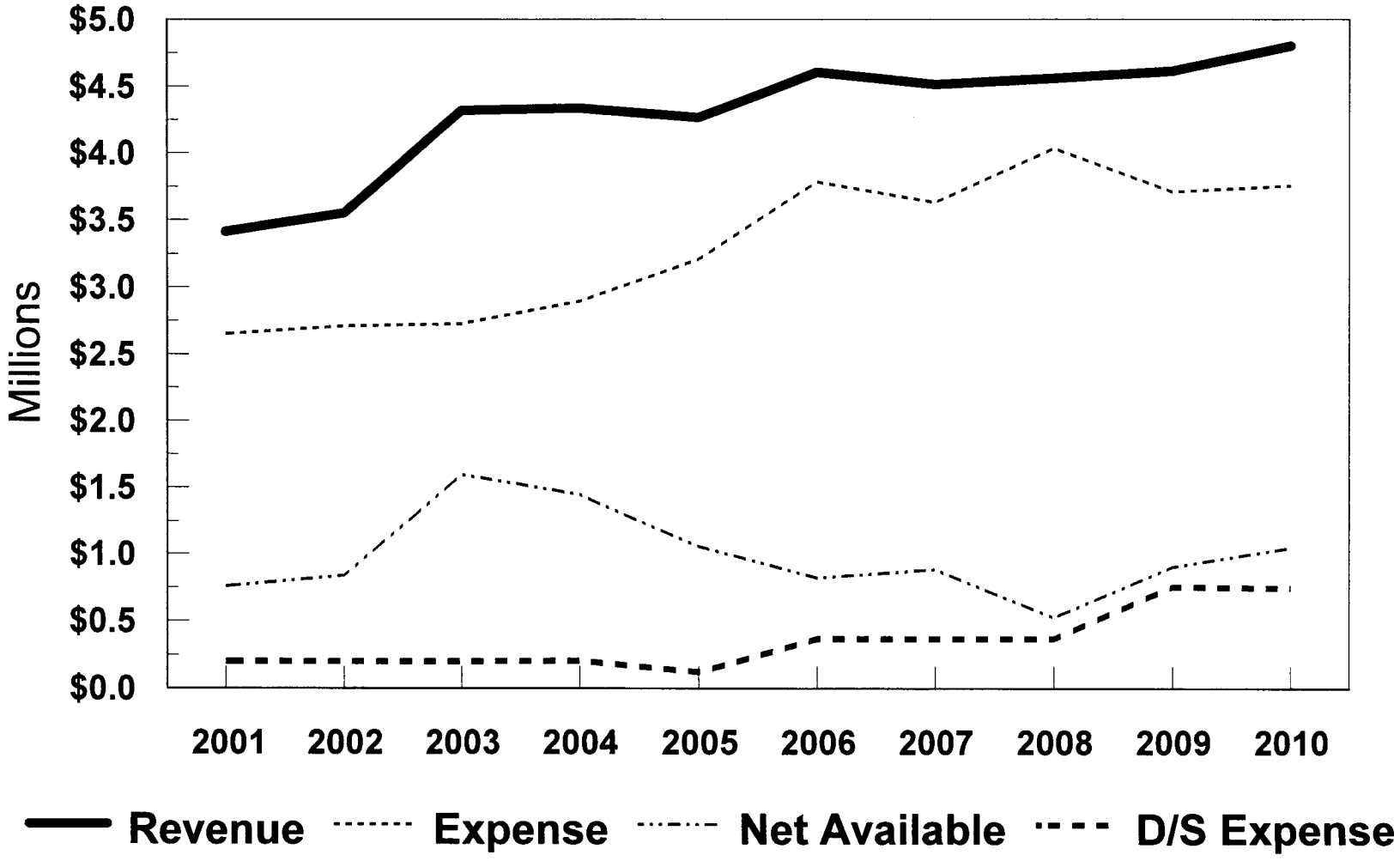
Last Ten Fiscal Years

	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
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
2010	3,358,980	2,558,282	800,698	1,440,928	1,196,694	244,234	1,044,932	743,402	1.41

(1)1997-2009 Includes revenues from sale of water, sewerage services, tapping fees, and other revenues from the water & sewer system and other revenues derived from the operation of the water & sewer system. 1998 - 2009 includes the electric system revenues due to the issuance of the combined utility bonds.

