CITY OF PALMETTO, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by
City Administrator's Office
William H. Shell
City Administrator
Palmetto City Hall
CITY OF PALMETTO, GEORGIA



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CITY OF PALMETTO, GEORGIA

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

ORGANIZATION CHART

LISTING OF CITY OFFICIALS

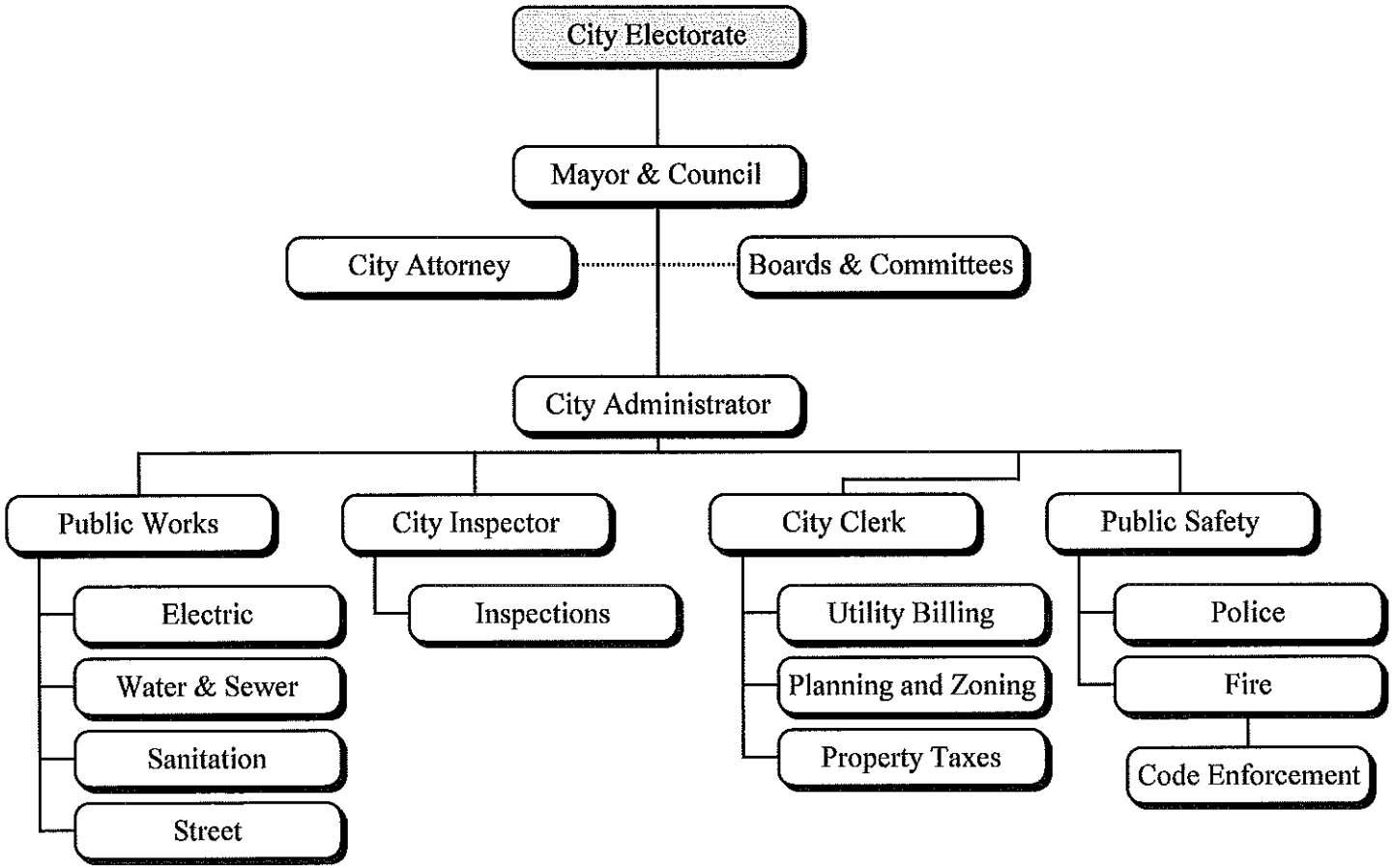
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CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

City of Palmetto, Georgia

Organizational Chart



CITY OF PALMETTO, GEORGIA
CITY OFFICIALS
2012

MAYOR
J. Clark Boddie

CITY COUNCIL
Laura Mullis
Larry Parrott
Lucinda Rockemore
Gregory Rusch
Leon Sumlin
Patty O'Hara Willey

CITY ADMINISTRATOR
William H. Shell

CITY CLERK
Cynthia Hanson

CHIEF OF POLICE
Bobby Fronebarger

FIRE CHIEF
Henry Argo

CITY RECORDER
Antone Allison
H. Clay Collins

BUILDING INSPECTOR
Leonard Thompson
City County Services, LLC

CITY PLANNER
Mike Warrix

CITY ATTORNEYS
McNally, Fox, Grant & Davenport

CITY AUDITORS
Post & Associates LLC

CITY OF PALMETTO, GEORGIA-

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palmetto

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

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, 2012, 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 4,625 with a population growth rate of 25% between 1980 and 1990, 27% between 1990 and 2000, and 42% between 2000 and 2012.

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 2012.

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 FUTURE

The City received state financial support and approximately 1,000 feet of Carlton Road was resurfaced.

The $6.3 million dollar healthcare clinic facility on Main Street was completed and the ribbon cut in the spring of 2012.

Plans were completed and the construction completed on 2,441 linear feet of 6-inch sanitary sewer force main on Snowfall Terrace and Brooks Street. This project was done with Coweta County SPLOST funds.

Culvert replacements for Green Springs Drive and Toombs Street were completed in the spring of 2012.

The City started accepting credit and debit cards at City Hall and the Police Station.

The City initiated partnership with Lifenet System to provide for the early recognition and treatment of cardiac myocardial infarctions through the digital transmission of IZ Lead EKG to designated cardiac facilities.

On June 22, 2012 the City received official notification of 2011 Staffing for Adequate Fire and Emergency Response Grant Award. The two year grant in the amount of $331,144.00 supports the salaries and benefits of four (4) firefighters for a period of two (2) years.

FOR THE FUTURE

The City expects to receive state financial support for resurfacing about 1,000 feet of Carlton Road from Brentwood Boulevard to Hutcheson Ferry Road.

The sidewalk from Church Street to the Coweta County line along Main Street will be replaced with a new five (5) foot sidewalk. Also the sidewalk on Church Street from Main Street to past the Methodist Church will be replaced. This constructed with CDBG funding (2012-2014).

The 2013 budget was completed and the estimated amount being $9,601,093 compared to $12,990,659 for the fiscal year ending 2012. This is being accomplished in part with the reduction of staff from 70 employees to 55 employees.

Public works plans to make another tap into the Coweta water system on Fayetteville Road. This in hopes to double the amount of water purchased from Coweta County to help keep the Palmetto water plant from being used so much and cut down on overtime at the plant.

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, 2011. 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 J. Clark Boddie 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 Bobby Fronebarger, 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,



William Shell
City Administrator

November 8, 2012



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CITY OF PALMETTO, GEORGIA

FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

Daniel L. Post, CPA
Daniel L. Post, Jr., CPA
Bret A. Tyler, CPA
Samantha W. Maxwell, CPA
James C. Castle, CPA
Paula Yost, CPA

Post & Associates CPA's

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

ESTABLISHED 1968

Independent Auditors' Report

Honorable 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, 2012, 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, 2012 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 November 2, 2012, 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.

Peachtree City, Georgia
November 8, 2012

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, 2012. 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 $15.3 million (net assets).
- The government's total net assets increased by around $1.8 million primarily due to a contribution from MEAG of $1.76 million.
- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending fund balances of around $578,000, an increase of around $54,000 in comparison with the prior year.
- The City of Palmetto's total debt decreased by $425,000 during the current fiscal year due to principal payments of revenue bonds.

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, 2012			June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	$ 944,530	$ 2,588,357	$ 3,532,887	$ 1,213,029	$ 2,823,344	$ 4,036,373
Capital Assets - Net	3,723,723	17,216,082	20,939,805	2,397,322	16,540,938	18,938,260
Total assets	$ 4,668,253	$ 19,804,439	$ 24,472,692	$ 3,610,351	$ 19,364,282	$ 22,974,633
Long-Term Liabilities	-	7,490,000	7,490,000	-	7,930,000	7,930,000
Other Liabilities	221,133	1,118,954	1,340,087	286,841	1,289,219	1,566,033
Total Liabilities	$ 221,133	$ 8,608,954	$ 8,830,087	$ 286,841	$ 9,219,219	$ 9,496,033
Invested in Capital Assets, Net of Related Debt	3,723,723	9,286,082	13,009,805	2,397,322	8,185,938	10,583,260
Restricted for:						
Law Enforcement - Confiscated Fund	37,349	-	37,349	37,798	-	37,798
SLOST Capital Projects	174,564	-	174,564	477,887	-	477,887
Unrestricted	511,484	1,909,403	2,420,887	420,530	1,959,125	2,379,655
Total Net Assets	$ 4,447,120	$ 11,195,485	$ 15,642,605	$ 3,333,537	$ 10,145,063	$ 13,478,600

City of Palmetto, Georgia
Statement of Activities- Primary Government

	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	$ 449,255	$ 4,697,943	$ 5,147,198	$ 634,226	$ 5,137,439	$ 5,771,665
Grants and Contributions	1,882,072	1,755,019	3,637,091	1,065,811	-	$ 1,065,811
General Revenues:						
Property Taxes	985,723	-	985,723	1,100,369	-	1,100,369
Other Taxes	376,590	-	376,590	351,843	-	351,843
Other	22,170	181,984	204,154	20,870	322	21,192
Total Revenues	3,715,810	6,634,946	10,350,756	3,173,119	5,137,761	8,310,880
Expenses:						
General Government	644,152	-	644,152	821,240	-	821,240
Public Safety	2,375,890	-	2,375,890	2,539,246	-	2,539,246
Street	497,995	-	497,995	397,364	-	397,364
Community Services	95,494	-	95,494	54,886	-	54,886
Interest on Long-Term Debt	-	-	-	2,569	-	2,569
Electric	-	2,774,172	2,774,172	-	2,732,624	2,732,624
Water and Sewer	-	1,581,719	1,581,719	-	1,720,127	1,720,127
Sanitation	-	229,712	229,712	-	328,734	328,734
Total Expenses	3,613,531	4,585,603	8,199,134	3,815,305	4,781,485	8,596,790
Increase (Decrease) in Net Assets Before Transfers and contributions	102,279	2,049,343	2,151,622	(642,186)	356,276	(285,910)
Transfers	1,066,157	(1,066,157)	-	700,000	(700,000)	-
Increase in Net Assets	1,168,436	983,186	2,151,622	57,814	(343,724)	(285,910)
Net Assets, July 1	3,333,537	10,145,063	13,478,600	3,275,723	10,409,284	13,685,007
Prior Period Adjustments	(54,853)	67,236	12,383	-	79,503	79,503
Net Assets, June 30	$ 4,447,120	$ 11,195,485	$ 15,642,605	$ 3,333,537	$ 10,145,063	$ 13,478,600

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 $15.3 million as of June 30, 2012. The City's net assets increased by around $1.8 million for the fiscal year ended June 30, 2012.

