CITY OF PALMETTO, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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



This page intentionally left blank.



CITY OF PALMETTO, GEORGIA

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

ORGANIZATION CHART

LISTING OF CITY OFFICIALS

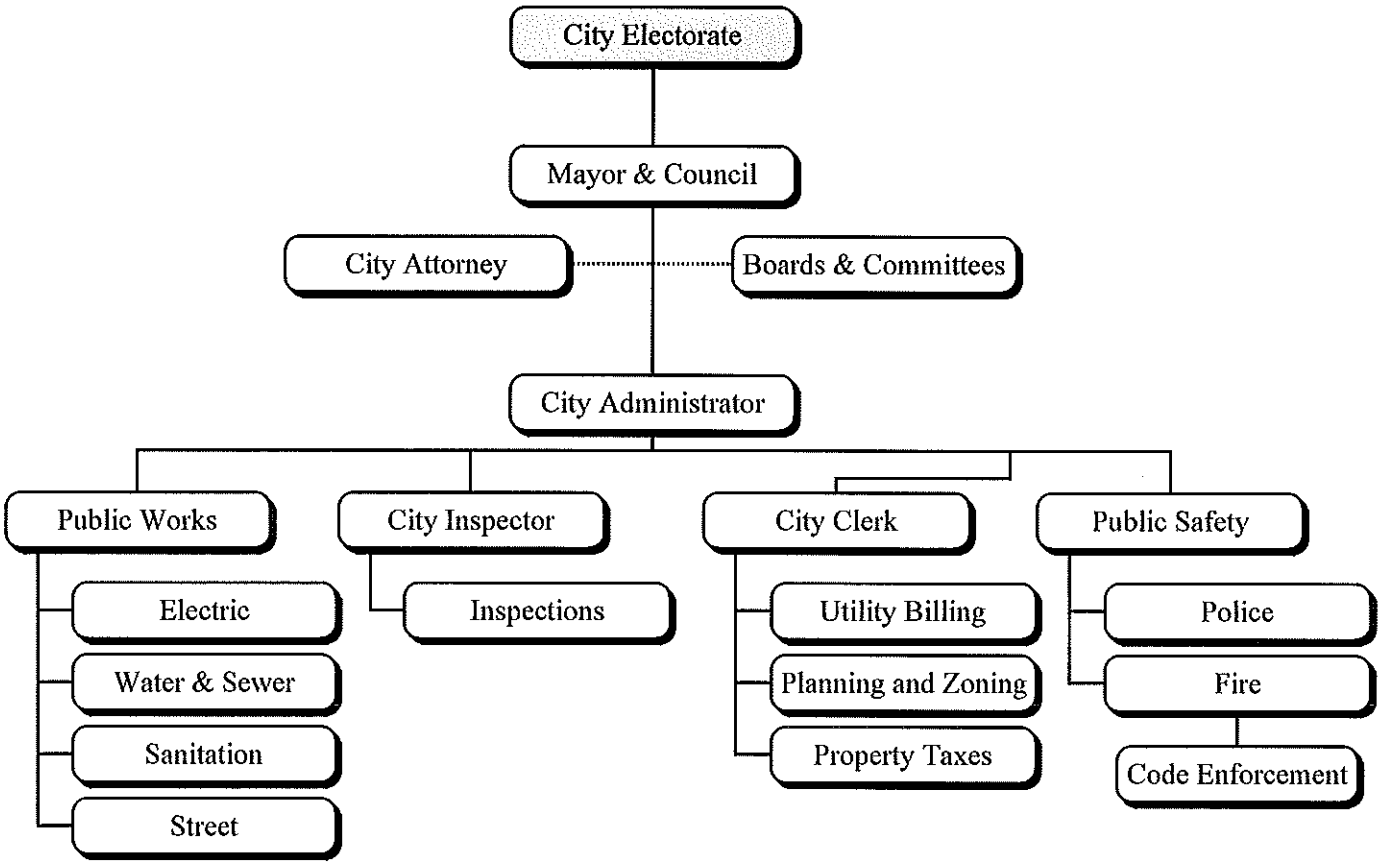
TABLE OF CONTENTS

CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

City of Palmetto, Georgia

Organizational Chart



CITY OF PALMETTO, GEORGIA
CITY OFFICIALS
2011

MAYOR
John O. Miller

CITY COUNCIL
Lorraine Allen
Natalie McFadden
Laura Mullis
Lucinda Rockemore
Gregory Rusch
Leon Sumlin

CITY ADMINISTRATOR
Terry Todd

CITY CLERK
Cynthia Hanson

PUBLIC WORKS DIRECTOR
William F. "Butch" Gaddy

CHIEF OF POLICE
Luther Graham

FIRE CHIEF
Henry Argo

CITY RECORDER
James Barfield
H. Clay Collins

BUILDING INSPECTOR
David Mundt
Safebuilt, Inc.

CITY PLANNER
Mike Warrix

CITY ATTORNEYS
McNally, Fox, Grant & Davenport

CITY AUDITORS
Post & Associates LLC

CITY OF PALMETTO, GEORGIA-

Table of Contents

INTRODUCTORY SECTION	
Title Page - Introductory Section	3
Organization Chart	4
Listing of City Officials	5
Table of Contents	6-7
Certificate of Achievement for Excellence in Financial Reporting	8
Letter of Transmittal	9-13
FINANCIAL SECTION	
Title Page - Financial Section	15
Independent Auditors' Report	16
Management's Discussion and Analysis	17-23
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	24
Statement of Activities	25
Fund Financial Statements	
Balance Sheet - Governmental Funds	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28-29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	30
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	31
Statement of Net Assets - Proprietary Funds	33
Statement of Revenues, Expenses, and Changes in Net Fund Assets- Proprietary Funds	34-35
Statement of Cash Flows - Proprietary Funds	36
Notes to the Financial Statements	37-55
Title Page - Individual Fund Statements and Schedules	57
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet, Non-Major Governmental Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Non-Major Governmental Funds	59
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets - Budget to Actual	
Electric Fund	60
Water and Sewer Fund	61
Sanitation Fund	62
Non-Major Governmental Funds	63
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Source	64
Schedule by Function and Activity	65
Schedule of Change by Function and Activity	66

STATISTICAL SECTION

Title Page - Statistical Section		67
Tables		
Net Assets by Component	1	68
Change in Net Assets	2	69
Fund Balances, Governmental Funds	3	70
Change in Fund Balances, Governmental Funds	4	71
Assessed Value and Estimated True Value	5	72
General Revenue by Source	6	73
Tax Rates and Tax Levies	7	74-75
General Governmental Expenditures by Function	8	76
Property Tax Levies and Collections	9	77
Computation of Direct and Overlapping Bonded Debt-General Obligation	10	78
Legal Debt Margin Table	11	79
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capital	12	81
Revenue Bond Coverage	13	82-83
Principal Taxpayers	14	84
Salaries and Surety Bonds of Principal Officials	15	85
Summary of Insurance Coverage	16	86
Demographic Statistics	17	87
Principal Employers	18	88
Full Time City Government Employees by Function	19	89
Operating Indicators by Function	20	90
Capital Asset Statistics by Function	21	91

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, 2010

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, 2011, 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 4,880 with a population growth rate of 25% between 1980 and 1990, 27% between 1990 and 2000, and 42% between 2000 and 2011.

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. This area was rezoned as a Planned Unit Development District as part of a complete update to the City's Zoned Ordinance which was completed, approved, and adopted by the mayor and council in 2011.

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 financial support and approximately 1000 feet of Carlton Road was resurfaced. 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 Police and Fire Departments. 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.

The Georgia Department of Transportation approved plans for restoration of the train depot and provided authorization through a notice to proceed to commence restoration work. This work is being funded through a $950,400 federal grant and $237,600 local match. Restoration work is underway and will be completed in 2012.

A new comprehensive plan was approved by the state and adopted by the mayor and council. This was followed by the development and adoption of a completely revised zoning ordinance to implement the plan.

The facility previously utilized by the General Services Administration, which had been vacant for many years, was purchased and revitalized by Lowes, Inc.

Utilizing a $6.3 million grant through a public private partnership, construction began on a new healthcare clinic facility on Main Street. The facility is scheduled for completion in 2012.

CDBG funding (2009-2011) has been utilized for construction of a sidewalk on Fayetteville Road from School Street to the Fulton County line. The project was completed in 2011 at a cost of $137,000.

The electrical system downtown between Church Street and Menefee Street was upgraded. This project included 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 were replaced with metal ones and the traffic lights will hang from the pole arms. Funds from the Electric Enterprise Fund were used.

FOR THE FUTURE

The City expects to receive state financial support for resurfacing about 1000 feet of roadway from Hutcheson Ferry Road, East on Calton Road.

Fulton County has awarded contracts for problem management and design of the Palmetto Library. Land clearing and site preparation on land just north of the Public Safety Complex on Highway 154 is expected to begin in 2012.

Coweta County SPLOST funds will be used to replace the sanitary sewer lines on Snowfall Terrace.

CDBG funding (2012-2014) will be used to construct a sidewalk and perform underpassimprovements along Cobb Street.

Other Information

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed expected benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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.

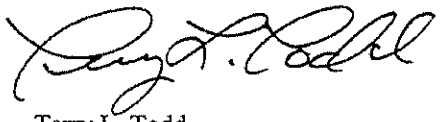
Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmetto, Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the nineteenth consecutive year that the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

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

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 Mayor John O. Miller and each of the council members for your guidance and support in the preparation of this report. I would also like to express my sincere appreciation to department heads, Fire Chief Henry Argo, Police Chief Luther Graham, Public Works Director Buth Gaddy, and City Clerk Cindy Hanson for their assistance and cooperation during the year to effect a better accounting and reporting system for the City of Palmetto, for without this assistance and cooperation this report would not have been possible.

Respectfully submitted,



Terry L. Todd
City Administrator

October 8, 2011



This page intentionally left blank.



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, 2011, 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, 2011 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, 2011, 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.

P & A

Tyrone, Georgia
October 8, 2011

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, 2011. 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 $13.2 million (net assets).

- The government's total net assets decreased by around $450,000 primarily due to decreased revenues from property taxes, and an increase in bond interest expense in the Water and Sewer Fund.

- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending fund balances of around $925,000, a decrease of around $32,000 in comparison with the prior year.

- The City of Palmetto's total debt decreased by $490,700 during the current fiscal year. This was due to a reduction in indebtedness of revenue bonds payable of $410,000 and the payoff of a capital lease of about $81,000.

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 funds 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 - 55 of this report.

Government-Wide Financial Analysis

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

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	$ 1,213,029	$ 2,823,344	$ 4,036,373	$ 1,604,161	$ 3,923,748	$ 5,527,909
Capital Assets - Net	2,397,322	16,540,938	18,938,260	2,010,202	15,978,053	17,988,255
Total assets	$ 3,610,351	$ 19,364,282	$ 22,974,633	$ 3,614,363	$ 19,901,801	$ 23,516,164
Long-Term Liabilities	-	7,930,000	7,930,000	51,799	8,355,000	8,406,799
Other Liabilities	276,814	1,289,219	1,566,033	286,841	1,137,517	1,424,358
Total Liabilities	$ 276,814	$ 9,219,219	$ 9,496,033	$ 338,640	$ 9,492,517	$ 9,831,157
Invested in Capital Assets, Net of Related Debt	2,397,322	8,185,938	10,583,260	2,220,713	7,844,028	10,064,741
Unrestricted	936,215	1,959,125	2,895,340	1,055,010	2,565,256	3,620,266
Total Net Assets	$ 3,333,537	$ 10,145,063	$ 13,478,600	$ 3,275,723	$ 10,409,284	$ 13,685,007

City of Palmetto, Georgia
Statement of Activities- Primary Government

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	$ 634,226	$ 5,137,439	$ 5,771,665	$ 566,061	$ 5,111,421	$ 5,677,482
Grants and Contributions	1,065,811	-	1,065,811			
General Revenues:			-	1,231,906	-	1,231,906
Property Taxes	1,100,369	-	1,100,369			-
Other Taxes	351,843	-	351,843	410,436		410,436
Other	20,870	322	21,192	978,357	1,788	980,145
Total Revenues	3,173,119	5,137,761	8,310,880	3,186,760	5,113,209	8,299,969
Expenses:						
General Government	821,240		821,240	786,794	-	786,794
Public Safety	2,539,246		2,539,246	2,644,167	-	2,644,167
Street	397,364		397,364	310,413	-	310,413
Community Services	54,886		54,886	59,529	-	59,529
Interest on Long-Term Debt	2,569		2,569			
Electric		2,732,624	2,732,624	-	2,620,385	2,620,385
Water and Sewer		1,720,127	1,720,127	-	1,915,621	1,915,621
Sanitation		328,734	328,734	-	274,746	274,746
Total Expenses	3,815,305	4,781,485	8,596,790	3,800,903	4,810,752	8,611,655
Increase (Decrease) in Net Assets Before Transfers	(642,186)	356,276	(285,910)	(614,143)	302,457	(311,686)
Transfers	700,000	(700,000)	-	600,000	(600,000)	-
Increase in Net Assets	57,814	(343,724)	(285,910)	(14,143)	(297,543)	(311,686)
Net Assets, July 1	3,275,723	10,409,284	13,685,007	3,226,524	10,706,827	13,933,351
Prior Period Adjustment	-	79,503	79,503	63,342	-	63,342
Net Assets, June 30	$ 3,333,537	$ 10,145,063	$ 13,478,600	$ 3,275,723	$ 10,409,284	$ 13,685,007

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 $13.2 million as of June 30, 2011. The City's net assets decreased by around $536,000 for the fiscal year ended June 30, 2011 (offset by a prior period adjustment of $79,503) primarily due to decreased revenue from property taxes, and an increase in bond interest expense 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 around $2.9 million may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities: Governmental activities increased the City's net assets by about $58,000. This increase was due to a transfer of $700,000 from the Electric Fund.