(2)1997-2009 Includes expenses from cost of water, operating expenses, personal services and administrative expenses associated with the operation of the water & sewer system, (excluding depreciation per bond ordinances). 1998 - 2009 includes the electric system expenses due to the issuance of the combined utility bonds.

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS



CITY OF PALMETTO, GEORGIA

TABLE 18

PRINCIPAL EMPLOYERS
Last Year and Three Years Ago
As Available from Public Records

	2010		2007	
Employer	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Fulton County Board of Education	120	12.35%	150	15.51%
Spurlin Industries	40	4.12%	70	7.24%
Georgia Baptist Children's Home	99	10.19%	70	7.24%
City of Palmetto	61	6.28%	64	6.62%
Baptist Manor & Garrison Personal Care	42	4.32%	42	4.34%
Bradley's Big Buy	25	2.57%	35	3.62%
Bojangles	25	2.57%	31	3.21%
Walker Concrete	-	-	26	2.69%
Dairy Queen	-	-	25	2.59%
McDonalds	66	6.79%	-	-
H. J. Wings 'n Things	20	2.06%	-	-
Lambertm Pharmacy	18	1.85%	-	-
Jack Peek Sales and Service	15	1.54%	15	1.55%
Total Principal Employers	531	54.64%	528	54.61%
Total Employees	972		967	

Note: Information for the prior six 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:	11.9 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	405
Building Permits:	
Permits Issued	225
Estimated Construction Costs	$2,183,820

Employees as of June 30, 2010:

Total	Full Time	Part Time
61	61	-

Fire Protection:	
Number of Stations	1
Number of Employees	18
Police Protection:	
Number of Stations	1
Number of Employees	22
Municipal Water Service:	
Number of Customers	1,499
Plant Capacity	1 MGD
Miles of Water Mains	25
Number of Fire Hydrants	174
Municipal Electric Service:	
Number of Customers	1,524
Miles of Line	39
Election:	
Registered Voters	2,454
Number of Votes Cast General Election (11/09)	167
Percentage of Registered Voters Voting	6.81%

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
2010	4,825

TABLE 20

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Four Fiscal Years

Function	2010	2009	2008	2007
General Government	5	6	7	6
Public Safety:				
Officers	19	20	20	14
Civilians	3	3	3	3
Fire				
Firefighters and Officers	18	18	17	-
Highways and Streets				
Maintenance	4	6	9	9
Community Services	-	-	2	2
Electric	5	6	5	5
Water and Sewer	7	9	9	10
	61	68	72	49

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

TABLE 21

OPERATING INDICATORS BY FUNCTION
Last Four Fiscal Years

Function	2010	2009	2008	2007
Police				
Physical Arrests	148	58	216	154
Parking Violations	2	0	1	2
Traffic Violations	2,000	2,738	934	353
Fire				
Number of Calls Answered	848	775	767	-
Inspections	264	254	192	-
Highways and Streets				
Street Resurfacing(Feet)	850	1000	1200	1000
Potholes Repaired	60	60	24	24
Community Services				
Admissions	-	-	47	24
Water				
New Connections	2	-	36	26
Water Main Breaks	8	4	2	4
Average Daily Consumption (Gallons)	277,670	295,000	291,770	301,193
Sewer				
Average Daily Sewerage Treatment(Gallons)	512,838	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: City services two trailor parks for sewer only (2010), explaining rise in sewer consumption.
Note 4: Information for the prior six years are not available.

TABLE 22

CAPITAL ASSET STATISTICS BY FUNCTION
Last Four Fiscal Years

Function	2010	2009	2008	2007
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	17	17	16	16
Fire Stations	1	1	1	1
Highways and Streets				
Streets (Miles)	51.0	51.0	51.0	46.5
Streetlights	408	408	408	408
Traffic Signals	2	2	2	2
Community Centers	1	1	1	1
Water				
Water Mains(Miles)	25.0	25.0	25.0	25.0
Fire Hydrants	174	174	174	174
Maximum Daily Capacity (thousand gals.)	450	450	450	450
Sewer				
Sanitary Sewers(Miles)	15.2	15.2	15.2	15.2
Storm Sewers(Miles)	2.0	2.0	2.0	2.0
Maximum Daily Treatment Capacity	-	-	-	-
Electric				
Number of Distribution Stations	1	1	1	1
Miles of Service Lines	39	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 six years are not available.