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 $2.4 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 $102,000 prior to transfers in of 1.07 million from the business-type funds and prior period adjustments of $55,000 for a net increase of $1.1 million.

Business-type activities: Business-type activities increased the City of Palmetto's net assets by about $716,000. This was the result of a $40,000 loss on operations, a MEAG contribution of $1.76 million, and transfers out of $1.07 million.

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 Non-spendable fund balance was $206,785 and the assigned fund balance was $159,727. The Confiscated Fund had a restricted fund balance of $37,349 and the SPLOST had a restricted balance of $174,564. At June 30, 2012, the governmental funds of City of Palmetto reported a combined fund balance of $578,425, a 35% decrease over last year. The main reasons for the decrease in the fund balance over the previous year were due to reduced revenues and increased capital outlay.

General Fund Budgetary Highlights: Tax revenues were lower than the budgeted amounts primarily because ad valorem taxes were $1.05 million lower than anticipated. Intergovernmental revenues were $715,000 higher than budgeted. Administrative Department expenses came in over $210,000 under budget. The Police Department police was $320,000 under budget, the Fire Department over $120,000 under budget, and the Street Department almost $360,000 under budget. Capital outlays were just over $300,000 over budget.

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 $980,000. This represents a decrease of $390,000 over the previous year. Unrestricted net assets of the Water and Sewer Fund at the end of the fiscal year amounted to $724,000. This represents an increase of $456,000 from the previous year, which is due to the MEAG contribution and the results of operations, bond interest payments, and transfers out.

The Sanitation unrestricted net assets increased by $73,000 due to its net income.

Capital Asset and Debt Administration

Capital assets. The City of Palmetto's investment in capital assets for its governmental and business-type activities as of June 30, 2012, totals $20.9 million (net of accumulated depreciation). These assets include land, buildings and improvements, utility systems, vehicles and equipment, and infrastructure.

Additional information on the City's capital assets can be found in Note 5 pages 45 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	-	1,208,842	1,208,842
Buildings and Improvements	2,983,486	265,610	3,249,096
Distribution System	-	19,900,817	19,900,817
Vehicles, Equipment, and Furniture	1,568,823	431,241	2,000,064
Infrastructure	1,357,634	-	1,357,634
Total	$ 6,201,123	$ 21,813,177	$ 28,014,300

Long-term Debt. As of June 30, 2012 the City of Palmetto had long term bonded debt outstanding of $7,930,000 (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 $425,000 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 $11.6 million

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 47-49 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicator reflects the reason for potential growth and prosperity of the City:

- Continued growth in the tax base projected due to proximity of the City of Atlanta once home values stabilize and increase.

Budget Highlights for the Fiscal Year Ending June 30, 2013

Governmental Activities: Tax revenue is expected to be about $1.2 million in 2013 which is $175,000 less than in 2012 actual. Intergovernmental revenues are expected to decrease about $409,000 over the actual received in 2012 due to decreased state grants for the Tea Project and local assistance offset in part by increases due to a FEMA Fire Grant, Fulton County Community Development Block Grant, and local option sales taxes. Overall governmental revenues are budgeted to decrease to nearly $3.3 million which represents a decrease of $345,000 over the actual received in 2012.

Business - type Activities: The budget for the Electric Fund shows anticipated revenue of $3.4 million which is in about $400,000 higher than the actual received in 2012. Anticipated expenditures are $2.9 million which includes about $63,700 for capital outlay. The largest decrease is for purchased power ($280,000).

The Water and Sewer Fund is budgeted for total revenues of $1.475 million, an increase of $142,000 over actual 2012 revenues. Expenses are expected to be $2.4 million excluding depreciation of around $365,000 and including capital outlay of $265,000.

The Sanitation Fund is expected to perform similarly to 2012.

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, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and In Banks	$ 207,073	$ 1,088,729	$ 1,295,802
Ad Valorem Taxes Receivable	217,684	-	217,684
Local Option Sales Taxes Receivable	89,270	-	89,270
Community Development Block Grant	86,019	-	86,019
Alcoholic Beverage Taxes Receivable	7,503	-	7,503
Franchise Taxes Receivable	20,948	-	20,948
Police Fines Receivable	109,248	-	109,248
Prepaid Assets	169,245	42,111	211,356
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	692,015	692,015
Other Receivables	-	13	13
Inventories	37,540	439,824	477,364
Total Current Assets	944,530	2,262,692	3,207,222
Non-Current Assets:			
Deferred Charges	-	325,665	325,665
Capital Assets not being depreciated			
Land and Improvements	291,180	6,667	297,847
Construction In Progress	-	1,208,842	1,208,842
Capital Assets being depreciated			
Capital Assets (net of Accumulated Depreciation)	3,432,543	16,000,573	19,433,116
Total Non-current Assets	3,723,723	17,541,747	21,265,470
Total Assets	$ 4,668,253	$ 19,804,439	$ 24,472,692
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	$ 84,028	$ 85,919	$ 169,947
Accrued Salaries and Payroll Taxes	95,236	44,342	139,578
Deferred Revenue Tax Auction Sales	29,906	-	29,906
Utility Deposits	-	390,590	390,590
Inspector Deposit-Developments	11,963	-	11,963
Revenue Bonds Payable	-	440,000	440,000
Accrued Bond Interest Payable	-	158,103	158,103
Total Current Liabilities (Payable from Current Assets):	221,133	1,118,954	1,340,087
Noncurrent Liabilities			
Revenue Bonds Payable	-	7,490,000	7,490,000
Total Noncurrent Liabilities	-	7,490,000	7,490,000
Total Liabilities	221,133	8,608,954	8,830,087
Net Assets:			
Invested in Capital Assets, Net of Related Debt	3,723,723	9,286,082	13,009,805
Restricted for:			
Law Enforcement - Conficated Fund	37,349	-	37,349
SPLOST Capital Projects	174,564	-	174,564
Unrestricted	511,484	1,909,403	2,420,887
Total Net Assets	$ 4,447,120	$ 11,195,485	$ 15,642,605

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary Government							
Governmental activities:							
General Government	$ 644,152	$ 79,462	$ -	$ 1,023,253	$ 458,563	$ -	$ 458,563
Public Safety	2,375,890	177,784	-	-	(2,198,106)	-	(2,198,106)
Street	497,995	169,789	-	513	(327,693)	-	(327,693)
Special Services	95,494	22,220	-	858,306	785,032	-	785,032
Total governmental activities	3,613,531	449,255	-	1,882,072	(1,282,204)	-	(1,282,204)
Business activities:							
Electric Utilities	2,774,172	3,061,188	-	-	-	287,016	287,016
Water and Sewer Utilities	1,581,719	1,333,747	1,755,019	-	-	1,507,047	1,507,047
Sanitation Utilities	229,712	303,008	-	-	-	73,296	73,296
Total Business-type Activities	4,585,603	4,697,943	1,755,019	-	-	1,867,359	1,867,359
Total primary government	$ 8,199,134	$ 5,147,198	$ 1,755,019	$ 1,882,072	(1,282,204)	1,867,359	585,155
General Revenues:							
Ad Valorem Tax					927,402	-	927,402
Motor Vehicle Tax					58,321	-	58,321
Franchise Tax					62,137	-	62,137
Insurance Premium Tax					210,506	-	210,506
Beer/Wine/Liquor Tax					96,560	-	96,560
Transfer Tax					2,508	-	2,508
Intangible Tax					4,879	-	4,879
Interest Income					1,113	4	1,117
Gain on Sale of Capital Assets					11,981	-	11,981
Miscellaneous					9,076	181,980	191,056
Transfers					1,066,157	(1,066,157)	-
Total General Revenues and Transfers					2,450,640	(884,173)	1,566,467
Change in Net Assets					1,168,436	983,186	2,151,622
Net Assets Beginning					3,333,537	10,145,063	13,478,600
Prior Period Adjustments					(54,853)	67,236	12,383
Net Assets Ending					$ 4,447,120	$ 11,195,485	$ 15,642,605