Business-type activities: Business-type activities decreased the City of Palmetto's net assets by about

$264,000 due to an increase in net assets based upon operations, a transfer of $700,000 from the Electric Fund to the General Fund, and a prior period adjustment of just under $80,000.

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, the Nonspendable fund balance was $201,250 and the assigned fund balance was $174,000. The Confiscated Fund had a restricted fund balance of $38,000 and the SPLOST had a restricted balance of $478,000. At June 30, 2011, the governmental funds of City of Palmetto reported a combined fund balance of $923,000, a 3.5% decrease over last year. The reason for the decrease in the fund balance over the previous year was primarily due to decreased revenue from property taxes.

General Fund Budgetary Highlights: Tax revenues were lower than the budgeted amounts primarily because ad valorem taxes were lower than anticipated. Police fine and forfeiture revenues were about $61,000 higher than budget. Intergovernmental revenues were $30,000 more than budgeted. SPLOST revenues come in $11,000 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 $124,000 under budget. The Police Department police salaries were $108,000 under budget and gas and oil expenses $19,000 under budget. The Street Department came under budget by $215,000 due to spending less than the budgeted amount in all major categories.

Capital outlays were over $890,000 under budget, nearly all of which was due to the small amount 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 $1,370,000. This represents a decrease of $454,000 over the previous year, and is due primarily to the transfer of $1,400,000; $700,000 to the General Fund and $700,000 to the Water and Sewer Fund. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to $456,300. This represents a decrease of $157,000 from the previous year, which is due to bond interest of $330,000.

The Sanitation unrestricted net assets increased by $4,600 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, 2011, totals $16,541,000 (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	-	874,535	874,535
Buildings and Improvements	1,699,180	249,169	1,948,349
Distribution System	-	19,238,746	19,238,746
Vehicles, Equipment, and Furniture	1,594,747	471,179	2,065,926
Infrastructure	1,098,927	-	1,098,927
Total	$ 4,684,034	$ 20,840,296	$ 25,524,330

Long-term Debt. As of June 30, 2011 the City of Palmetto had long term bonded debt outstanding of $8,355,000 (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 47-48.

The City of Palmetto's total debt decreased by $490,669 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 $13,105,680.

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 47-48 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.
- In September 2011, the residents of Palmetto celebrated the City's 157th Anniversary. This event evidences the City's reputation as the "friendly City."

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: Tax revenue is expected to be about $1.5 million in 2012 which equals the tax revenue for 2011. Intergovernmental revenues are expected to increase about $58,000 over the actual received in 2011. Overall governmental revenues are budgeted to increase by nearly $900,000 over the actual received in 2011 due to expected governmental grants totaling $1.042 million and increased taxes. Expenditures in the General Fund exceed budgeted in 2011 by $741,000.

Business - type Activities: The budget for the Electric Fund shows anticipated revenue of $3.9 million which is in about $400,000 higher than the actual received in 2011. Anticipated expenditures are $3.4 million which includes about $125,000 for capital outlay. The largest increase is for purchased power ($500,000).

The Water and Sewer Fund is budgeted for total revenues of $1.5 million, an increase of $250,000 over actual 2011 revenues. Expenses are expected to be $2.4 million excluding depreciation of around $365,000.

The Sanitation Fund is expected to perform similarly to 2011.

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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and In Banks	$ 602,795	$ 1,272,250	$ 1,875,045
Certificates of Deposit	-	89,723	89,723
Ad Valorem Taxes Receivable	182,531	-	182,531
Local Option Sales Taxes Receivable	78,758	-	78,758
Community Development Block Grant	9,386	-	9,386
Alcoholic Beverage Taxes Receivable	9,262	-	9,262
Franchise Taxes Receivable	21,607	-	21,607
Police Fines Receivable	107,436	-	107,436
Prepaid Assets	160,157	34,620	194,777
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	699,630	699,630
Other Receivables	-	14	14
Inventories	41,097	374,392	415,489
Total Current Assets	1,213,029	2,470,629	3,683,658
Non-Current Assets:			
Deferred Charges	-	352,715	352,715
Capital Assets not being depreciated			
Land and Improvements	291,180	6,667	297,847
Construction In Progress	-	874,535	874,535
Capital Assets being depreciated			
Capital Assets (net of Accumulated Depreciation)	2,106,142	15,659,736	17,765,878
Total Non-current Assets	2,397,322	16,893,653	19,290,975
Total Assets	$ 3,610,351	$ 19,364,282	$ 22,974,633
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	$ 28,279	$ 265,214	$ 293,493
Accrued Salaries and Payroll Taxes	203,347	71,517	274,864
Deferred Revenue Tax Auction Sales	33,225		33,225
Utility Deposits	-	362,478	362,478
Inspector Deposit-Developments	11,963	-	11,963
Revenue Bonds Payable	-	425,000	425,000
Accrued Bond Interest Payable	-	165,010	165,010
Total Current Liabilities (Payable from Current Assets):	276,814	1,289,219	1,566,033
Noncurrent Liabilities			
Revenue Bonds Payable	-	7,930,000	7,930,000
Total Noncurrent Liabilities	-	7,930,000	7,930,000
Total Liabilities	276,814	9,219,219	9,496,033
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,397,322	8,185,938	10,583,260
Unrestricted	936,215	1,959,125	2,895,340
Total Net Assets	$ 3,333,537	$ 10,145,063	$ 13,478,600

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

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	$ 821,240	$ 123,867	$ -	$ 956,425	$ 259,052	$ -	$ 259,052
Public Safety	2,539,246	349,989	-	-	(2,189,257)	-	(2,189,257)
Street	397,364	160,370	-	109,386	(127,608)	-	(127,608)
Community Services	54,886	-	-	-	(54,886)	-	(54,886)
Interest on Long-Term Debt	2,569	-	-	-	(2,569)	-	(2,569)
Total governmental activities	3,815,305	634,226	-	1,065,811	(2,115,268)	-	(2,115,268)
Business activities:							
Electric Utilities	2,732,624	3,554,155	-	-	-	821,531	821,531
Water and Sewer Utilities	1,720,127	1,249,911	-	-	-	(470,216)	(470,216)
Sanitation Utilities	328,734	333,373	-	-	-	4,639	4,639
Total Business-type Activities	4,781,485	5,137,439	-	-	-	355,954	355,954
Total primary government	$ 8,596,790	$ 5,771,665	$ -	$ 1,065,811	(2,115,268)	355,954	(1,759,314)
General Revenues:							
Ad Valorem Tax					1,044,553	-	1,044,553
Motor Vehicle Tax					55,816	-	55,816
Franchise Tax					71,113	-	71,113
Insurance Premium Tax					183,028	-	183,028
Beer/Wine/Liquor Tax					88,374	-	88,374
Transfer Tax					4,182	-	4,182
Intangible Tax					5,146	-	5,146
Interest Income					367	322	689
Miscellaneous					20,503	-	20,503
Transfers					700,000	(700,000)	-
Total General Revenues and Transfers					2,173,082	(699,678)	1,473,404
Change in Net Assets					57,814	(343,724)	(285,910)
Net Assets Beginning					3,275,723	10,409,284	13,685,007
Prior Period Adjustment					-	79,503	79,503
Net Assets Ending					$ 3,333,537	$ 10,145,063	$ 13,478,600

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

This page intentionally left blank.

CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash on Hand and In Banks	$ 96,716	$ 506,079	602,795
Ad Valorem Taxes Receivable	182,531	-	182,531
Local Option Sales Taxes Receivable	69,152	9,606	78,758
Community Development Block Grant	9,386	-	9,386
Alcoholic Beverage Taxes Receivable	9,262	-	9,262
Franchise Taxes Receivable	21,607	-	21,607
Police Fines Receivable	107,436	-	107,436
Prepaid Items	160,157	-	160,157
Inventories	41,097	-	41,097
Total Assets	$ 697,344	$ 515,685	$ 1,213,029
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 28,279	$ -	$ 28,279
Accrued Salaries and Taxes Payable	121,497	-	121,497
Inspector Deposit - Developments	11,963	-	11,963
Deferred Ad Valorem Tax Revenue	127,399	-	127,399
Deferred Revenue Tax Auction Sales	33,225	-	33,225
Total Liabilities	322,363	-	322,363
Fund Balance			
Nonspendable			
Prepaid Expenses	160,157	-	160,157
Inventories	41,097	-	41,097
Restricted for:			
Law Enforcement - Conficated Fund	-	37,798	37,798
SPLOST Capital Projects	-	477,887	477,887
Assigned to 2012 Budget	173,727	-	173,727
Total Fund Balance	374,981	515,685	890,666
Total Liabilities and Fund Balance	$ 697,344	$ 515,685	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets of $4,684,034 net of accumulated depreciation of $ 2,286,712 are notfinancial resources and, therefore, are not reported in the funds.			2,397,322
Accrued compensated absences are considered long-term and do not require the use of current resources and therefore not recorded in the governmental funds.			(81,850)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.			127,399
Net Assets of Governmental Activities			$ 3,333,537

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, 2011

	General	Other Governmental Funds	Total
Revenues:			
Taxes:			
Ad Valorem Tax	$ 1,100,870	$ -	$ 1,100,870
Penalties/Interest on Delinquent Taxes	20,962	-	20,962
Motor Vehicle Tax	55,816	-	55,816
Franchise Tax	71,113	-	71,113
Insurance Premium Tax	183,028	-	183,028
Beer, Wine, Liquor Tax	88,374	-	88,374
Transfer Taxes	4,182	-	4,182
Intangibles Taxes	5,146	-	5,146
Total Taxes	1,529,491	-	1,529,491
Licenses and Permits:			
Business Licenses	47,729	-	47,729
Building & Other Permits	75,502	-	75,502
Total Licenses and Permits	123,231	-	123,231
Intergovernmental Revenues:			
Intergovernmental L.O.S.T. Taxes	841,420	115,005	956,425
Community Development Grant	109,386	-	109,386
Federal and State Confiscations	-	18,932	18,932
Total Intergovernmental Revenues	950,806	133,937	1,084,743
Fines and Forfeitures:			
Police Department	331,057	-	331,057
Miscellaneous:			
Landfill Tipping Fees	160,370	-	160,370
Community Center	2,950	-	2,950
Cemetery Lot Sales	2,850	-	2,850
Interest Income	319	684	1,003
Other Miscellaneous	14,703	-	14,703
Total Miscellaneous	181,192	684	181,876
Total Revenues	$ 3,115,777	$ 134,621	$ 3,250,398

Continued on the next page.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2011

	General	Other Governmental Funds	Totals
Expenditures:			
Current:			
Administrative	$ 771,826	$ 32,646	$ 804,472
Police	1,383,465	-	1,383,465
Fire Department	1,017,390	-	1,017,390
Street	356,625	-	356,625
Special Services	20,425	-	20,425
Total Current Expenditures	3,549,731	32,646	3,582,377
Debt Service			
Principal	-	80,669	80,669
Interest	-	2,569	2,569
Total Debt Service	-	83,238	83,238
Capital Outlay:			
Administrative	44,705	-	44,705
Police	-	9,844	9,844
Fire Department	37,275	-	37,275
Street	162,940	-	162,940
Special Services	62,376	-	62,376
Total Capital Outlay	307,296	9,844	317,140
Total Expenditures	3,857,027	125,728	3,982,755
Excess (Deficit) of Revenues Over Expenditures Before	(741,250)	8,893	(732,357)
Other Financing Sources			
Transfers In	700,000	-	700,000
Total Other Financing Sources (uses)	700,000	-	700,000
Net Change in Fund Balance	(41,250)	8,893	(32,357)
Fund Balance Beginning	416,231	506,792	923,023
Fund Balance Ending	$ 374,981	$ 515,685	890,666

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, 2011

Net change in fund balances - total governmental funds:	$	(32,357)
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 $317,140 exceeded depreciation of $221,200 in the current period.		95,940
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.		(9,159)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(77,279)
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	$	57,814

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, 2011

	Budget			Variance-Positive (Negative)
	Original	Revised	Actual	
Revenues:				
Taxes	$ 2,395,250	$ 2,395,250	$ 1,529,491	$ (865,759)
Licenses and Permits	20,000	20,000	123,231	103,231
Intergovernmental Revenues	920,400	920,400	950,806	30,406
Fines and Forfeitures	270,000	270,000	331,057	61,057
Special Services	8,100	8,100	9,325	1,225
Miscellaneous Revenue	208,100	208,100	171,867	(36,233)
Total Revenues	3,821,850	3,821,850	3,115,777	(706,073)
Expenditures:				
Administrative	895,670	895,670	771,826	123,844
Police Department	1,629,009	1,629,009	1,383,465	245,544
Fire Department	1,110,965	1,110,965	1,017,390	93,575
Street Department	571,505	571,505	356,625	214,880
Special Services	73,440	73,440	20,425	53,015
Mayor & Coucil Contingency	134,000	134,000	-	134,000
Capital Outlay	1,195,884	1,195,884	307,296	888,588
Total Expenditures	5,610,473	5,610,473	3,857,027	1,753,446
Excess (Deficiency) of Revenues over Expenditures	(1,788,623)	(1,788,623)	(741,250)	1,047,373
Other Financing Sources (Uses)				
Transfers in	-	-	700,000	(700,000)
Net Change in Fund Balance	(1,788,623)	(1,788,623)	(41,250)	347,373
Fund Balance at Beginning of Year	416,231	416,231	416,231	-
Fund Balance at End of Year	$ (1,372,392)	$ (1,372,392)	$ 374,981	$ 347,373

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



This page intentionally left blank.

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2011

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
ASSETS				
Current Assets:				
Cash in Banks	$ 1,075,412	$ 100,958	$ 95,880	$ 1,272,250
Certificates of Deposit	89,723	-	-	89,723
Prepaid Expenses	13,324	21,296	-	34,620
Utility Accounts Receivable (Net of Allowance for Collectibles)	494,630	146,190	58,810	699,630
Other Receivables	14	-	-	14
Inventories	303,176	71,216	-	374,392
Total Current Assets	1,976,279	339,660	154,690	2,470,629
Noncurrent Assets:				
Deferred Charges	-	352,715	-	352,715
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	874,535	-	874,535
Capital Assets Being Depreciated:				
Buildings	62,132	-	-	62,132
Utility Distribution System	2,566,759	16,671,987	-	19,238,746
Water Tanks	-	187,037	-	187,037
Vehicles and Equipment	328,849	142,330	-	471,179
Total	2,964,407	17,875,889	-	20,840,296
Less: Accumulated Depreciation	(1,046,297)	(3,253,061)	-	(4,299,358)
Total Capital Assets	1,918,110	14,622,828	-	16,540,938
Total Noncurrent Assets	1,918,110	14,975,543	-	16,893,653
Total Assets	$ 3,894,389	$ 15,315,203	$ 154,690	$ 19,364,282
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	$ 219,718	$ 23,797	$ 21,699	$ 265,214
Accrued Liabilities and Payroll Taxes	43,781	27,736	-	71,517
Utility Deposits	342,966	19,512	-	362,478
Revenue Bonds Payable	-	425,000	-	425,000
Total Current Liabilities (Payable from Current Assets):	606,465	496,045	21,699	1,124,209
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	165,010	-	165,010
Total Current Liabilities (Payable from Restricted Assets	-	165,010	-	165,010
Total Current Liabilities	606,465	661,055	21,699	1,289,219
Noncurrent Liabilites				
Revenue Bonds Payable	-	7,930,000	-	7,930,000
Total Liabilities	606,465	8,591,055	21,699	9,219,219
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,918,110	6,267,828	-	8,185,938
Unrestricted	1,369,814	456,320	132,991	1,959,125
Total Net Assets	$ 3,287,924	$ 6,724,148	$ 132,991	$ 10,145,063

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, 2011

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Sales of Utilities	$ 3,385,020	$ 1,195,397	$ -	$ 4,580,417
Sanitation Charges	-	-	306,935	306,935
Penalties	101,429	51,856	24,540	177,825
Service, Cut on, and Permit Fees	45,312	-	-	45,312
Miscellaneous	22,394	2,658	1,898	26,950
Total Operating Revenue	3,554,155	1,249,911	333,373	5,137,439
Operating Expenses:				
Purchase of Utilities	2,251,511	13,249	-	2,264,760
Sewer Treatment	-	240,680	-	240,680
Salaries	224,435	230,984	-	455,419
Payroll Taxes	16,900	17,917	-	34,817
Retirement	20,646	30,968	-	51,614
Insurance (Group)	50,690	70,009	-	120,699
Training	11,740	1,510	-	13,250
Uniforms	3,863	2,958	-	6,821
Insurance - Vehicles and Equipment	6,838	2,099	-	8,937
Insurance - Other	3,799	4,918	-	8,717
Georgia Public Web	2,467	-	-	2,467
Bad Debts	9,920	32,230	15,267	57,417
Professional Fees	31,008	21,723	-	52,731
Miscellaneous Administrative Expenses	864	2,579	-	3,443
Office Supplies	415	156	-	571
Depreciation Expense	63,037	366,302	-	429,339
Contracted Services	-	-	313,467	313,467
Repairs and Maintenance:				
Buildings	686	3,150	-	3,836
Distribution System	6,148	134,654	-	140,802
Equipment	1,766	5,797	-	7,563
Vehicles	7,010	2,789	-	9,799
Gas and Oil	8,410	10,015	-	18,425
Supplies	5,736	42,168	-	47,904
Equipment Rental	101	34,301	-	34,402
Telephone	2,426	6,621	-	9,047
Utilities	1,819	83,738	-	85,557
Miscellaneous Operating Expense	389	1,543	-	1,932
Total Operating Expenses	2,732,624	1,363,058	328,734	4,424,416
Operating Income	$ 821,531	$ (113,147)	$ 4,639	$ 713,023

Continued on 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, 2011

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Nonoperating Revenues (Expenses):				
Interest on Investments	$ 175	$ 147	$ -	$ 322
Amortization Expense	-	(27,050)	-	(27,050)
Bond Interest	-	(330,019)	-	(330,019)
Total Nonoperating Revenues (Expenses)	175	(356,922)	-	(356,747)
Transfers In (Out)	(1,400,000)	700,000	-	(700,000)
Change in Net Assets	(578,294)	229,931	4,639	(343,724)
Net Assets, Beginning of Year	3,786,715	6,494,217	128,352	10,409,284
Prior Period Adjustment	79,503	-	-	79,503
Net Assets, End of Year	$ 3,287,924	$ 6,724,148	$132,991	$ 10,145,063

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, 2011

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	$ 3,441,725	$ 1,332,574	$ 318,433	$ 5,092,732
Payments to Suppliers	(2,404,514)	(777,307)	(307,035)	(3,488,856)
Payments to Employees	(224,435)	(230,984)	-	(455,419)
Net Cash Provided by (Used in) Operating Activities	812,776	324,283	11,398	1,148,457
Cash Flows from Non-Capital Financing Activities:				
Transferred to Other Funds	(1,400,000)	700,000	-	(700,000)
Net Cash Flows from Non-Capital Financing Activities:	(1,400,000)	700,000	-	(700,000)
Cash Flows from Capital and Related Financing Activities:				
Cash Paid for Additions to Property, Plant and Equipment	(17,808)	(347,479)	-	(365,287)
Principal Paid on Bond Indebtedness	-	(410,000)	-	(410,000)
Interest Paid on Bond Indebtedness	-	(337,193)	-	(337,193)
Net Cash Flows from Capital and Related Financing Activities	(17,808)	(1,094,672)	-	(1,112,480)
Cash Flows From Investing Activities:				
Income on Investments and Interest Bearing Accounts	175	147	-	322
Net Cash From Investing Activities	175	147	-	322
Net Increase (Decrease) in Cash	(604,857)	(70,242)	11,398	(663,701)
Cash at Beginning of Year	1,769,992	171,200	84,482	2,025,674
Cash at End of Year	$ 1,165,135	$ 100,958	$ 95,880	$ 1,361,973
Classified As:				
Cash on Hand and in Banks	1,075,412	100,958	95,880	1,272,250
Certificates of Deposit	89,723	-	-	89,723
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	821,531	(113,147)	4,639	713,023
Adjustments Not Affecting Cash:				
Depreciation	63,037	366,302	-	429,339
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(197,078)	72,638	(14,940)	(139,380)
(Increase) Decrease in Inventory	(158)	(59)	-	(217)
(Increase) Decrease in Prepaid Expenses	4,184	(2,368)	-	1,816
Increase (Decrease) in Accounts Payable	28,159	(6,526)	21,699	43,332
Increase (Decrease) in Accrued Liabilities	8,453	(2,582)	-	5,871
Increase (Decrease) in Utility Deposits	84,648	10,025	-	94,673
Total Adjustments	(8,755)	437,430	6,759	435,434
Net Cash Provided by (Used in) Operating Activities	$ 812,776	$ 324,283	$ 11,398	$ 1,148,457

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, 2011, 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 activities of the primary government. The effect of inter-fund activity, within the governmental and business-type activities columns have not been eliminated in the process of consolidation. 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 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. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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, claims, and judgments 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 major 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 non-operating 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 uncollectible accounts.

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. 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, 2011. 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. The City uses the purchases method to account for prepaid items in governmental funds.

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 $300 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 has 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 city-wide was $107,756 compared to $93,477 in the previous year which represents an increase of $14,279. Since any and all of the compensated absences may be used in one year, the City has adopted a policy to recognize all accrued compensated absences as short-term in keeping with the principle of conservatism.

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, 2011 the City had outstanding bonds of $8,355,000 resulting from the issuance of a Combined Public Utility Revenue Bond, Series 2005 on March 9, 2006.

7. Fund Equity

Fund Balances:

- Non-spendable - The following fund balances are non-spendable because they are allocated to:

General Fund	
Prepaid Expenses	$ 160,157
Inventories	41,097
Total	$ 201,254

- Restricted - The following fund balances are restricted for:

Law Enforcement - Conficated Fund	$ 37,798
SPLOST Capital Projects	477,887
Total	$ 515,685

- Assigned – The following fund balance is assigned to:

Assigned to General Fund - 2012 Budget	$ 173,727

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

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	$	317,140
Depreciation expense		(221,200)
Net Adjustment to increase changes in fund balances total government funds to arrive at changes in net assets of governmental activities	$	95,940

Another element of that reconciliation states "Deferred ad valorem taxes are not available to pay current period expenditures, and therefore are deferred in the funds." The detail of this $77,279 difference is as follows:

Deferred ad valorem taxes-current year	$	204,678
Deferred ad valorem taxes-prior year		(127,399)
Net Adjustment to decrease changes in fund balances total government funds to arrive at changes in net assets of governmental activities	$	77,279

Another element of that reconciliation states "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The detail of this $9,159 difference is as follows:

Deferred Compensation - current year	$	81,850
Deferred Compensation - prior year		(72,691)
Net Adjustment to decrease changes in fund balances total government funds to arrive at changes in net assets of governmental activities	$	9,159

Another element of that reconciliation states "The issuance of long-term debt provides current financial resources while the repayment of the principal consumes the current financial resources of governmental funds." This difference of $80,669 was totally due to the repayment of principal.

(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. 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 $2,083,216 and a bank balance of $1,964,068. Of the bank balance, $250,000 was covered by federal depository insurance and $1,714,068 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, 2011.