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



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CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash on Hand and In Banks	$ 4,903	$ 202,170	207,073
Ad Valorem Taxes Receivable	217,684	-	217,684
Local Option Sales Taxes Receivable	79,527	9,743	89,270
State T.E.A. Grant Receivable	86,019	-	86,019
Alcoholic Beverage Taxes Receivable	7,503	-	7,503
Franchise Taxes Receivable	20,948	-	20,948
Police Fines Receivable	109,248	-	109,248
Prepaid Items	169,245	-	169,245
Inventories	37,540	-	37,540
Total Assets	$ 732,617	$ 211,913	$ 944,530
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	$ 84,028	$ -	$ 84,028
Accrued Salaries and Taxes Payable	88,203	-	88,203
Inspector Deposit - Developments	11,963	-	11,963
Deferred Ad Valorem Tax Revenue	152,005	-	152,005
Deferred Revenue Tax Auction Sales	29,906	-	29,906
Total Liabilities	366,105	-	366,105
Fund Balance			
Nonspendable			
Prepaid Items	169,245	-	169,245
Inventories	37,540	-	37,540
Restricted for:			
Law Enforcement - Conficated Fund	-	37,349	37,349
SPLOST Capital Projects	-	174,564	174,564
Assigned to 2013 Budget	159,727	-	159,727
Total Fund Balance	366,512	211,913	578,425
Total Liabilities and Fund Balance	$ 732,617	$ 211,913	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets of $6,254,923 net of accumulated depreciation of $2,528,505 are not financial resources and, therefore, are not reported in the funds.			3,723,723
Accrued compensated absences are considered long-term and do not require the use of current resources and therefore not recorded in the governmental funds.			(7,033)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.			152,005
Net Assets of Governmental Activities			$ 4,447,120

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, 2012

	General	Other Governmental Funds	Total
Revenues:			
Taxes:			
Ad Valorem Tax	$ 902,796	$ -	$ 902,796
Motor Vehicle Tax	58,321	-	58,321
Franchise Tax	62,137	-	62,137
Insurance Premium Tax	210,506	-	210,506
Beer, Wine, Liquor Tax	96,560	-	96,560
Transfer Taxes	2,508	-	2,508
Intangibles Taxes	4,879	-	4,879
Total Taxes	1,337,707	-	1,337,707
Licenses and Permits:			
Business Licenses	62,970	-	62,970
Building & Other Permits	16,492	-	16,492
Total Licenses and Permits	79,462	-	79,462
Intergovernmental Revenues:			
Intergovernmental L.O.S.T. Taxes	898,937	124,316	1,023,253
Community Development Grant	513	-	513
State Grant	858,306	-	858,306
Total Intergovernmental Revenues	1,757,756	124,316	1,882,072
Fines and Forfeitures:			
Police Department	177,784	-	177,784
Miscellaneous:			
Landfill Tipping Fees	169,789	-	169,789
Senior Center Transportation	22,220		22,220
Community Center	1,081	-	1,081
Cemetery Lot Sales	2,700	-	2,700
Interest Income	688	425	1,113
Sales of Capital Assets	14,676		14,676
Other Miscellaneous	5,295	-	5,295
Total Miscellaneous	216,449	425	216,874
Total Revenues	$ 3,569,158	$ 124,741	$ 3,693,899

Continued on the next page.

CITY OF PALMETTO, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	General	Other Governmental Funds	Totals
Expenditures:			
Current:			
Administrative	$ 605,702	$ 15,947	$ 621,649
Police	1,294,011	-	1,294,011
Fire Department	1,022,064	-	1,022,064
Street	458,540	-	458,540
Special Services	50,291	-	50,291
Total Current Expenditures	3,430,608	15,947	3,446,555
Capital Outlay:			
Administrative	-	-	-
Police	-	-	-
Fire Department	4,808	-	4,808
Street	259,285	-	259,285
Special Services	1,306,796	-	1,306,796
Water and Sewer	-	412,566	412,566
Total Capital Outlay	1,570,889	412,566	1,983,455
Total Expenditures	5,001,497	428,513	5,430,010
Excess (Deficit) of Revenues Over Expenditures Before	(1,432,339)	(303,772)	(1,736,111)
Other Financing Sources			-
Transfers from Water Sewer	614,000	-	614,000
Transfers from Electric	864,723	-	864,723
Total Other Financing Sources (uses)	1,478,723	-	1,478,723
Net Change in Fund Balance	46,384	(303,772)	(257,388)
Fund Balance Beginning	374,981	515,685	890,666
Prior Period Adjustment	(54,853)	-	(54,853)
Fund Balance Ending	$ 366,512	$ 211,913	578,425

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, 2012

Net change in fund balances - total governmental funds:	$	(257,388)
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 $1,983,455 exceeded depreciation of $241,493 in the current period.		1,741,662
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 decreased during the year.		74,817
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		24,606
The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net assets.		(2,695)
Assets constructed in one fund for the benefit of another fund are classified as capital contributions in the fund receiving the assets but are classified as transfers in both funds in the statements of activities.		(412,566)
Change in Net Assets of Government Activities	$	1,168,436

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, 2012

	Budget			Variance-Positive (Negative)
	Original	Revised	Actual	
Revenues:				
Taxes	$ 1,534,500	$ 1,534,500	1,337,707	$ (196,793)
Licenses and Permits	51,500	51,500	79,462	27,962
Intergovernmental Revenues	1,042,200	1,042,200	1,757,756	715,556
Fines and Forfeitures	270,000	270,000	177,784	(92,216)
Special Services	29,300	29,300	23,301	(5,999)
Miscellaneous Revenue	204,500	204,500	193,148	(11,352)
Total Revenues	3,132,000	3,132,000	3,569,158	437,158
Expenditures:				
Administrative	816,170	716,170	605,702	110,468
Police Department	1,614,609	1,614,609	1,294,011	320,598
Fire Department	1,142,323	1,142,323	1,022,064	120,259
Street Department	817,420	567,420	458,540	108,880
Special Services	97,550	97,550	50,291	47,259
Mayor & Council Contingency	100,000	100,000	-	100,000
Capital Outlay	1,268,450	1,618,450	1,570,889	47,561
Total Expenditures	5,856,522	5,856,522	5,001,497	855,025
Excess (Deficiency) of Revenues over Expenditures	(2,724,522)	(2,724,522)	(1,432,339)	1,292,183
Other Financing Sources (Uses)				
Transfers in	-	-	1,478,723	(1,478,723)
Net Change in Fund Balance	(2,724,522)	(2,724,522)	46,384	(186,540)
Prior Period Adjustment	-	-	(54,853)	(1,665,263)
Fund Balance at Beginning of Year	374,981	374,981	374,981	-
Fund Balance at End of Year	$ (2,349,541)	$ (2,349,541)	366,512	$ (1,851,803)

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



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CITY OF PALMETTO, GEORGIA

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

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2012

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Sales of Utilities	$2,952,173	$1,195,185	$ -	$ 4,147,358
Sanitation Charges	-	-	275,438	275,438
Penalties	98,810	85,220	25,910	209,940
Service, Cut on, and Permit Fees	6,971	-	-	6,971
Miscellaneous	3,234	53,342	1,660	58,236
Total Operating Revenue	3,061,188	1,333,747	303,008	4,697,943
Operating Expenses:				
Purchase of Utilities	2,225,476	23,871	-	2,249,347
Sewer Treatment	-	194,509	-	194,509
Salaries	201,685	225,970	-	427,655
Payroll Taxes	16,119	16,460	-	32,579
Retirement	20,339	27,120	-	47,459
Insurance (Group)	42,990	74,199	-	117,189
Training	12,192	3,670	-	15,862
Uniforms	4,048	2,391	-	6,439
Insurance - Vehicles and Equipment	6,676	1,911	-	8,587
Insurance - Other	3,852	6,157	-	10,009
Georgia Public Web	2,167	-	-	2,167
Bad Debts	21,327	5,124	3,001	29,452
Professional Fees	41,953	37,718	-	79,671
Miscellaneous Administrative Expenses	797	7,380	-	8,177
Office Supplies	144	1,716	-	1,860
Depreciation Expense	73,118	356,337	-	429,455
Contracted Services	-	-	226,711	226,711
Repairs and Maintenance:				
Buildings	1,599	1,069	-	2,668
Distribution System	8,352	95,964	-	104,316
Equipment	1,590	3,234	-	4,824
Vehicles	48,864	4,741	-	53,605
Gas and Oil	9,276	9,332	-	18,608
Supplies	25,581	92,411	-	117,992
Equipment Rental	100	34,676	-	34,776
Telephone	2,850	8,260	-	11,110
Utilities	857	2,754	-	3,611
Miscellaneous Operating Expense	2,220	1,489	-	3,709
Total Operating Expenses	2,774,172	1,238,463	229,712	4,242,347
Operating Income	$ 287,016	$ 95,284	$ 73,296	$ 455,596

Continued on the next page.

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2012

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
ASSETS				
Current Assets:				
Cash in Banks	$ 543,684	$ 398,900	$ 146,145	$ 1,088,729
Prepaid Expenses	14,011	28,100	-	42,111
Utility Accounts Receivable (Net of Allowance for Collectibles)	448,663	173,493	69,859	692,015
Other Receivables	13	-	-	13
Inventories	374,993	64,831	-	439,824
Total Current Assets	1,381,364	665,324	216,004	2,262,692
Noncurrent Assets:				
Deferred Charges	-	325,665	-	325,665
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	1,208,842	-	1,208,842
Capital Assets Being Depreciated:				
Buildings	62,132	-	-	62,132
Utility Distribution System	2,606,880	17,293,937	-	19,900,817
Water Tanks	-	203,478	-	203,478
Machinery, Vehicles, and Equipment	287,742	143,499	-	431,241
Total	2,963,421	18,849,756	-	21,813,177
Less: Accumulated Depreciation	(987,706)	(3,609,389)	-	(4,597,095)
Total Capital Assets	1,975,715	15,240,367	-	17,216,082
Total Noncurrent Assets	1,975,715	15,566,032	-	17,541,747
Total Assets	$ 3,357,079	$ 16,231,356	$ 216,004	$ 19,804,439
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	$ 5,741	$ 70,461	$ 9,717	$ 85,919
Accrued Liabilities and Payroll Taxes	28,884	15,458	-	44,342
Utility Deposits	368,001	22,589	-	390,590
Revenue Bonds Payable	-	440,000	-	440,000
Total Current Liabilities (Payable from Current Assets):	402,626	548,508	9,717	960,851
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	158,103	-	158,103
Total Current Liabilities (Payable from Restricted Assets	-	158,103	-	158,103
Total Current Liabilities	402,626	706,611	9,717	1,118,954
Noncurrent Liabilites				
Revenue Bonds Payable	-	7,490,000	-	7,490,000
Total Liabilities	402,626	8,196,611	9,717	8,608,954
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,975,715	7,310,367	-	9,286,082
Unrestricted	978,738	724,378	206,287	1,909,403
Total Net Assets	$ 2,954,453	$ 8,034,745	$ 206,287	$ 11,195,485