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, 2011 was 0.10%. 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	Fair Value	Percent of Total Investment
Ninety days if less	$ 1,964,768	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, $309,536 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 is the risk associated with unsecured deposits, uninsured securities, or securities not registered in the City's name, and is managed in accordance with the City's policy through a safekeeping agreement with an external party. All investments as of June 30, 2011 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 fair 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, 2011 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	$605,288	$110,658	$494,630
Water & Sewer	231,523	85,333	146,190
Sanitation	85,545	26,736	58,809
Total	$886,703	$222,727	$663,976

C. Capital Assets

Governmental activities as of June 30, 2011:

Asset Class	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Capital assets not being depreciated:				
Land	$ 291,180	$ -	$ -	$ 291,180
Capital assets being depreciated:				
Building	1,602,441	96,739	-	1,699,180
Furniture	89,867	-	-	89,867
Machinery, Equipment, & Vehicles	1,426,468	78,412	-	1,504,880
Infrastructure	956,938	141,989	-	1,098,927
Total capital assets being depreciated	4,075,714	317,140	-	4,392,854
Less accumulated depreciation for:				-
Buildings	(707,579)	(66,626)	-	(774,205)
Furniture	(74,818)	(3,419)	-	(78,237)
Machinery, Equipment, & Vehicles	(1,008,857)	(114,700)	-	(1,123,557)
Infrastructure	(274,258)	(36,455)	-	(310,713)
Total accumulated depreciation	(2,065,512)	(221,200)	-	(2,286,712)
Total capital assets being depreciated, net	2,010,202	95,940	-	2,106,142
Government activities capital assets, net	$ 2,301,382	$ 95,940	$ -	$ 2,397,322

Business-type activities as of June 30, 2011:

Asset Class	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Capital assets not being depreciated:				
Land	$ 6,667	$ -	$ -	$ 6,667
Construction In Progress	624,308	-	-	624,308
Total capital assets not being depreciated	630,975	-	-	630,975
Capital assets being depreciated:				
Buildings	62,132	-	-	62,132
Water Tanks	164,100	22,937	-	187,037
Distribution System	19,158,429	80,317	-	19,238,746
Total capital assets being depreciated	19,384,661	103,254	-	19,487,915
Less accumulated depreciation for:				
Buildings	(42,202)	(2,072)	-	(44,274)
Machinery, Equipment & Vehicles	(401,386)	(5,955)	-	(407,341)
Water Tanks	(91,242)	(13,256)	-	(104,498)
Distribution system	(3,335,189)	(399,767)	-	(3,734,956)
Total accumulated depreciation	(3,870,019)	(421,050)	-	(3,870,019)
Total capital assets being depreciated, net	15,514,642	(317,796)	-	15,617,896
Business type activities capital assets, net	$ 16,145,617	$ (317,796)	$ -	$ 16,248,871

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

Governmental Activities	
Administration	$ 16,501
Police	85,146
Fire	44,722
Streets	40,370
Special Services	34,461
Total depreciation expense-governmental activities	221,200
Business-type activities:	
Electric	63,037
Water and Sewer	366,302
Total depreciation expense-business-type activities	$ 429,339

D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2011:

	Water & Sewer Revenue
Bonds Payable July 1, 2010	$ 8,765,000
Bonds Issued	-
Bonds Retired	410,000
Bonds Payable June 30, 2011	$ 8,355,000

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, 2011 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%.

For Year Ending	Water & Sewer System Principal	Water & Sewer System Interest	Water & Sewer System Total
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	$8,355,000	$2,986,219	$11,341,219

The City entered into a capital lease in fiscal year ended June 30, 2010 to purchase five police vehicles. The gross value of the police cars was $109,539. The remaining balance was paid off in current fiscal year.

The following is a summary of capital lease transactions and compensated absences for governmental activities of the City for the year ended June 30, 2011:

Capital Leases	Governmental Activities
Capital Lease Payable July 1, 2010	$ 80,669
New Leases	-
Debt Retired Retired	80,669
Capital Lease Payable June 30, 2011	$ -

Compensated Absences	Governmental Activities
Compensated Absences July 1, 2010	$ 72,691
Absences Accrued	74,581
Absences Used	65,422
Compensated Absences Payable June 30, 2011	$ 81,850

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, 2011, $754,369 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 from 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, 2011.

(6) Retirement Plan

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

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

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

Funding Policy. The City's plan is non-contributory, under this plan and the City's policy is to contribute 100% of an actuarially determined rate; the current rate is 10.50% 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 2011, the City's annual pension cost of $244,082 for the PEPP was equal to the City's recommended and actual contributions. The required contribution was determined as part of the January 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 Costs (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	$ 222,176	100.00%	0.00%
2010	237,424	100.00%	0.00%
2011	244,082	100.00%	0.00%

Schedule of Funding Progress. The information presented on the following page is based on the January 1, 2011, 2010 and 2009 actuarial valuations.

	2011	2010	2009
Actuarial Value of Assets	$ 1,527,162	$ 1,337,393	$ 1,001,239
Actuarial Accrued Liability	2,268,377	2,105,624	2,016,318
Funded Ratio	67.32%	63.52%	49.66%
Total Unfunded Actuarial Liability (Funding Excess)	741,215	768,231	1,015,079
Annual Covered Payroll	2,285,342	2,148,938	1,834,202
Ratio of Unfunded (Excess) to Annual Covered Payroll	32.43%	35.75%	55.34%

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	1,000,000
Automobile Liability	1,000,000
Errors and Omissions (Public Of	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 Insi	500,000
DEDUCTIBLE:	
per occurrence deductible of	1,000
COVERAGES SUBJECT TO A RETROACTIVE DATE:	
(Unless stated otherwise in the Coverage Exceptions)	
Public Officials Liability	1/1/1990
Employee Benefits Liability	1/1/1990
Pollution Liability	5/1/1998

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. in accordance with the member government contract and related coverage descriptions GIRMA is to defend 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, 2011 No provisions have been made in the financial statements for the year ended June 30, 2011 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 judgment, 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, 2011 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, 2011.

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 discovered inventory during the year in the Electric Fund which had been in the possession of the City and which had not been included in inventory in prior years. The value of this portion of the inventory is $79,503, and it has been added to the existing net assets as a prior period adjustment.

This page intentionally left blank.



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, 2011

	Confiscated Assets Fund	SPLOST Fund	Total Non-Major Governmental
ASSETS			
Cash on Hand and in Banks	$ 37,798	$ 468,281	$ 506,079
Local Option Sales Tax Receivable	-	9,606	9,606
Total Assets	37,798	477,887	515,685
LIABILITIES AND FUND BALANCE			
Fund Balances			
Restricted for:			
Drug Related Expenditures	37,798	-	37,798
Capital Projects Financed with SPLOST	-	477,887	477,887
Total Liabilities and Fund Balance	$ 37,798	$ 477,887	$ 515,685

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2011

	Confiscated Asset Fund	SPLOST Fund	Total Non-Major Governmental
Revenues:			
Intergovernmental L.O.S.T. Taxes	$ -	$115,005	$ 115,005
State and Federal Confiscations	18,932	-	18,932
Interest Income	48	636	684
Total Revenues	18,980	115,641	134,621
Expenditures:			
Current			
Administrative	3,200	29,446	32,646
Debt Service			
Principal	80,669	-	80,669
Interest	2,569	-	2,569
Capital Outlays			
Police	9,844	-	9,844
Total Expenditures	96,282	29,446	125,728
Excess (Deficiency) of Revenues over Expenditures	(77,302)	86,195	8,893
Net Change in Fund Balances	(77,302)	86,195	8,893
Fund Balance at Beginning of Year	115,100	391,692	506,792
Fund Balance at End of Year	$ 37,798	$ 477,887	$ 515,685

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, 2011 and 2010

	2011			2010		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 3,280,000	$ 3,385,020	$ 105,020	$ 3,355,000	$ 3,208,915	$ (146,085)
Cut On and Permit Fees	33,000	44,582	11,582	25,000	42,945	17,945
Penalties	90,000	101,429	11,429	85,000	101,499	16,499
Service Fees	1,000	730	(270)	2,000	1,000	(1,000)
Miscellaneous	5,000	22,394	17,394	8,000	4,621	(3,379)
Total Operating Revenue	3,409,000	3,554,155	145,155	3,475,000	3,358,980	(116,020)
Operating Expenses:						
Personnel Services:						
Salaries	247,026	224,435	22,591	247,026	222,718	24,308
Payroll Taxes	21,700	16,900	4,800	21,200	17,560	3,640
Retirement	22,750	20,646	2,104	21,400	19,896	1,504
Insurance (Group and Worker's Compensation)	74,400	50,690	23,710	63,400	63,667	(267)
Training Expense	10,200	11,740	(1,540)	13,200	12,265	935
Uniforms	4,500	3,863	637	4,500	3,469	1,031
Total Personal Services	380,576	328,274	52,302	370,726	339,575	31,151
Administrative Expenses:						
Insurance - Vehicles and Equipment	8,500	6,838	1,662	8,300	7,302	998
Insurance - Other	5,000	3,799	1,201	4,200	3,523	677
Miscellaneous	2,500	864	1,636	2,000	708	1,292
Office Supplies	1,000	415	585	1,000	153	847
Postage	4,500	-	4,500	100	-	100
Georgia Public Web	8,500	2,467	6,033	8,500	2,649	5,851
Professional Fees and Contracted Services	40,000	31,008	8,992	41,200	38,018	3,182
Total Administrative Expenses	70,000	45,391	24,609	65,300	52,353	12,947
Depreciation Expense	-	63,037	(63,037)	-	62,103	(62,103)
Other Operating Expenses:						
Purchase of Utilities	2,250,000	2,251,511	(1,511)	2,250,000	2,096,215	153,785
Sales Tax	-	-	-	175,000	-	175,000
Repairs and Maintenance:						
Buildings	4,500	686	3,814	4,500	767	3,733
Distribution System	30,000	6,148	23,852	30,000	23,264	6,736
Equipment	3,000	1,766	1,234	3,000	329	2,671
Vehicles	11,500	7,010	4,490	11,500	5,512	5,988
Bad Debt Expense	-	9,920	(9,920)	-	28,677	(28,677)
Equipment Rental	200	101	99	200	125	75
Gas and Oil	8,000	8,410	(410)	8,000	7,326	674
Miscellaneous Operating Expenses	5,500	389	5,111	6,000	200	5,800
Supplies	20,000	5,736	14,264	13,400	(960)	14,360
Telephone	4,200	2,426	1,774	4,200	3,691	509
Utilities	1,500	1,819	(319)	1,500	1,208	292
Total Other Operating Expenses	2,338,400	2,295,922	42,478	2,507,300	2,166,354	340,946
Total Expenses	2,788,976	2,732,624	56,352	2,943,326	2,620,385	322,941
Operating Income (Loss)	620,024	821,531	201,507	531,674	738,595	206,921
Nonoperating Revenues (Expenses):						
Interest on Investments	1,000	175	825	2,000	732	1,268
MEAG Telecom	3,000	-	3,000			
Transferred to Water Sewer Fund	-	(700,000)	700,000			
Transferred to General Fund	-	(700,000)	700,000	(600,000)	(600,000)	-
Total Nonoperating Revenues (Expenses)	4,000	(1,399,825)	1,403,825	(598,000)	(599,268)	1,268
Net Income (Loss)	624,024	(578,294)	(1,202,318)	(66,326)	139,327	205,653
Net Assets at Beginning of Year	3,786,715	3,786,715	-	3,647,388	3,647,388	-
Prior Period Adjustment		79,503	79,503			
Net Assets at End of Year	$ 4,410,739	$ 3,287,924	$ (1,122,815)	$ 3,581,062	$ 3,786,715	$ 205,653