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, 2012

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Nonoperating Revenues (Expenses):				
Insurance Proceeds Due to Fire	$ 181,980	$ -	$ -	$ 181,980
Contribution from MEAG	-	1,755,019	-	1,755,019
Contributed Asset from SPLOST	-	412,566	-	412,566
Interest on Investments	-	4	-	4
Amortization Expense	-	(27,050)	-	(27,050)
Bond Interest	-	(316,206)	-	(316,206)
Total Nonoperating Revenues (Expenses)	181,980	1,824,333	-	2,006,313
Transfers In (Out)	(864,723)	(614,000)	-	(1,478,723)
Change in Net Assets	(395,727)	1,305,617	73,296	983,186
Net Assets, Beginning of Year	3,287,924	6,724,148	132,991	10,145,063
Prior Period Adjustment	62,256	4,980	-	67,236
Net Assets, End of Year	$2,954,453	$8,034,745	$206,287	$ 11,195,485

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, 2012

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	$ 3,132,191	$ 1,309,521	$ 291,959	$ 4,733,671
Payments to Suppliers	(2,800,747)	(622,189)	(241,694)	(3,664,630)
Payments to Employees	(201,685)	(225,970)	-	(427,655)
Net Cash Provided by (Used in) Operating Activities	129,759	461,362	50,265	641,386
Cash Flows from Non-Capital Financing Activities:				
Contribution from MEAG		1,755,019		
Transferred from (to) Other Funds	(864,723)	(201,434)	-	(1,066,157)
Net Cash Flows from Non-Capital Financing Activities:	(864,723)	1,553,585	-	(1,066,157)
Cash Flows from Capital and Related Financing Activities:				
Cash Paid for Additions to Property, Plant and Equipment	(68,642)	(1,039,138)	-	(1,107,780)
Insurance Proceeds Due to Fire	181,980			
Principal Paid on Bond Indebtedness	-	(425,000)	-	(425,000)
Interest Paid on Bond Indebtedness	-	(323,113)	-	(323,113)
Net Cash Flows from Capital and Related Financing Activities	113,338	(1,787,251)	-	(1,855,893)
Cash Flows From Investing Activities:				
Income on Investments and Interest Bearing Accounts	175	4	-	179
Net Cash From Investing Activities	175	4	-	179
Net Increase (Decrease) in Cash	(621,451)	227,700	50,265	(2,280,485)
Cash at Beginning of Year	1,165,135	171,200	95,880	1,432,215
Cash at End of Year	$ 543,684	$ 398,900	$ 146,145	$ 1,088,729
Classified As:				
Cash on Hand and in Banks	543,684	398,900	146,145	1,088,729
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	287,016	95,284	73,296	455,596
Adjustments Not Affecting Cash:				
Depreciation	73,118	356,337	-	429,455
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	45,968	(27,303)	(11,049)	7,616
(Increase) Decrease in Inventory	(71,817)	6,385	-	(65,432)
(Increase) Decrease in Prepaid Expenses	(687)	(6,804)	-	(7,491)
Increase (Decrease) in Accounts Payable	(213,977)	46,664	(11,982)	(179,295)
Increase (Decrease) in Accrued Liabilities	(14,897)	(12,278)	-	(27,175)
Increase (Decrease) in Utility Deposits	25,035	3,077	-	28,112
Total Adjustments	(157,257)	366,078	(23,031)	185,790
Net Cash Provided by (Used in) Operating Activities	$ 129,759	$ 461,362	$ 50,265	$ 641,386

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, 2012, 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, 2012. 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 $70,333 compared to $81,850 in the previous year which represents a decrease of $11,517. The short-term portion for the governmental funds is included in the Balance Sheet for Governmental Funds.

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, 2012 the City had outstanding bonds of $7,930,000 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 Items	$	169,245
Inventories		37,540
Total	$	206,785

- Restricted - The following fund balances are restricted for:

Law Enforcement - Confiscated Fund	$	37,349
SPLOST Capital Projects		174,564
Total	$	211,913

- Assigned – The following fund balance is assigned to:

Assigned to General Fund - 2013 Budget	$	159,727

The City considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City considers unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in unrestricted fund balance classifications could be used. The City Administrator is authorized to assign amounts to a specific purpose.

(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	$ 1,983,455
Depreciation expense	(241,793)
Net Adjustment to increase changes in fund balances total government funds to arrive at changes in net assets of governmental activities	$ 1,741,662

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	$ (7,033)
Deferred Compensation - prior year	81,850
Net Adjustment to decrease changes in fund balances total government funds to arrive at changes in net assets of governmental activities	$ 74,817

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	$ 152,005
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	$ 24,606

Another element of that reconciliation states "assets constructed in one fund for the benefit of another fund are classified as capital contributions in the fund receiving the assets but are classified as transfers in both funds in the statements of activities." The amount of these assets is $412,566.

(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 $1,295,802 and a bank balance of $856,832. Of the bank balance, $250,000 was covered by federal depository insurance and $438,971 was covered by collateral held in the pledging bank's trust department in the City's name. There were no deposits uninsured or uncollateralized at June 30, 2012.

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	$ 1,295,802	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, $104,765 is currently invested in PNC Bank 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, 2012 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, 2012 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	$570,729	$122,066	$448,663
Water & Sewer	263,951	90,458	173,493
Sanitation	99,594	29,735	69,859
Total	$934,274	$242,259	$692,015

C. Capital Assets

Governmental activities as of June 30, 2012:

Asset Class	Balance 7/1/2011	Increases	Decreases	Balance 6/30/2012
Capital assets not being depreciated:				
Land	$ 291,180	$ -	$ -	$ 291,180
Capital assets being depreciated:				
Building	1,699,180	1,284,306	-	2,983,486
Furniture	89,867	2,570	-	92,437
Machinery, Equipment, & Vehicles	1,504,880	25,306	53,800	1,476,386
Infrastructure	1,098,927	258,707	-	1,357,634
Total capital assets being depreciated	4,392,854	1,570,889	53,800	5,909,943
Less accumulated depreciation for:	-			-
Buildings	(774,205)	(75,734)	-	(849,939)
Furniture	(78,237)	(2,314)	-	(80,551)
Machinery, Equipment, & Vehicles	(1,123,557)	(123,169)	(51,105)	(1,195,621)
Infrastructure	(310,713)	(40,576)	-	(351,289)
Total accumulated depreciation	(2,286,712)	(241,793)	-	(2,477,400)
Total capital assets being depreciated, net	2,106,142	1,329,096	53,800	3,432,543
Government activities capital assets, net	$ 2,397,322	$ 1,329,096	$ 53,800	$ 3,723,723

Business-type activities as of June 30, 2012:

Asset Class	Balance 7/1/2011	Increases	Decreases	Balance 6/30/2012
Capital assets not being depreciated:				
Land	$ 6,667	$ -	$ -	$ 6,667
Construction In Progress	874,536	334,306	-	1,208,842
Total capital assets not being depreciated	881,203	334,306	-	1,215,509
Capital assets being depreciated:				
Buildings	62,132	-	-	62,132
Machinery, Vehicles, and Equipment	471,179	91,780	131,718	431,241
Water Tanks	187,037	16,441	-	203,478
Distribution System	19,238,746	662,071	-	19,900,817
Total capital assets being depreciated	19,959,094	770,292	131,718	20,597,668
Less accumulated depreciation for:				
Buildings	(44,274)	(2,071)	-	(46,345)
Machinery, Vehicles, and Equipment	(415,630)	(26,162)	(131,718)	(310,074)
Water Tanks	(104,498)	(11,576)	-	(116,074)
Distribution system	(3,734,956)	(389,646)	-	(4,124,602)
Total accumulated depreciation	(4,299,358)	(429,455)	(131,718)	(4,597,095)
Total capital assets being depreciated, net	15,659,736	340,837	-	16,000,573
Business type activities capital assets, net	$ 16,540,938	$ 675,143	$ -	$ 17,216,082

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

Governmental Activities	
Administration	$ 31,530
Police	76,285
Fire	43,692
Streets	45,083
Special Services	45,203
Total depreciation expense-governmental activities	241,793
Business-type activities:	
Electric	73,118
Water and Sewer	356,337
Total depreciation expense-business-type activities	$ 429,455

D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2012:

	Water & Sewer Revenue
Bonds Payable July 1, 2011	$ 8,355,000
Bonds Issued	-
Bonds Retired	425,000
Bonds Payable June 30, 2012	$ 7,930,000

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, 2012 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
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	$ 7,930,000	$ 2,656,200	$ 10,586,200

The following is a summary of compensated absences for governmental activities of the City for the year ended June 30, 2012:

Compensated Absences	Governmental Activities
Compensated Absences July 1, 2011	$ 81,850
Absences Accrued	62,148
Absences (Used)	(73,665)
Compensated Absences Payable June 30, 2012	$ 70,333

The City has liquidated other long-term liabilities (such as compensated absences and pension liabilities) within the General Fund in prior years.

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, 2012, $741,206 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, 2012.

F. Transfers

During the year the City transferred monies and assets between various funds. The Water and Sewer Fund transferred $614,000 to the General Fund and the Electric Fund transferred $864,723 also to the General Fund to support the ongoing operations of the receiving fund. The non-major SPLOST Fund transferred capital assets costing $412,566 to the Water and Sewer Fund which had been paid for with SPLOST funds..

(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 2012, the City's annual pension cost of $212,733 for the PEPP was equal to the City's recommended and actual contributions. The required contribution was determined as part of the January 1, 2012 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
2010	237,424	100.00%	0.00%
2011	244,082	100.00%	0.00%
2012	212,733	100.00%	0.00%

Schedule of Funding Progress. The information presented on the following page is based on the January 1, 2012, 2011, and 2010 actuarial valuations.