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, 2011 and 2010

	2011			2010		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 1,325,000	$ 1,137,547	$ (187,453)	$ 1,325,000	$ 1,374,485	$ 49,485
Water and Sewer Taps	125,000	57,850	(67,150)	165,000	-	(165,000)
Penalties	50,000	51,856	1,856	35,000	64,588	29,588
Miscellaneous	200	2,658	2,458	200	1,855	1,655
Total Operating Revenues	1,500,200	1,249,911	(250,289)	1,525,200	1,440,928	(84,272)
Operating Expenses:						
Personnel Services:						
Salaries	273,102	230,984	42,118	273,002	260,194	12,808
Payroll Taxes	24,000	17,917	6,083	21,900	20,090	1,810
Retirement	34,100	30,968	3,132	29,900	29,844	56
Insurance (Group and Worker's Compensation)	102,000	70,009	31,991	88,800	90,595	(1,795)
Training Expenses	1,200	1,510	(310)	1,200	-	1,200
Uniforms	4,000	2,958	1,042	4,000	2,294	1,706
Total Personal Services	438,402	354,346	84,056	418,802	403,017	15,785
Administrative Expenses:						
Insurance - Vehicles and Equipment	3,500	2,099	1,401	2,350	2,112	238
Insurance - Other	7,000	4,918	2,082	5,150	9,960	(4,810)
Miscellaneous	25,600	2,579	23,021	25,600	11,990	13,610
Professional Fees	200,000	21,723	178,277	190,200	105,776	84,424
Office Supplies	200	156	44	200	115	85
Total Administrative Expenses	236,300	31,475	204,825	223,500	129,953	93,547
Depreciation Expense		366,302	(366,302)	350,000	348,475	1,525
Other Operating Expenses:						
Water Purchases	30,000	13,249	16,751	30,000	12,979	17,021
Sewer Treatment	350,000	240,680	109,320	300,000	330,323	(30,323)
Bad Debt Expense	-	32,230	(32,230)	-	6,396	(6,396)
Equipment Rental	35,000	34,301	699	35,000	34,313	687
Gas and Oil	9,000	10,015	(1,015)	10,000	9,418	582
Landfill Sludge Disposal	6,000	-	6,000	6,000	-	6,000
Miscellaneous Operating Expense	4,000	1,543	2,457	3,500	3,398	102
Repairs and Maintenance:						
Buildings	4,000	3,150	850	4,000	437	3,563
Distribution - Water and Sewer Systems	175,000	134,654	40,346	170,100	108,281	61,819
Equipment	10,000	5,797	4,203	9,000	3,882	5,118
Vehicles	5,000	2,789	2,211	5,000	1,810	3,190
Supplies	70,000	42,168	27,832	70,400	53,586	16,814
Telephone	10,000	6,621	3,379	10,000	8,956	1,044
Utilities	3,000	83,738	(80,738)	3,000	89,945	(86,945)
Total Other Operating Expenses	711,000	610,935	100,065	656,000	663,724	(7,724)
Total Expenses	1,385,702	1,363,058	22,644	1,648,302	1,545,169	103,133
Operating Income (Loss)	114,498	(113,147)	(227,645)	(123,102)	(104,241)	18,861
Nonoperating Revenues (Expenses):						
Interest on Investments	1,000	147	(853)	15,000	1,056	(13,944)
Principal	(410,000)	(410,000)	-	-	-	-
Bond Interest	(594,369)	(330,019)	264,350	(596,370)	(343,402)	252,968
Amortization	-	(27,050)	(27,050)	-	(27,050)	(27,050)
Transferred from Electric Fund	-	700,000	700,000			
Total Nonoperating Revenues (Expenses)	(1,003,369)	(66,922)	936,447	(581,370)	(369,396)	211,974
Net Income (Loss)	$ (888,871)	$ (180,069)	$ 708,802	$ (704,472)	$ (473,637)	$ 230,835
Net Assets at Beginning of Year	6,494,217	6,494,217	-	6,967,854	6,967,854	230,835
Net Assets at End of Year	$ 5,605,346	$ 6,314,148	$ 708,802	$ 6,263,382	$ 6,494,217	$ 461,670

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, 2011 and 2010

	2011			2010		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sanitation Charges	$ 307,140	$ 306,935	$ (205)	$ 312,735	$ 295,992	$ (16,743)
Penalties	8,000	24,540	16,540	8,000	14,036	6,036
Miscellaneous	2,000	1,898	(102)	2,500	1,485	(1,015)
Total Operating Revenue	317,140	333,373	16,233	323,235	311,513	(11,722)
Operating Expenses:						
Contracted Services - Garbage	312,740	313,467	(727)	312,740	273,156	39,584
Bad Debt Expense	-	15,267	(15,267)	1,590	1,590	-
Other Operating Expenses	4,400	-	4,400	2,810	-	2,810
Total Operating Expenses	317,140	328,734	(11,594)	317,140	274,746	42,394
Net Income (Loss)	-	4,639	4,639	6,095	36,767	30,672
Net Assets at Beginning of Year	128,352	128,352	-	91,585	91,585	-
Net Assets at End of Year	$ 128,352	$ 132,991	$ 4,639	$ 97,680	$ 128,352	$ 30,672

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, 2011
With Comparative Actual Amounts for Year Ended June 30, 2010

	Confiscated Asset Fund				SPLOST FUND			
	Budgeted	Actual	Variance-Positive (Negative)	2010 Actual	Budgeted	Actual	Variance-Positive (Negative)	2010 Actual
Revenues:								
Intergovernmental L.O.S.T. Taxes	$ -	$ -	$ -	$ -	$ $100,000	$ 115,005	$ 15,005	$ $ 119,617
State and Federal Confiscations	5,000	18,932	13,932	7,204	-	-	-	-
Interest Income	10	48	38	141	200	636	436	467
Total Revenues	5,010	18,980	13,970	7,345	100,200	115,641	15,441	120,084
Expenditures:								
Current								
Administrative	5,010	3,200	(1,810)	505	60,000	29,446	(30,554)	18,497
Debt Service								
Principal	-	80,669	80,669	28,870	-	-	-	-
Interest	-	2,569	2,569	-	-	-	-	-
Capital Outlays								
Administrative	115,080	9,844	(105,236)	172,610	370,200	-	(370,200)	-
Total Expenditures	120,090	96,282	(23,808)	201,985	430,200	29,446	(400,754)	18,497
Excess (Deficiency) of Revenues over Expenditures	(115,080)	(77,302)	37,778	(194,640)	(330,000)	86,195	416,195	101,587
Other Financing Sources								
Proceeds from Capital Leases	-	-	-	109,539	-	-	-	-
Net Change in Fund Balances	(115,080)	(77,302)	37,778	(85,101)	(330,000)	86,195	416,195	101,587
Fund Balance at Beginning of Year	115,100	115,100	115,100	200,201	391,692	391,692	391,692	290,105
Fund Balance at End of Year	$ 20	$ 37,798	$ 152,878	$115,100	$ 61,692	$ 477,887	$807,887	$ 391,692

CITY OF PALMETTO, GEORGIA

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

June 30, 2011

Governmental Funds Capital Assets:

Land	$	291,180
Buildings and Improvements		1,699,180
Furniture and Fixtures		99,711
Vehicles and Equipment		1,495,036
Infrastructure		1,098,927
	$	4,684,034

Investment in Governmental Funds Capital Assets by Source:

Grants	$	301,749
General Fund		2,788,579
Special Revenue Fund		278,806
Acquired prior to June 30, 2003		1,314,900
Total Investment in Capital Assets	$	4,684,034

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2011

Function and Activity	Total June 30, 2011	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	$ 520,794	$ 40,194	$ 327,758	$ 45,694	$ 107,148	$ -
Police Department	1,273,075	60,000	563,087	21,187	628,801	-
Fire Department	891,287	135,633	161,519	13,022	581,113	-
Street Department	1,283,771	35,353	-	8,977	140,514	1,098,927
Special Services	715,107	20,000	646,816	10,831	37,460	-
Total Capital Assets Allocated to Functions	$ 4,684,034	$ 291,180	$ 1,699,180	$ 99,711	$ 1,495,036	$ 1,098,927

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, 2011

Function and Activity	Governmental Funds Capital Assets 7/1/2010	Additions	Deductions	Governmental Funds Capital Assets 6/30/2011
Administrative	$ 476,089	$ 44,705	$ -	$ 520,794
Police Department	1,263,231	9,844	-	1,273,075
Fire Department	854,012	37,275	-	891,287
Street Department	1,120,831	162,940	-	1,283,771
Special Services	652,731	62,376	-	715,107
Total Capital Assets	$ 4,366,894	$ 317,140	$ -	$ 4,684,034

CITY OF PALMETTO, GEORGIA

STATISTICAL SECTION

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

Contents

Financial Trends
Tables 1-4
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity
Tables 5-9
These schedules contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity
Tables 10-13
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information
Tables 14-17
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information
Tables 18-21
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF PALMETTO, GEORGIA

TABLE 1

NET ASSETS BY COMPONENT

Last Seven Fiscal Years

	2005	2006	2007	2008	2009	2010	2011
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	$ 2,397,322
Restricted	-	-	-	-	-	-	-
Unrestricted	563,166	698,358	642,106	805,574	951,434	1,055,010	936,215
Total Governmental Activities Net Assets	2,772,971	2,906,488	2,944,775	3,109,694	3,226,524	3,275,723	3,333,537
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	7,935,711
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	1,959,125
Total Business-Type Activities Net Assets	9,896,985	11,292,812	11,709,496	10,903,860	10,706,827	10,409,284	9,894,836
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	10,333,033
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	2,895,340
Total Primary Government Net Assets	$ 12,669,956	$ 14,199,300	$ 14,654,271	$ 14,013,554	$ 13,933,351	$ 13,685,007	$ 13,228,373

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

CITY OF PALMETTO, GEORGIA

TABLE 2

CHANGES IN NET ASSETS

Last Seven Fiscal Years

	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental Activities							
Administrative	$ 576,471	$ 862,373	$ 704,027	$ 750,063	$ 931,951	$ 786,794	$ 821,240
Public Safety	833,178	922,142	1,497,973	1,969,734	2,624,123	2,644,167	2,539,246
Streets	322,197	372,317	389,707	467,539	415,722	310,413	397,364
Special Services	69,284	83,245	101,643	116,011	94,278	59,529	54,886
Interest on Long-Term debt	-	-	-	-	-	-	2,569
Total Governmental Activities Expenses	1,801,130	2,240,077	2,693,350	3,303,347	4,066,074	3,800,903	3,815,305
Business-Type Activities							
Electric Utilities	2,245,057	2,385,629	2,561,226	2,851,614	2,576,265	2,620,385	2,732,624
Water and Sewer Utilities	1,148,403	1,250,719	1,514,835	1,744,976	1,561,412	1,915,621	1,970,354
Sanitation	238,260	256,460	255,946	282,535	295,938	274,746	328,734
Total Business-Type Activities Expenses	3,631,720	3,892,808	4,332,007	4,879,125	4,433,615	4,810,752	5,031,712
Total Primary Government Expenses	5,432,850	6,132,885	7,025,357	8,182,472	8,499,689	8,611,655	8,847,017
Program Revenues							
Governmental Activities							
Charges for Services:							
Licenses and Permits	Not available	Not available	Not available	Not available	92,008	84,804	123,231
Federal and State Seizures	Not available	Not available	Not available	Not available	200,191	7,204	18,932
Fines and Forfeitures	Not available	Not available	Not available	Not available	342,246	256,839	331,057
Landfill Tipping Fees	Not available	Not available	Not available	Not available	404,818	217,214	160,370
Total Charges for Services	220,689	143,347	397,308	618,601	1,039,263	566,061	633,590
Grants and Contributions	29,697	140,960	193,337	30,589	18,283	-	109,386
Total Governmental Activities Program Revenues	250,386	284,307	590,645	649,190	1,057,546	566,061	742,976
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	3,554,155
Water	646,633	607,530	597,011	600,224	505,870	533,842	513,701
Sewer	809,710	959,056	937,715	975,283	890,719	907,086	736,210
Sanitation	231,895	232,968	244,992	260,171	311,605	311,513	333,373
Total Business-Type Activities Program Revenues	4,495,218	4,836,358	4,757,270	4,817,537	4,922,652	5,111,421	5,137,439
Total Primary Government Program Revenues	4,745,604	5,120,665	5,347,915	5,466,727	5,980,198	5,677,482	5,880,415
Net (Expense) Revenue							
Governmental Activities	(1,550,744)	(1,955,770)	(2,102,705)	(2,654,157)	(3,008,528)	(3,234,842)	(3,072,329)
Business-Type Activities	863,498	943,550	425,263	(61,588)	489,037	300,669	105,727
Total Primary Government Net (Expense)	$ (687,246)	$ (1,012,220)	$ (1,677,442)	$ (2,715,745)	$ (2,519,491)	$ (2,934,173)	$ (2,966,602)
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	$ 1,044,553
Franchise	56,067	66,392	65,265	67,881	84,979	69,823	71,113
Insurance Premium	158,276	170,283	178,160	185,840	190,292	188,507	183,028
Beer, Wine and Liquor Tax	93,706	92,859	89,189	83,747	96,162	90,936	88,374
Other	49,888	54,911	59,481	57,060	57,592	61,170	65,144
Intergovernmental (LOST)	848,578	887,697	1,028,512	1,047,411	973,849	958,061	956,425
Other Local Revenue	7,253	12,382	11,752	24,407	23,260	20,503	20,503
Unrestricted Investment Earnings	62,244	128,833	147,265	63,340	15,266	2,647	1,003
Transfers	198,154	286,519	162,981	800,000	700,000	600,000	700,000
Total Governmental Activities	1,813,900	2,089,287	2,140,992	2,819,076	3,125,357	3,223,553	3,130,143
Business-Type Activities							
Unrestricted Investment Income	63,888	322,123	154,402	55,952	13,930	1,788	322
Other	-	416,673	-	-	-	-	
Transfers	(198,154)	(286,519)	(162,981)	(800,000)	(700,000)	(600,000)	(700,000)
Total Business-Type Activities	(134,266)	452,277	(8,579)	(744,048)	(686,070)	(598,212)	(699,678)
Total Primary Government	1,679,634	2,541,564	2,132,413	2,075,028	2,439,287	2,625,341	2,430,465
Change in Net Assets							
Governmental Activities	263,156	133,517	38,287	164,919	116,829	(11,289)	57,814
Total Business-Type Activities	729,232	1,395,827	416,684	(805,636)	(197,033)	(297,543)	(593,951)
Total Primary Government	$ 992,388	$ 1,529,344	$ 454,971	$ (540,717)	$ (80,204)	$ (308,832)	$ (536,137)