	2012	2011	2010
Actuarial Value of Assets	$ 1,738,621	$ 1,527,162	$ 1,337,393
Actuarial Accrued Liability	2,447,642	2,268,377	2,105,624
Funded Ratio	71.03%	67.32%	63.52%
Total Unfunded Actuarial Liability (Funding Excess)	709,021	741,215	768,231
Annual Covered Payroll	2,080,894	2,285,342	2,148,938
Ratio of Unfunded (Excess) to Annual Covered Payroll	34.07%	32.43%	35.75%

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 inter-local risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal inter-local 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, 2012 No provisions have been made in the financial statements for the year ended June 30, 2012 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, 2012 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, 2012.

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 Adjustments

Two prior period adjustments were made to the General Fund during the year. One was to clear out balance sheet accounts that had no activity for several years and were obviously in error. This resulted in an increase in fund balance of $18,814. The other adjustment is the result of an accounting change to recognize the current portion of accrued compensated absences at the fund level rather than treating all accrued absences as long-term. This change resulted in a reduction in fund balance of $73,667. The net effect of these two adjustments is a reduction in fund balance of $54,853.

Two prior period adjustments were made to the Electric Fund. One was to clear out balance sheet accounts that had no activity for several years and were obviously in error. This resulted in an increase in net assets of $5,526. The other adjustment was for inventory in the City's possession prior to the current year not counted or recorded previously, resulting in an increase in net assets of $56,730. These two adjustments resulted in an overall increase to net assets of $62,256.

One prior period adjustment was made to the Water and Sewer Fund to clear out balance sheet accounts that had no activity for several years and were obviously in error. This resulted in an increase in net assets of $4,980.



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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, 2012

	Confiscated Assets Fund	SPLOST Fund	Total Non-Major Governmental
ASSETS			
Cash on Hand and in Banks	$ 37,349	$ 164,821	$ 202,170
Local Option Sales Tax Receivable	-	9,743	9,743
Total Assets	37,349	174,564	211,913
LIABILITIES AND FUND BALANCE			
Fund Balances			
Restricted for:			
Drug Related Expenditures	37,349	-	37,349
Capital Projects Financed with SPLOST	-	174,564	174,564
Total Liabilities and Fund Balance	$ 37,349	$ 174,564	$ 211,913

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2012

	Confiscated Asset Fund	SPLOST Fund	Total Non-Major Governmental
Revenues:			
Intergovernmental L.O.S.T. Taxes	$ -	$124,316	$ 124,316
Interest Income	26	399	425
Total Revenues	26	124,715	124,741
Expenditures:			
Current			
Administrative	475	15,472	15,947
Capital Outlays	-	412,566	412,566
Total Expenditures	475	428,038	428,513
Excess (Deficiency) of Revenues over Expenditures	(449)	(303,323)	(303,772)
Net Change in Fund Balances	(449)	(303,323)	(303,772)
Fund Balance at Beginning of Year	37,798	477,887	515,685
Fund Balance at End of Year	$ 37,349	$ 174,564	$ 211,913

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, 2012 and 2011

	2012			2011		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 3,800,000	$ 2,952,173	$ (847,827)	$ 3,280,000	$ 3,385,020	$ 105,020
Cut On and Permit Fees	33,000	5,256	(27,744)	33,000	44,582	11,582
Penalties	90,000	98,810	8,810	90,000	101,429	11,429
Service Fees	1,000	1,715	715	1,000	730	(270)
Miscellaneous	5,000	3,234	(1,766)	5,000	22,394	17,394
Total Operating Revenue	3,929,000	3,061,188	(867,812)	3,409,000	3,554,155	145,155
Operating Expenses:						
Personnel Services:						
Salaries	247,026	201,685	45,341	247,026	224,435	22,591
Payroll Taxes	20,000	16,119	3,881	21,700	16,900	4,800
Retirement	22,000	20,339	1,661	22,750	20,646	2,104
Insurance (Group and Worker's Compensation)	56,000	42,990	13,010	74,400	50,690	23,710
Training Expense	12,000	12,192	(192)	10,200	11,740	(1,540)
Uniforms	4,500	4,048	452	4,500	3,863	637
Total Personal Services	361,526	297,373	64,153	380,576	328,274	52,302
Administrative Expenses:						
Insurance - Vehicles and Equipment	8,500	6,676	1,824	8,500	6,838	1,662
Insurance - Other	4,000	3,852	148	5,000	3,799	1,201
Miscellaneous	2,000	797	1,203	2,500	864	1,636
Office Supplies	1,000	144	856	1,000	415	585
Postage	4,500	-	4,500	4,500	-	4,500
Georgia Public Web	8,500	2,167	6,333	8,500	2,467	6,033
Professional Fees and Contracted Services	50,000	41,953	8,047	40,000	31,008	8,992
Total Administrative Expenses	78,500	55,589	22,911	70,000	45,391	24,609
Depreciation Expense	-	73,118	(73,118)	-	63,037	(63,037)
Other Operating Expenses:						
Purchase of Utilities	2,750,000	2,225,476	524,524	2,250,000	2,251,511	(1,511)
Repairs and Maintenance:						
Buildings	4,500	1,599	2,901	4,500	686	3,814
Distribution System	35,000	8,352	26,648	30,000	6,148	23,852
Equipment	3,000	1,590	1,410	3,000	1,766	1,234
Vehicles	11,500	48,864	(37,364)	11,500	7,010	4,490
Bad Debt Expense	-	21,327	(21,327)	-	9,920	(9,920)
Equipment Rental	200	100	100	200	101	99
Gas and Oil	8,000	9,276	(1,276)	8,000	8,410	(410)
Miscellaneous Operating Expenses	6,000	2,220	3,780	5,500	389	5,111
Supplies	20,000	25,595	(5,595)	20,000	5,736	14,264
Telephone	4,200	2,850	1,350	4,200	2,426	1,774
Utilities	2,000	857	1,143	1,500	1,819	(319)
Total Other Operating Expenses	2,844,400	2,348,106	496,294	2,338,400	2,295,922	42,478
Total Expenses	3,284,426	2,774,186	510,240	2,788,976	2,732,624	56,352
Operating Income (Loss)	644,574	287,002	(357,572)	620,024	821,531	201,507
Nonoperating Revenues (Expenses):						
Insurance Proceeds Due to Fire	-	181,980	(181,980)			
Interest on Investments	1,000	14	986	1,000	175	825
MEAG Telecom	3,000	-	3,000	3,000	-	3,000
Transferred to Water Sewer Fund	-	-	-	-	(700,000)	700,000
Transferred to General Fund	-	(864,723)	864,723	-	(700,000)	700,000
Total Nonoperating Revenues (Expenses)	4,000	(682,729)	686,729	4,000	(1,399,825)	1,403,825
Net Income (Loss)	648,574	(395,727)	(1,044,301)	624,024	(578,294)	(1,202,318)
Net Assets at Beginning of Year	3,350,180	3,287,924	3,350,180	-	3,786,715	3,786,715
Prior Period Adjustment	# -	62,256	62,256	-	79,503	79,503
Net Assets at End of Year	$ 3,998,754	$ 2,954,453	$ 2,368,135	$ 624,024	$ 3,287,924	$ 2,663,900

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, 2012 and 2011

	2012			2011		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	$ 1,325,000	$ 1,190,185	$ (134,815)	$ 1,325,000	$ 1,137,547	$ (187,453)
Water and Sewer Taps	125,000	5,000	(120,000)	125,000	57,850	(67,150)
Penalties	50,000	85,220	35,220	50,000	51,856	1,856
Miscellaneous	200	53,342	53,142	200	2,658	2,458
Total Operating Revenues	1,500,200	1,333,747	(166,453)	1,500,200	1,249,911	(250,289)
Operating Expenses:						
Personnel Services:						
Salaries	273,002	225,970	47,032	273,102	230,984	42,118
Payroll Taxes	23,000	16,460	6,540	24,000	17,917	6,083
Retirement	33,000	27,120	5,880	34,100	30,968	3,132
Insurance (Group and Worker's Compensation)	93,350	74,199	19,151	102,000	70,009	31,991
Training Expenses	3,700	3,670	30	1,200	1,510	(310)
Uniforms	4,000	2,391	1,609	4,000	2,958	1,042
Total Personal Services	430,052	349,810	80,242	438,402	354,346	84,056
Administrative Expenses:						
Insurance - Vehicles and Equipment	3,500	1,911	1,589	3,500	2,099	1,401
Insurance - Other	7,000	6,157	843	7,000	4,918	2,082
Miscellaneous	25,000	7,380	17,620	25,600	2,579	23,021
Professional Fees	200,000	37,718	162,282	200,000	21,723	178,277
Office Supplies	200	1,716	(1,516)	200	156	44
Total Administrative Expenses	235,700	54,882	180,818	236,300	31,475	204,825
Depreciation Expense	330,019	356,337	(26,318)	410,000	366,302	43,698
Other Operating Expenses:						
Water Purchases	30,000	23,871	6,129	30,000	13,249	16,751
Sewer Treatment	350,000	194,509	155,491	350,000	240,680	109,320
Bad Debt Expense	-	5,124	(5,124)	-	32,230	(32,230)
Equipment Rental	35,000	34,676	324	35,000	34,301	699
Gas and Oil	9,000	9,332	(332)	9,000	10,015	(1,015)
Landfill Sludge Disposal	6,000	-	6,000	6,000	-	6,000
Miscellaneous Operating Expense	4,600	1,489	3,111	4,000	1,543	2,457
Repairs and Maintenance:						
Buildings	4,000	1,069	2,931	4,000	3,150	850
Distribution - Water and Sewer Systems	172,500	95,964	76,536	175,000	134,654	40,346
Equipment	10,000	3,234	6,766	10,000	5,797	4,203
Vehicles	5,000	4,741	259	5,000	2,789	2,211
Supplies	70,000	92,411	(22,411)	70,000	42,168	27,832
Telephone	10,000	8,260	1,740	10,000	6,621	3,379
Utilities	3,000	2,754	246	3,000	83,738	(80,738)
Total Other Operating Expenses	709,100	477,434	231,666	711,000	610,935	100,065
Total Expenses	1,704,871	1,238,463	466,408	1,795,702	1,363,058	432,644
Operating Income (Loss)	(204,671)	95,284	299,955	(295,502)	(113,147)	182,355
Nonoperating Revenues (Expenses):						
Interest on Investments	1,000	4	(996)	1,000	147	(853)
Bond Interest	(301,000)	(316,206)	(15,206)	(594,369)	(330,019)	264,350
Amortization	-	(27,050)	(27,050)	-	(27,050)	(27,050)
Contribution from MEAG	-	1,755,019	1,755,019	-	-	-
Contributed Asset from SPLOST	-	412,566	412,566	-	-	-
Transferred from Electric Fund	-	-	-	-	700,000	700,000
Transferred to General Fund	-	(614,000)	(614,000)	-	-	-
Total Nonoperating Revenues (Expenses)	(300,000)	1,210,333	2,124,333	(593,369)	343,078	936,447
Net Income (Loss)	$ (504,671)	$ 1,305,617	$ 2,424,288	$ (888,871)	$ 229,931	$ 1,118,802
Net Assets at Beginning of Year	6,724,148	6,724,148	-	6,904,217	6,904,217	-
Prior Period Adjustment	-	4,980	4,980	-	(410,000)	-
Net Assets at End of Year	$ 6,219,477	$ 8,034,745	$ 2,429,268	$ 6,015,346	$ 6,724,148	$ 1,118,802

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, 2012 and 2011

	2012			2011		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sanitation Charges	$ 307,140	$ 275,438	$ (31,702)	$ 307,140	$ 306,935	$ (205)
Penalties	8,000	25,910	17,910	8,000	24,540	16,540
Miscellaneous	2,000	1,660	(340)	2,000	1,898	(102)
Total Operating Revenue	317,140	303,008	(14,132)	317,140	333,373	16,233
Operating Expenses:						
Contracted Services - Garbage	312,740	226,711	86,029	312,740	313,467	(727)
Bad Debt Expense		3,001	(3,001)	-	15,267	(15,267)
Other Operating Expenses	4,400		4,400	4,400	-	4,400
Total Operating Expenses	317,140	229,712	87,428	317,140	328,734	(11,594)
Net Income (Loss)	-	73,296	73,296	-	4,639	4,639
Net Assets at Beginning of Year	132,991	132,991	-	128,352	128,352	-
Net Assets at End of Year	$ 132,991	$ 206,287	$ 73,296	$ 128,352	$ 132,991	$ 4,639

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, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011

	Confiscated Asset Fund				SPLOST FUND				Total Non-Major Governmental
	Budgeted	Actual	Variance-Positive (Negative)	2011 Actual	Budgeted	Actual	Variance-Positive (Negative)	2011 Actual	
Revenues:									
Intergovernmental L.O.S.T. Taxes	$ -	$ -	$ -	$ -	$ 100,200	$ 124,316	$ 24,116	$ 115,005	$ 124,316
State and Federal Confiscations	-	-	-	18,932	-	-	-	-	-
Interest Income	40	26	(14)	48	-	399	399	636	425
Total Revenues	40	26	(14)	18,980	100,200	124,715	24,515	115,641	124,741
Expenditures:									
Current									
Administrative	13,600	475	13,125	3,200	60,000	15,472	44,528	29,446	15,947
Debt Service									
Principal	-	-	-	80,669	-	-	-	-	-
Interest	-	-	-	2,569	-	-	-	-	-
Capital Outlays									
Administrative	23,500	-	23,500	9,844	400,000	412,566	(12,566)	-	412,566
Total Expenditures	37,100	475	36,625	96,282	460,000	428,038	31,962	29,446	428,513
Excess (Deficiency) of Revenues over Expenditures	(37,060)	(449)	36,611	(77,302)	(359,800)	(303,323)	(7,447)	86,195	(303,772)
Fund Balance at Beginning of Year	37,798	37,798	37,798	115,100	477,887	477,887	477,887	391,692	515,685
Fund Balance at End of Year	$ 738	$ 37,349	$ 74,409	$ 37,798	$ 118,087	$ 174,564	$ 470,440	$ 477,887	$ 211,913

CITY OF PALMETTO, GEORGIA

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

June 30, 2012

Governmental Funds Capital Assets:

Land	$	291,180
Buildings and Improvements		2,983,486
Furniture and Fixtures		92,437
Vehicles and Equipment		1,476,386
Infrastructure		1,357,634
	$	6,201,123

Investment in Governmental Funds Capital Assets by Source:

General Fund	$	6,018,748
Special Revenue Fund		182,375
Total Investment in Capital Assets	$	6,201,123

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2012

Function and Activity	Total June 30, 2012	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	$ 582,527	$ 26,681	$ 320,803	$ 41,024	$ 194,019	$ -
Police Department	1,174,406	60,000	582,878	11,343	520,185	-
Fire Department	893,919	135,633	161,519	21,045	575,722	-
Street Department	1,543,574	39,466	-	7,475	138,999	1,357,634
Special Services	2,006,697	29,400	1,918,286	11,550	47,461	-
Total Capital Assets Allocated to Functions	$ 6,201,123	$ 291,180	$ 2,983,486	$ 92,437	$ 1,476,386	$ 1,357,634

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, 2012

Function and Activity	Governmental Funds Capital Assets 7/1/2011	Additions*	Deductions*	Governmental Funds Capital Assets 6/30/2012
Administrative	$ 520,794	$ 474,299	$ 412,566	$ 582,527
Police Department	1,273,075	-	98,669	1,174,406
Fire Department	891,287	4,808	2,176	893,919
Street Department	1,283,771	259,803	-	1,543,574
Special Services	715,107	1,306,796	15,206	2,006,697
Total Capital Assets	$ 4,684,034	$ 2,045,706	$ 528,617	$ 6,201,123

*Includes transfers, contributions, and reclassifiications

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 Eight Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 3,723,723
Restricted	-	-	-	-	-	-	-	211,913
Unrestricted	563,166	698,358	642,106	805,574	951,434	1,055,010	936,215	511,484
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	4,447,120
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	9,286,082
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	1,909,403
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	11,195,485
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	13,009,805
Restricted	2,561,094	3,990,207	641,500	296,767	-	-	-	211,913
Unrestricted	2,173,251	2,483,593	6,529,742	4,980,176	4,059,108	3,620,266	2,895,340	2,420,887
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	$ 15,642,605

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

CITY OF PALMETTO, GEORGIA

CHANGES IN NET ASSETS

Last Eight Fiscal Years

TABLE 2

	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental Activities								
Administrative	$ 576,471	$ 862,373	$ 704,027	$ 750,063	$ 931,951	$ 786,794	$ 821,240	$ 644,152
Public Safety	833,178	922,142	1,497,973	1,969,734	2,624,123	2,644,167	2,539,246	2,375,890
Streets	322,197	372,317	389,707	467,539	415,722	310,413	397,364	497,995
Special Services	69,284	83,245	101,643	116,011	94,278	59,529	54,886	95,494
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	3,613,531
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	2,774,172
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	1,581,719
Sanitation	238,260	256,460	255,946	282,535	295,938	274,746	328,734	229,712
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	4,585,603
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	8,199,134
Program Revenues								
Governmental Activities								
Charges for Services:								
Licenses and Permits	Not available	Not available	Not available	Not available	92,008	84,804	123,231	79,462
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	177,784
Landfill Tipping Fees	Not available	Not available	Not available	Not available	404,818	217,214	160,370	169,789
Other	Not available	Not available	Not available	Not available	-	-	-	22,220
Total Charges for Services	220,689	143,347	397,308	618,601	1,039,263	566,061	633,590	449,255
Grants and Contributions	878,275	1,028,657	1,221,849	1,078,000	992,132	973,849	1,065,811	1,882,072
Total Governmental Activities Program Revenues	1,098,964	1,172,004	1,619,157	1,696,601	2,031,395	1,539,910	1,699,401	2,331,327
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	3,061,188
Water	646,633	607,530	597,011	600,224	505,870	533,842	513,701	577,271
Sewer	809,710	959,056	937,715	975,283	890,719	907,086	736,210	756,476
Sanitation	231,895	232,968	244,992	260,171	311,605	311,513	333,373	303,008
Grants and Contributions								1,755,019
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	6,452,962
Total Primary Government Program Revenues	5,594,182	6,008,362	6,376,427	6,514,138	6,954,047	6,651,331	6,836,840	8,784,289
Net (Expense) Revenue								
Governmental Activities	(702,166)	(1,068,073)	(1,074,193)	(1,606,746)	(2,034,679)	(2,260,993)	(2,115,904)	(1,282,204)
Business-Type Activities	863,498	943,550	425,263	(61,588)	489,037	300,669	105,727	1,867,359
Total Primary Government Net (Expense)	$ 161,332	$ (124,523)	$ (648,930)	$ (1,668,334)	$ (1,545,642)	$ (1,960,324)	$ (2,010,177)	$ 585,155
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	927,402
Franchise	56,067	66,392	65,265	67,881	84,979	69,823	71,113	62,137
Insurance Premium	158,276	170,283	178,160	185,840	190,292	188,507	183,028	210,505
Beer, Wine and Liquor Tax	93,706	92,859	89,189	83,747	95,162	90,936	88,374	96,560
Other	49,888	54,911	59,481	57,060	57,592	61,170	65,144	65,708
Other Local Revenue	7,253	12,382	11,752	24,407	23,260	20,503	20,503	21,057
Unrestricted Investment Earnings	62,244	128,833	147,265	63,340	15,266	2,647	1,003	1,113
Transfers	198,154	286,519	162,981	800,000	700,000	600,000	700,000	1,056,157
Prior Period Adjustments	-	-	-	-	-	-	-	(54,853)
Total Governmental Activities	965,322	1,201,590	1,112,480	1,771,685	2,151,508	2,265,492	2,173,718	2,395,787
Business-Type Activities								
Unrestricted Investment Income	63,888	322,123	154,402	55,952	13,930	1,788	322	4
Other	-	416,673	-	-	-	-	-	181,980
Transfers	(198,154)	(286,519)	(162,981)	(800,000)	(700,000)	(600,000)	(700,000)	(1,056,157)
Prior Period Adjustments	-	-	-	-	-	-	-	67,236
Total Business-Type Activities	(134,266)	452,277	(8,579)	(744,048)	(686,070)	(598,212)	(699,678)	(806,937)
Total Primary Government	831,056	1,653,867	1,103,901	1,027,617	1,465,438	1,667,280	1,474,040	1,588,850
Change in Net Assets								
Governmental Activities	263,156	133,517	38,287	164,919	116,829	4,499	57,814	1,113,583
Total Business-Type Activities	729,232	1,395,827	416,684	(805,636)	(197,033)	(297,543)	(593,951)	1,050,422
Total Primary Government	$ 992,388	$ 1,529,344	$ 454,971	$ (640,717)	$ (80,204)	$ (293,044)	$ (536,137)	2,164,005