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

CITY OF PALMETTO, GEORGIA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Seven Fiscal Years

	2005	2006	2007	2008	2009	2010	2011
General Fund							
Nonspendable	$ Not Available	$ Not Available	$ Not Available	$ Not Available	$ Not Available	$ Not Available	$ 201,254
Assigned	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	173,727
Total General Fund	235,792	527,459	365,301	375,554	379,343	416,230	374,981
All Other Governmental Funds							
Restricted, Reported in:							
Capital Projects Fund (SPLOST)	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	37,798
Confiscated Fund	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	477,887
Total All Other Governmental Funds	281,252	116,200	217,261	356,324	490,306	506,792	515,685
Total Governmental Funds	$ 517,044	$ 643,659	$ 582,562	$ 731,878	$ 869,649	$ 923,022	$ 890,666

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

CITY OF PALMETTO, GEORGIA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Seven Fiscal Years

	2005	2006	2007	2008	2009 *	2010	2011
Revenues:							
Taxes	$ 1,529,309	$ 1,652,976	$ 1,814,147	$ 1,917,175	$ 1,334,438	$ 1,589,903	$ 1,529,491
Licenses and Permits	157,225	86,384	102,099	98,896	92,008	84,804	123,231
Fines and Forfeitures	63,464	56,963	46,032	70,623	342,246	256,839	331,057
Landfill Tipping Fees	-	-	249,177	449,082	404,818	217,214	160,370
Intergovernmental Revenue	29,697	27,069	27,069	30,589	1,174,040	958,061	975,357
Grants	-	113,891	166,268	-	18,283	-	109,386
Investment Earnings	62,244	128,833	147,265	63,340	14,795	2,647	1,003
Other Local Revenue	7,253	12,382	11,756	24,407	23,731	24,853	20,503
Total All Governmental Funds	$ 1,849,192	$ 2,078,498	$ 2,563,813	$ 2,654,112	$ 3,404,359	$ 3,134,321	$ 3,250,398
Expenditures							
Administrative	559,321	843,881	696,924	740,607	919,196	936,277	849,177
Public Safety	800,146	875,150	1,496,474	1,996,641	2,522,051	2,556,263	2,447,974
Streets	431,916	386,425	507,970	470,344	393,036	276,751	519,565
Special Services	207,971	132,945	86,521	97,206	132,306	55,664	82,801
Debt Service							
Principal	-	-	-	-	-	28,870	80,669
Interest	-	-	-	-	-	-	2,569
Total Expenditures	1,999,354	2,238,401	2,787,889	3,304,798	3,966,589	3,853,825	3,982,755
Excess (deficit) of Revenues Over Revenues	$ (150,162)	$ (159,903)	$ (224,076)	$ (650,686)	$ (562,230)	$ (719,504)	$ (732,357)
Other Financing Sources (Uses)							
Transfers in	198,154	286,519	162,981	800,000	700,000	600,000	700,000
Proceeds from Capital Leases	-	-	-	-	-	109,539	-
Total Other Financing Sources (Uses)	198,154	286,519	162,981	800,000	700,000	709,539	700,000
Net Change in Fund Balance	47,992	126,616	(61,095)	149,314	137,770	(9,965)	(32,357)
Fund Balance Beginning	469,052	517,044	643,659	582,564	731,877	869,647	923,023
Prior Period Adjustment	-	-	-	-	-	63,341	-
Fund Balance Ending	$ 517,044	$ 643,660	$ 582,564	$ 731,878	$ 869,647	$ 923,023	$ 890,666
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.80%	2.27%

* Note: Information for the prior three years are not available.
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	Total Direct Tax Rate
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value		
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%	0.40
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%	0.40
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%	0.40
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%	0.40
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%	0.40
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%	0.40
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	40.00%	0.40
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%	0.40
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%	8.45
2011	117,575,173	293,937,933	4,550,140	11,375,350	8,931,487	22,328,718	131,056,800	327,642,000	40.00%	8.45

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 for property taxes in 2009, property tax revenue became the most significant source.

CITY OF PALMETTO

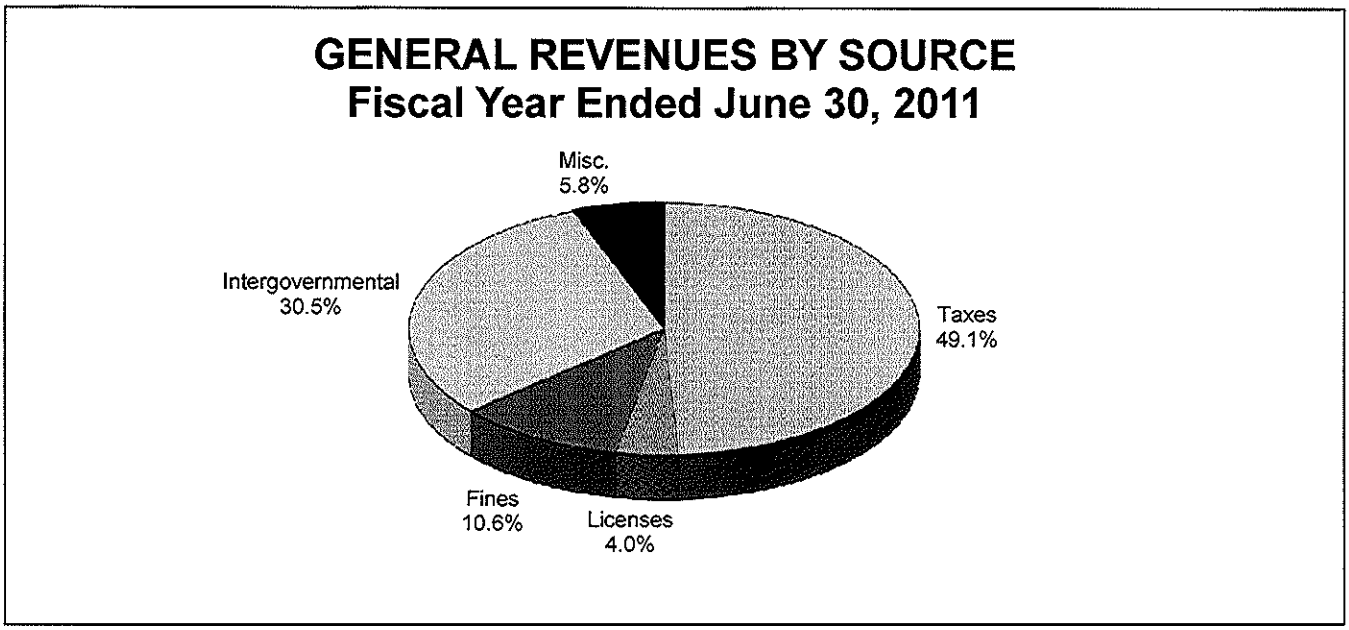
Table 6

GENERAL FUND REVENUES BY SOURCE (1)

Last Ten Fiscal Years

Year	Taxes	Licenses and Permits	Fines and Forfeitures	Inter-Governmental Revenues	Miscellaneous	Total
2002	$ 1,170,039	$ 97,301	$ 35,494	$ 216,135	$ 6,758	$ 1,525,727
2003	1,198,996	144,007	38,933	41,083	15,081	1,438,100
2004	1,309,461	147,850	42,548	14,142	30,559	1,544,560
2005	1,423,328	165,875	63,464	29,697	67,146	1,749,510
2006	1,554,799	86,384	56,963	140,960	138,944	1,978,050
2007	1,704,243	102,099	46,032	193,337	400,783	2,446,494
2008	1,785,461	98,896	70,623	30,589	526,830	2,512,399
2009	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
2011	1,529,491	123,231	331,057	950,806	181,192	3,115,777

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



CITY OF PALMETTO, GEORGIA

Table 7

TAX RATES AND TAX LEVIES

Last Ten Fiscal Years

Tax Rate per Hundred Dollars

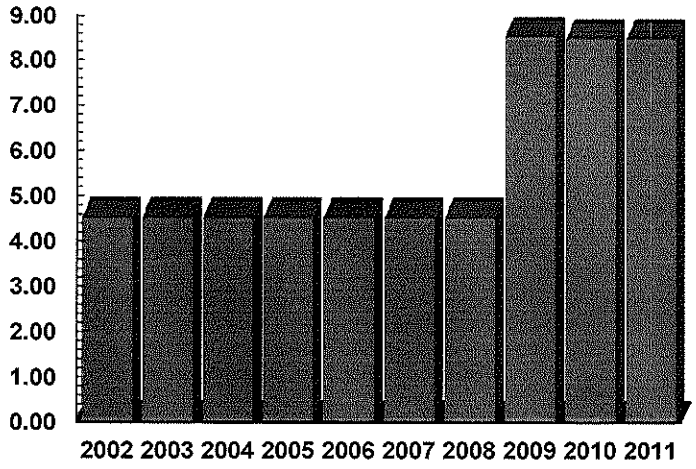
Year	Total	L.O.S.T. Tax Rollback (1)	Net Tax Rate	General Fund
2002	15.25	-10.75	4.50	4.50
2003	19.54	-15.04	4.50	4.50
2004	15.53	-11.03	4.50	4.50
2005	15.25	-10.75	4.50	4.50
2006	15.25	-10.75	4.50	4.50
2007	15.25	-10.75	4.50	4.50
2008	15.25	-10.75	4.50	4.50
2009	15.25	-6.75	8.50	8.50
2010	14.86	-6.41	8.45	8.45
2011	16.06	-7.61	8.45	8.45

Tax Levies Based Upon the Above Rates

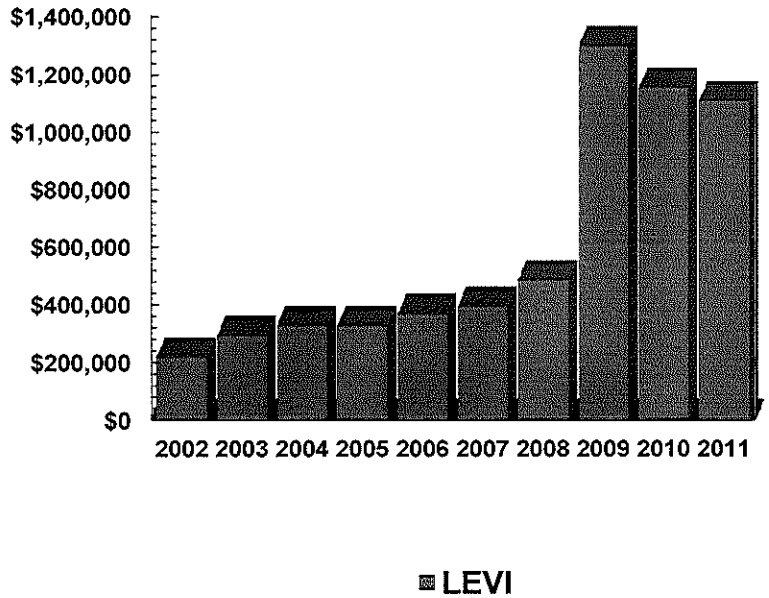
2002	$ 723,656	$ (510,118)	$ 213,538	$ 213,538
2003	988,861	(697,066)	291,795	291,795
2004	1,127,663	(800,910)	326,754	326,754
2005	1,101,321	(776,341)	324,980	324,980
2006	1,244,451	(877,236)	367,215	367,215
2007	1,329,532	(937,211)	392,321	392,321
2008	1,638,845	(1,155,252)	483,593	483,593
2009	2,295,019	(997,513)	1,297,506	1,297,506
2010	2,029,165	(875,299)	1,153,866	1,153,866
2011	2,104,772	(997,342)	1,107,430	1,107,430