CITY OF PALMETTO, GEORGIA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Eight Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Nonspendable	$ Not Available	$ Not Available	$ Not Available	$ Not Available	$ Not Available	$ Not Available	$ 201,254	$ 206,785
Assigned	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	173,727	159,727
Total General Fund	235,792	527,459	365,301	375,554	379,343	416,230	374,981	366,512
All Other Governmental Funds								
Restricted, Reported in:								
Confiscated Fund	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	37,798	37,349
Capital Projects Fund (SPLOST)	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	477,887	174,564
Total All Other Governmental Funds	281,252	116,200	217,261	356,324	490,306	506,792	515,685	211,913
Total Governmental Funds	$ 517,044	$ 643,659	$ 582,562	$ 731,878	$ 869,649	$ 923,022	$ 890,666	$ 578,425

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

CITY OF PALMETTO, GEORGIA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Eight Fiscal Years

	2005	2006	2007	2008	2009 *	2010	2011	2012
Revenues:								
Taxes	$ 1,529,309	$ 1,652,976	$ 1,814,147	$ 1,917,175	$ 1,334,438	$ 1,589,903	$ 1,529,491	$ 1,337,707
Licenses and Permits	157,225	86,384	102,099	98,896	92,008	84,804	123,231	79,462
Fines and Forfeitures	63,464	56,963	46,032	70,623	342,246	256,839	331,057	177,784
Landfill Tipping Fees	-	-	249,177	449,082	404,818	217,214	160,370	169,789
Intergovernmental Revenue	29,697	140,960	193,337	30,589	1,192,323	958,061	1,084,743	1,882,072
Investment Earnings	62,244	128,833	147,265	63,340	14,795	2,647	1,003	1,113
Other Local Revenue	7,253	12,382	11,756	24,407	23,731	24,853	20,503	45,972
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	$ 3,693,899
Expenditures								
Administrative	559,321	843,881	696,924	740,607	919,196	936,277	849,177	621,649
Public Safety	800,146	875,150	1,496,474	1,996,641	2,522,051	2,556,263	2,447,974	2,320,883
Streets	431,916	386,425	507,970	470,344	393,036	276,751	519,565	717,825
Special Services	207,971	132,945	86,521	97,206	132,306	55,664	82,801	1,357,087
Water and Sewer	-	-	-	-	-	-	-	412,566
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	5,430,010
Excess (deficit) of Revenues Over Revenues	$ (150,162)	$ (159,903)	$ (224,076)	$ (650,686)	$ (562,230)	$ (719,504)	$ (732,357)	$ (1,736,111)
Other Financing Sources (Uses)								
Transfers in	198,154	286,519	162,981	800,000	700,000	600,000	700,000	1,478,723
Transfers out	-	-	-	-	-	-	-	-
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	1,478,723
Net Change in Fund Balance	47,992	126,616	(61,095)	149,314	137,770	(9,965)	(32,357)	(257,388)
Fund Balance Beginning	469,052	517,044	643,659	582,564	731,877	869,647	923,023	890,666
Prior Period Adjustment	-	-	-	-	-	63,341	-	(54,853)
Fund Balance Ending	$ 517,044	$ 643,660	$ 582,564	$ 731,878	$ 869,647	$ 923,023	$ 890,666	$ 578,425
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.80%	2.27%	0.00%

* Note: Information for the prior two 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

	Real Property		Personal Property		Public Utilities		Total Property		Ratio Total Assessed	Total
Year	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Value to Total True Value	Direct Tax Rate
2003	60,500,327	151,250,818	3,388,210	8,470,525	954,789	2,386,973	64,843,326	162,108,316	40.00%	4.50
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%	4.50
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%	4.50
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%	4.50
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%	4.50
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%	4.50
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%	8.50
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
2012	86,136,985	215,342,463	4,811,810	12,029,525	8,719,561	21,798,903	99,668,356	249,170,890	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

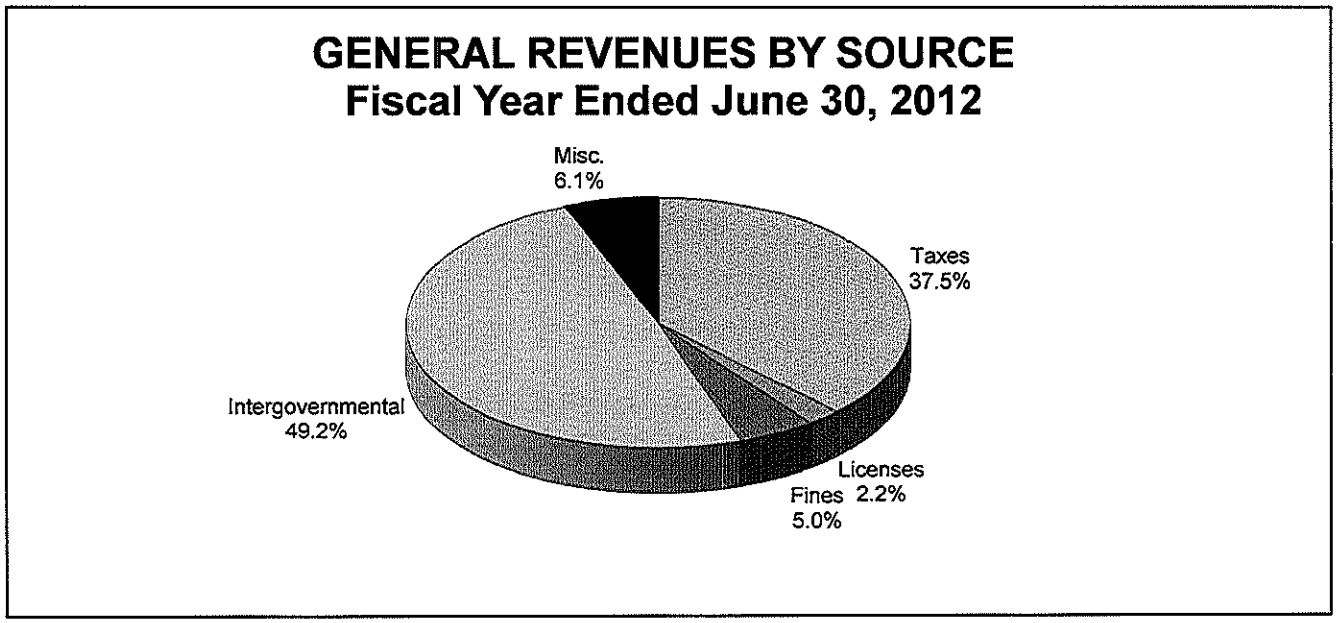
Table 6

GENERAL FUND REVENUES BY SOURCE (1)

Last Ten Fiscal Years

Year	Taxes	Licenses and Permits	Fines and Forfeitures	Inter-Governmental Revenues	Miscellaneous	Total
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
2012	1,337,707	79,462	177,784	1,757,756	216,449	3,569,158

(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

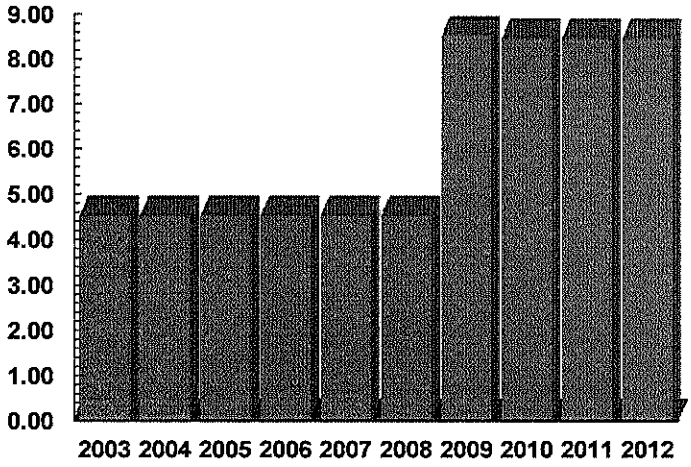
Year	Total	L.O.S.T. Tax Rollback (1)	Net Tax Rate	General Fund
2003	19.54	-15.04	4.50	4.50
2004	15.53	-11.03	4.50	4.50
2005	15.25	-10.75	4.50	4.50
2006	15.25	-10.75	4.50	4.50
2007	15.25	-10.75	4.50	4.50
2008	15.25	-10.75	4.50	4.50
2009	15.25	-6.75	8.50	8.50
2010	14.86	-6.41	8.45	8.45
2011	16.06	-7.61	8.45	8.45
2012	17.35	-8.90	8.45	8.45