(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 LEVIES
LAST TEN FISCAL YEARS



CITY OF PALMETTO, GEORGIA

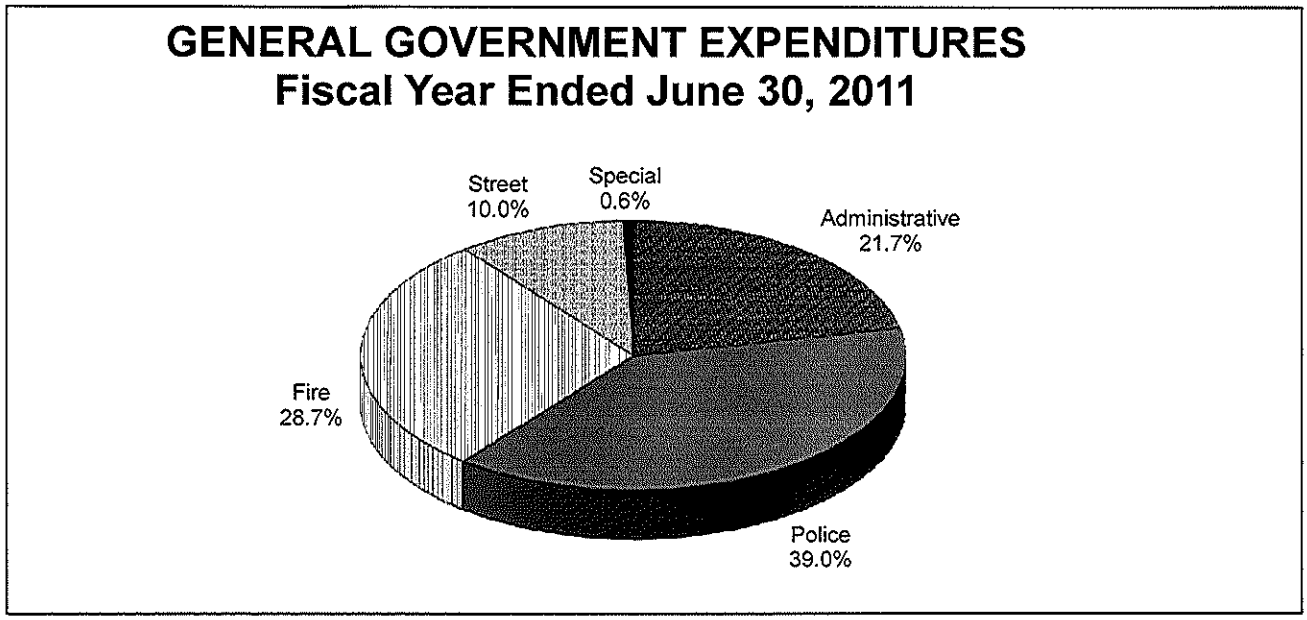
TABLE 8

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

Year	Administrative	Police	Fire	Street	Services Special	Total
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	744,665	1,468,625	1,054,828	273,403	23,293	3,564,814
2011	771,826	1,383,465	1,017,390	356,625	20,425	3,549,731

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



CITY OF PALMETTO, GEORGIA

Table 9

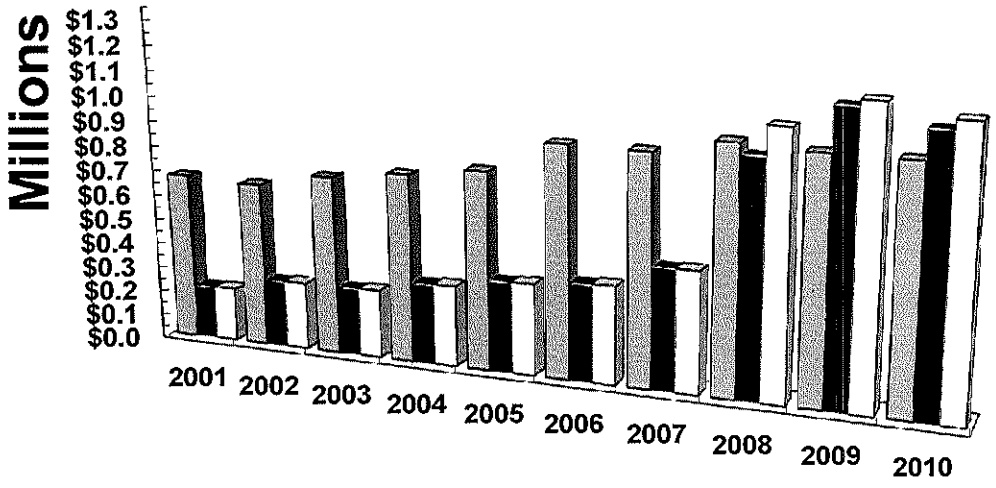
PROPERTY TAX LEVIES AND COLLECTIONS AND L.O.S.T. COLLECTIONS

Last Ten Fiscal Years

Levy Year	Total Tax Levy	Collections of Current Years Taxes During Year	Percentage of Levy Collected During Year	Collections in Subsequent Years	Total Collections to Date Amount	Total Collections to Date Percent of Levy	Local Option Sales Tax Collected
2001	$ 213,538	$ 206,482	96.70%	$ 5,812	$ 212,294	99.42%	$ 670,299
2002	271,182	253,110	93.34%	15,027	268,137	98.88%	658,547
2003	272,945	258,545	94.72%	11,310	269,855	98.87%	714,702
2004	324,980	296,544	91.25%	24,230	320,774	98.71%	751,248
2005	367,215	336,254	91.57%	27,462	363,716	99.05%	789,520
2006	392,321	357,472	91.12%	30,413	387,885	98.87%	918,608
2007	483,593	441,008	91.19%	41,083	482,091	99.69%	915,697
2008	1,042,513	901,648	86.49%	129,130	930,306	89.24%	973,849
2009	1,153,866	1,038,999	90.05%	91,794	1,130,793	98.00%	958,061
2010	1,107,430	990,981	89.48%	79,123 *	1,070,104	96.63%	956,425

* Collected within 60 days subsequent to year end

TAX LEVIES AND TAX COLLECTIONS LAST TEN FISCAL YEARS



CITY OF PALMETTO

TABLE 10

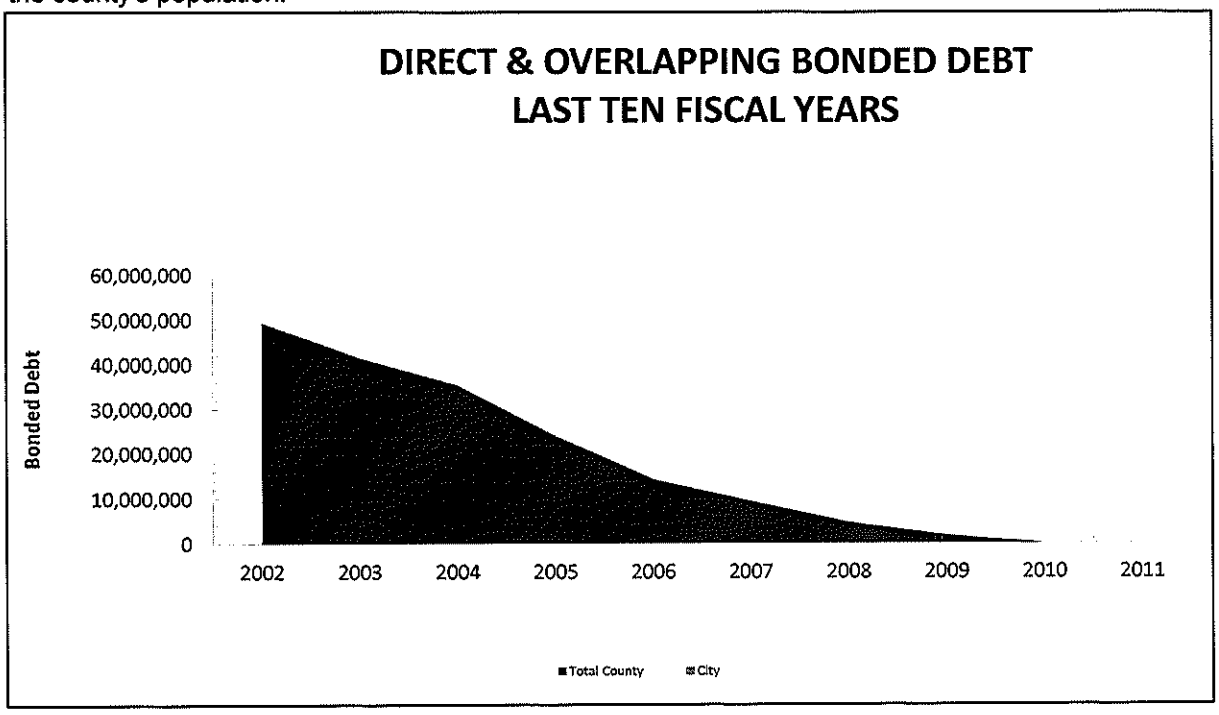
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS

Last Ten Fiscal Years

Net General Obligation
Bonded Debt Outstanding

Year	Direct Total City	Overlapping Debt Total County	% Of County Debt Applicable To City (1)	Total
2002	-	$ 49,464,651	$ 205,842	$ 49,464,651
2003	-	41,468,909	174,875	41,468,909
2004	-	35,472,859	147,802	35,472,859
2005	-	24,077,659	101,823	24,077,659
2006	-	14,381,148	68,173	14,381,148
2007	-	9,428,153	41,141	9,428,153
2008	-	4,581,096	21,130	4,581,096
2009	-	1,760,000	3,153	1,760,000
2010	-	-	-	-
2011	-	-	-	-

(1) Method used is to calculate the City's ratio based on the City's population divded by the county's population.



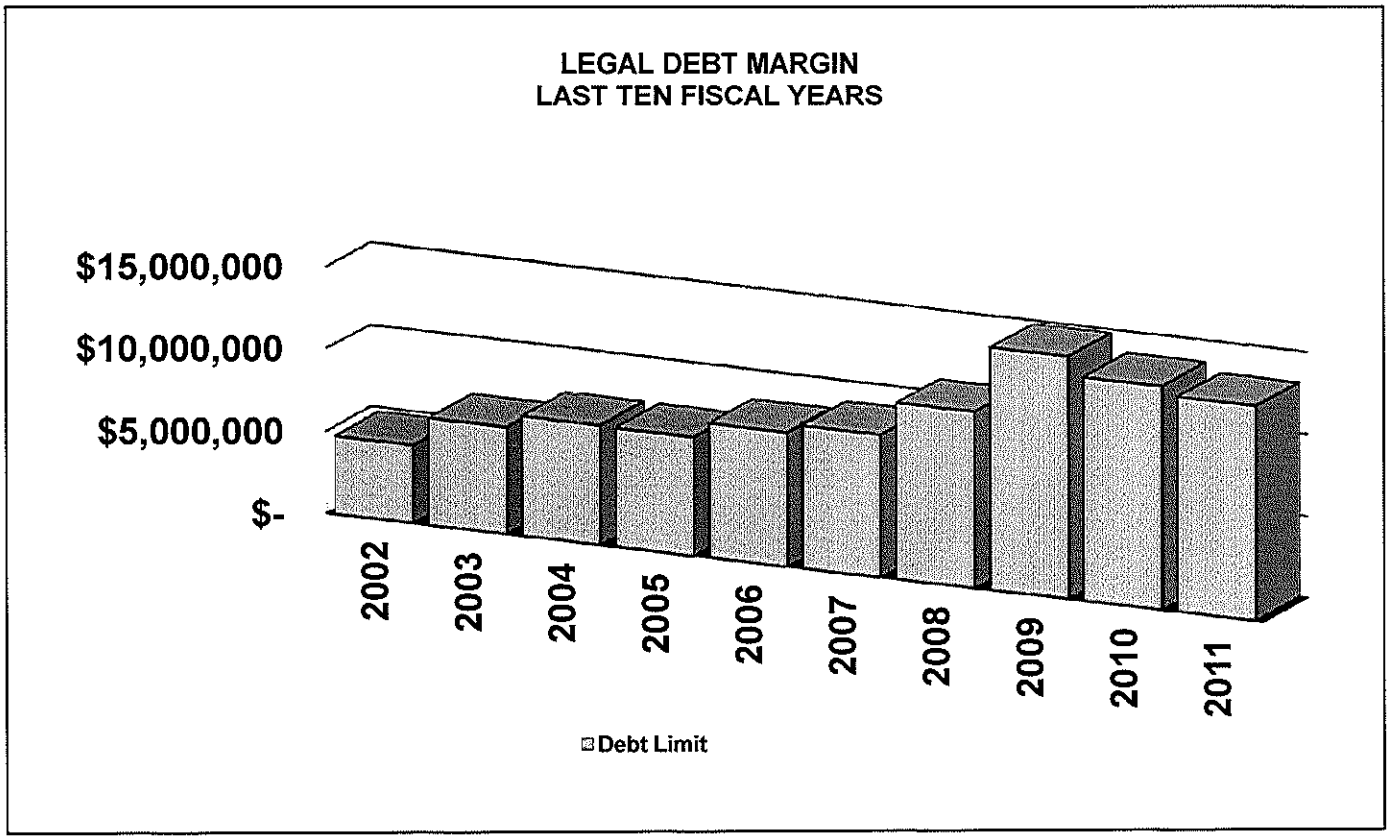
CITY OF PALMETTO, GEORGIA

Table 11

LEGAL DEBT MARGIN TABLE

Last Ten Fiscal Years

Year	Assessed Value	Percentage	Debt Limit	Amount Applicable	Legal Debt Margin
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
2011	131,056,800	10.00%	13,105,680	-	13,105,680





This page intentionally left blank.

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

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income(1)	Per Capita (1)
2002	$ -	$ -	$ -	$ -	$ 2,315,000	$ -	$ 2,315,000	Not Available	$ 661
2003	-	-	-	-	2,080,000	-	2,080,000	Not Available	522
2004	-	-	-	-	-	-	-	Not Available	-
2005	-	-	-	-	9,555,000	-	9,555,000	Not Available	2,401
2006	-	-	-	-	9,555,000	-	9,555,000	Not Available	2,240
2007	-	-	-	-	9,555,000	-	9,555,000	Not Available	2,179
2008	-	-	-	-	9,555,000	-	9,555,000	10.95%	2,100
2009	-	-	-	-	8,865,000	-	8,865,000	10.16%	1,893
2010	-	-	80,669	-	8,765,000	-	8,845,669	10.14%	1,833
2011	-	-	-	-	-	-	-	0.00%	-

(1) See table 17 for population and per capita information.

CITY OF PALMETTO, GEORGIA

Table 13

REVENUE BOND COVERAGE
COMBINED PUBLIC UTILITY REVENUE BONDS

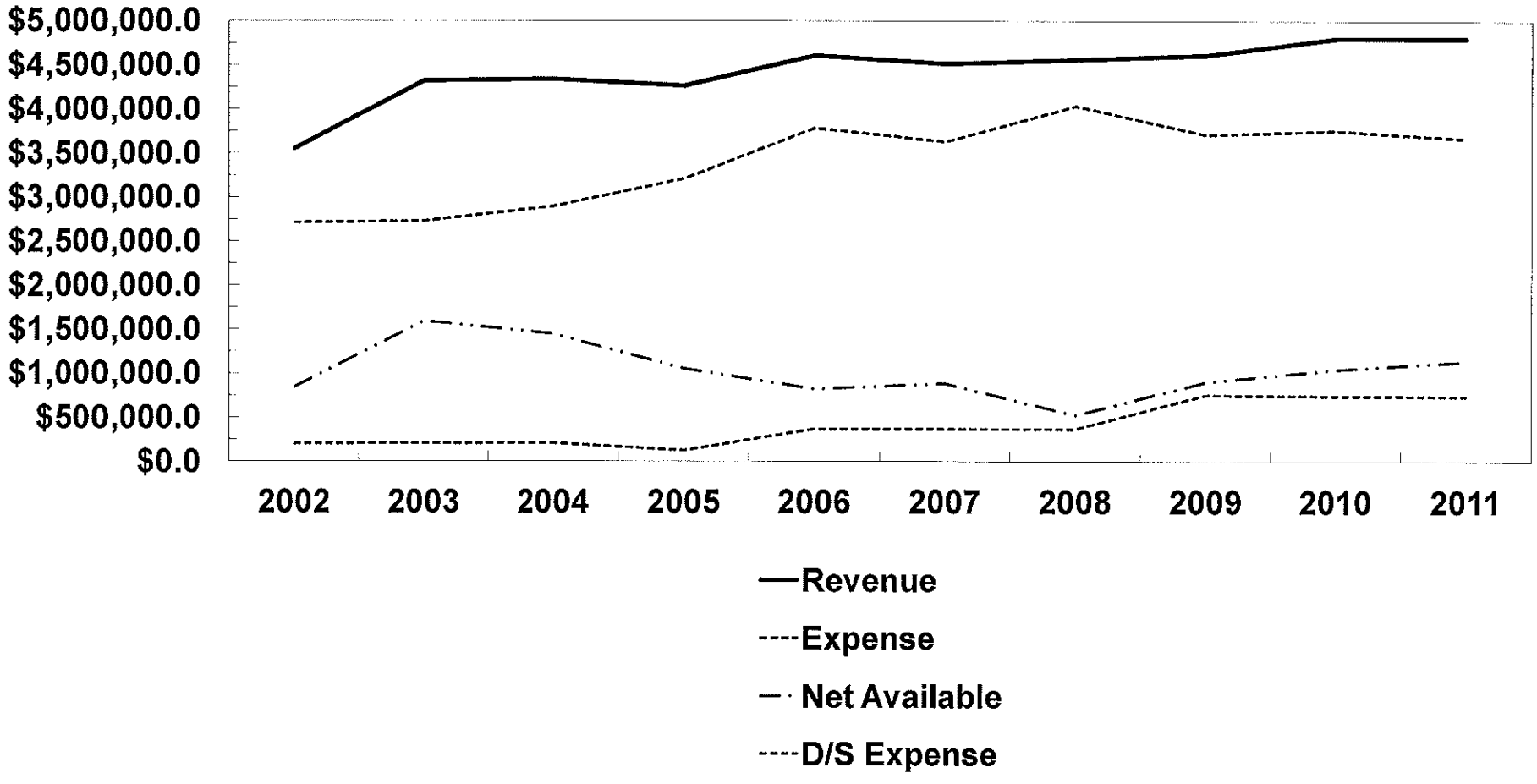
Last Ten Fiscal Years

	Electric Fund			Water & Sewer Fund					
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	Combined Net Revenue Available for Debt Service	Debt Service Payments	Coverage
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
2011	3,554,155	2,669,587	884,568	1,249,911	996,756	253,155	1,137,723	740,019	1.54

(1)1997-2011 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 - 2011 includes the electric system revenues due to the issuance of the combined utility bonds.

(2)1997-2011 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 - 2011 includes the electric system expenses due to the issuance of the combined utility bonds.

REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS



CITY OF PALMETTO

Table 14

PRINCIPAL PROPERTY TAXPAYERS

Last Year and Four Years Ago

Taxpayer	2011 Assessed Valuation	2011 % of Total Assessed Valuation	2007 Assessed Valuation	2007 % of Total Assessed Valuation
J. M. Pacific Enterprises	$ 12,692,780	9.68%	$ 6,800,000	7.81%
Coweta/Fayette EMC	7,891,639	6.02%	-	0.00%
W. H. M. Chattahoochee Hills Investment	4,254,800	3.25%	-	0.00%
Soful LLC	2,771,200	2.11%	-	0.00%
William Gause	1,939,790	1.48%	465,556	0.53%
Genesis Garden Apartments	2,097,120	1.60%	1,720,000	1.98%
HWG Limited Partnership	1,637,400	1.25%	-	0.00%
Wilkerson M OSCP One LLC	1,500,000	1.14%	1,346,444	1.55%
National Ready Mix	1,162,480	0.89%	-	0.00%
Spurlin Industries	932,980	0.71%	399,556	0.46%
Palmetto Center	-	0.00%	564,222	0.65%
DRGN Properties	932,980	0.71%	-	0.00%
Bellsouth Telecomm Fulton	787,045	0.60%	1,025,556	1.18%
Singh Creative	821,330	0.63%	724,444	0.83%
Cannon Garfield	819,160	0.63%	-	0.00%
Prudential Ind'l Prop-Dewitt Corp.	-	0.00%	611,556	0.70%
Walker Concrete	599,460	0.46%	882,000	1.01%
Other Taxpayers	90,216,636	68.84%	72,495,541	83.29%
	$ 131,056,800	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, 2011

	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
Lucinda Rockemore	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

6/30/2011

Coverage

Property Coverage:		
Values Declared		$8,805,703
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

DEMOGRAPHIC STATISTICS

As Available from Public Records

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (2)	Median Age (2)	Median Education Level in Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
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%
2011	4,488	79,428,624	17,698	31.2	12th	Unavailable	10.10%

(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

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
2011	4,488

CITY OF PALMETTO, GEORGIA

TABLE 18

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

	2011		2007	
Employer	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Fulton County Board of Education	130	13.37%	150	15.51%
Georgia Baptist Children's Home	65	6.69%	70	7.24%
City of Palmetto	65	6.69%	64	6.62%
Lowes Warehouse	55	5.66%	-	0.00%
Spurlin Industries	45	4.63%	70	7.24%
Baptist Manor & Garrison Personal Care	35	3.60%	42	4.34%
McDonalds	27	2.78%	-	0.00%
Walker Concrete	26	2.67%	26	2.69%
Bojangles	25	2.57%	31	3.21%
Bradley's Big Buy	20	2.06%	35	3.62%
Dairy Queen	15	1.54%	25	2.59%
Lambertm Pharmacy	15	1.54%	-	0.00%
Jack Peek Sales and Service	14	1.44%	15	1.55%
Total Principal Employers	537	55.24%	528	54.61%
Total Employees	972		967	

Note: Information for the prior five years is not available.

TABLE 19

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Four Fiscal Years

Function	2011	2010	2009	2008	2007
General Government	5	5	6	7	6
Public Safety:					
Officers	18	19	20	20	14
Civilians	3	3	3	3	3
Fire					
Firefighters and Officers	18	18	18	17	-
Highways and Streets					
Maintenance	6	4	6	9	9
Community Services		-	-	2	2
Electric	5	5	6	5	5
Water and Sewer	6	7	9	9	10
	61	61	68	72	49

Note: Information for the prior five years is not available.

TABLE 20

OPERATING INDICATORS BY FUNCTION
Last Four Fiscal Years

Function	2011	2010	2009	2008	2007
Police					
Physical Arrests	255	148	58	216	154
Parking Violations	1	2	-	1	2
Traffic Violations	2,354	2,000	2,738	934	353
Fire					
Number of Calls Answered	869	848	775	767	-
Inspections	282	264	254	192	-
Highways and Streets					
Street Resurfacing(Feet)	1,200	850	1,000	1,200	1,000
Potholes Repaired	80	60	60	24	24
Community Services					
Admissions	-	-	-	47	24
Water					
New Connections	1	2	-	36	26
Water Main Breaks	10	8	4	2	4
Average Daily Consumption (Gallons)	272,354	277,670	295,000	291,770	301,193
Sewer					
Average Daily Sewerage Treatment(Gallons)	367,681	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.
Note 4: Information for the prior five years is not available.

CITY OF PALMETTO, GEORGIA

TABLE 21

CAPITAL ASSET STATISTICS BY FUNCTION
Last Four Fiscal Years

Function	2011	2010	2009	2008	2007
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	17	17	17	16	16
Fire Stations	1	1	1	1	1
Highways and Streets					
Streets (Miles)	51	51	51	51	47
Streetlights	408	408	408	408	408
Traffic Signals	2	2	2	2	2
Community Centers	1	1	1	1	1
Water					
Water Mains(Miles)	25	25	25	25	25
Fire Hydrants	174	174	174	174	174
Maximum Daily Capacity (thousand gals.)	450	450	450	450	450
Sewer					
Sanitary Sewers(Miles)	15	15	15	15	15
Storm Sewers(Miles)	2	2	2	2	2
Maximum Daily Treatment Capacity	-	-	-	-	
Electric					
Number of Distribution Stations	1	1	1	1	1
Miles of Service Lines	39	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 five years is not available.