Tax Levies Based Upon the Above Rates

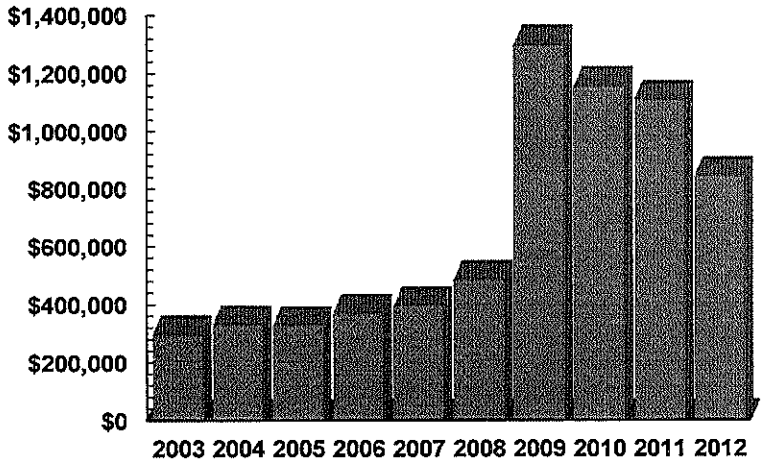
2003	988,861	(697,066)	291,795	291,795
2004	1,127,663	(800,910)	326,754	326,754
2005	1,101,321	(776,341)	324,980	324,980
2006	1,244,451	(877,236)	367,215	367,215
2007	1,329,532	(937,211)	392,321	392,321
2008	1,638,845	(1,155,252)	483,593	483,593
2009	2,295,019	(997,513)	1,297,506	1,297,506
2010	2,029,165	(875,299)	1,153,866	1,153,866
2011	2,104,772	(997,342)	1,107,430	1,107,430
2012	2,008,604	(1,166,406)	842,198	842,198

(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

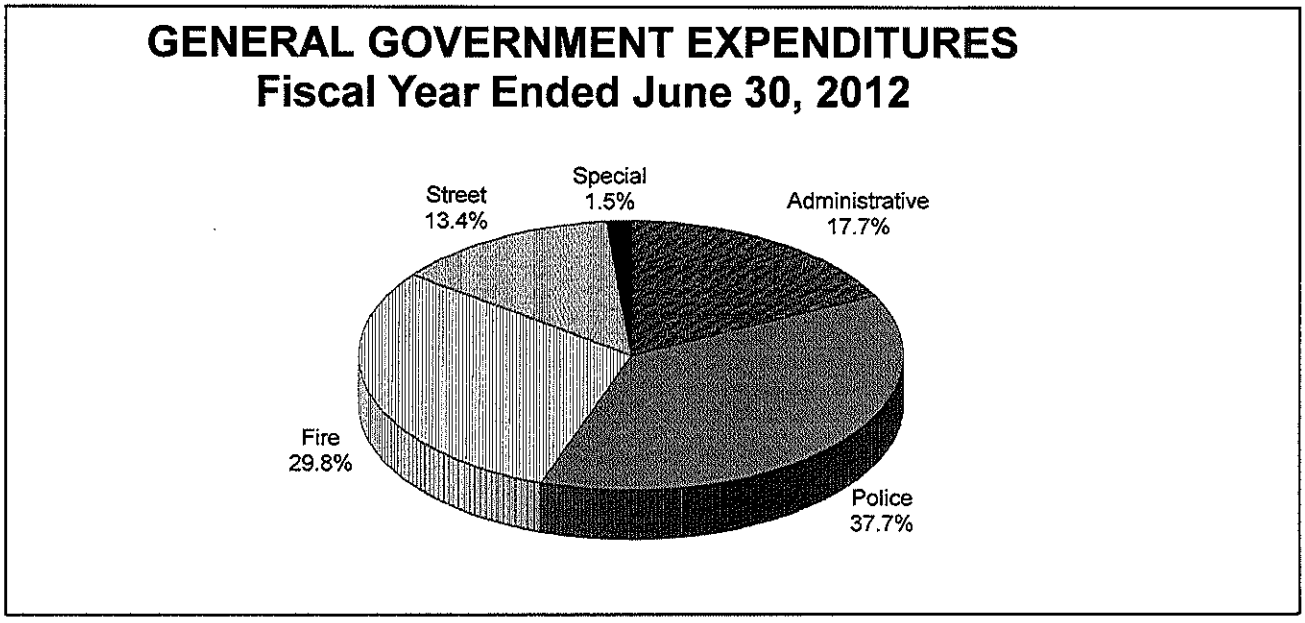
TABLE 8

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

Year	Administrative	Police	Fire	Street	Services Special	Total
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
2012	605,702	1,294,011	1,022,064	458,540	50,291	3,430,608

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



CITY OF PALMETTO, GEORGIA

Table 9

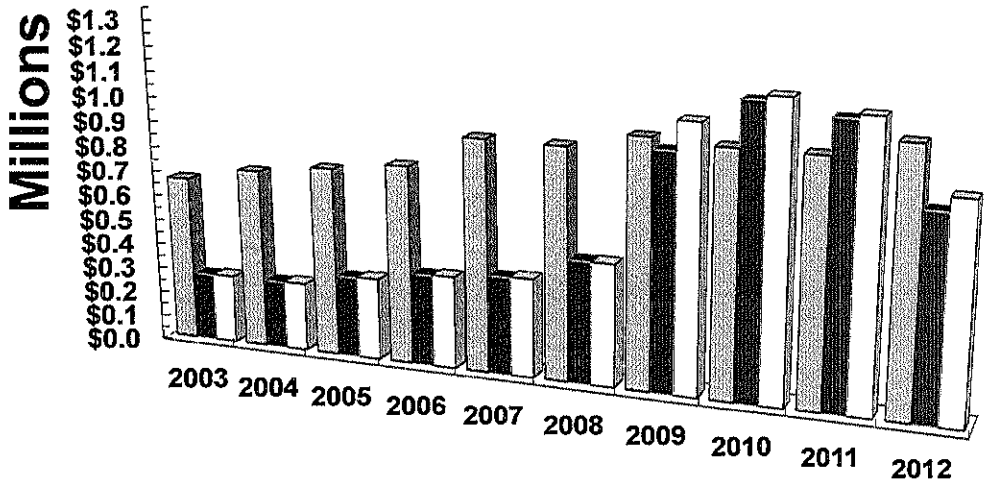
PROPERTY TAX LEVIES AND COLLECTIONS AND L.O.S.T. COLLECTIONS

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	Intergovernmental Local Option Sales Tax Collected
2003	271,182	253,110	93.34%	14,997	268,107	98.87%	658,547
2004	272,945	258,545	94.72%	11,680	270,225	99.00%	714,702
2005	324,980	296,544	91.25%	24,686	321,230	98.85%	751,248
2006	367,215	336,254	91.57%	27,828	364,082	99.15%	789,520
2007	392,321	357,472	91.12%	31,168	388,640	99.06%	918,608
2008	483,593	441,008	91.19%	42,215	483,223	99.92%	915,697
2009	1,042,513	901,648	86.49%	131,865	930,306	89.24%	973,849
2010	1,153,866	1,038,999	90.05%	96,462	1,135,461	98.40%	958,061
2011	1,107,430	990,981	89.48%	100,830	1,091,811	98.59%	956,425
2012	842,198	704,025	83.59%	84,368 *	788,393	93.61%	1,023,253

* Collected within 60 days subsequent to year end

TAX LEVIES AND TAX COLLECTIONS LAST TEN FISCAL YEARS



CITY OF PALMETTO

TABLE 10

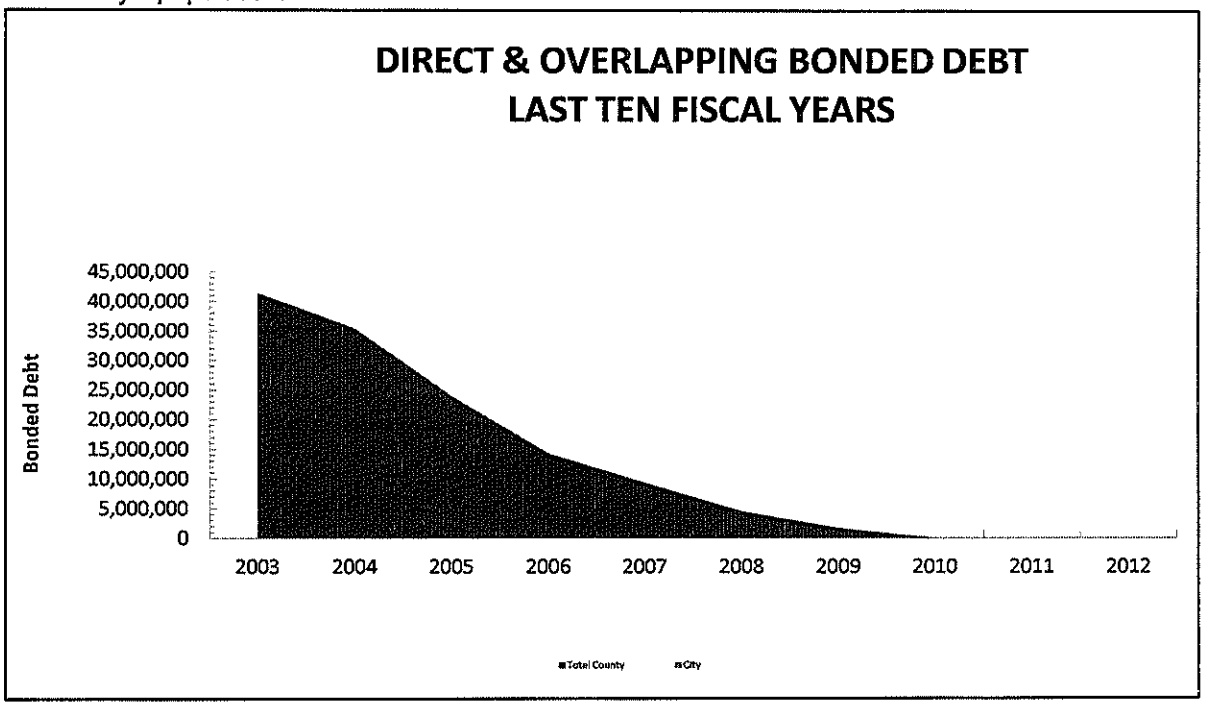
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS

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
2003	-	41,468,909	172,568	41,468,909
2004	-	35,472,859	149,590	35,472,859
2005	-	24,077,659	100,323	24,077,659
2006	-	14,381,148	60,817	14,381,148
2007	-	9,428,153	44,694	9,428,153
2008	-	4,581,096	19,990	4,581,096
2009	-	1,760,000	8,118	1,760,000
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-

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



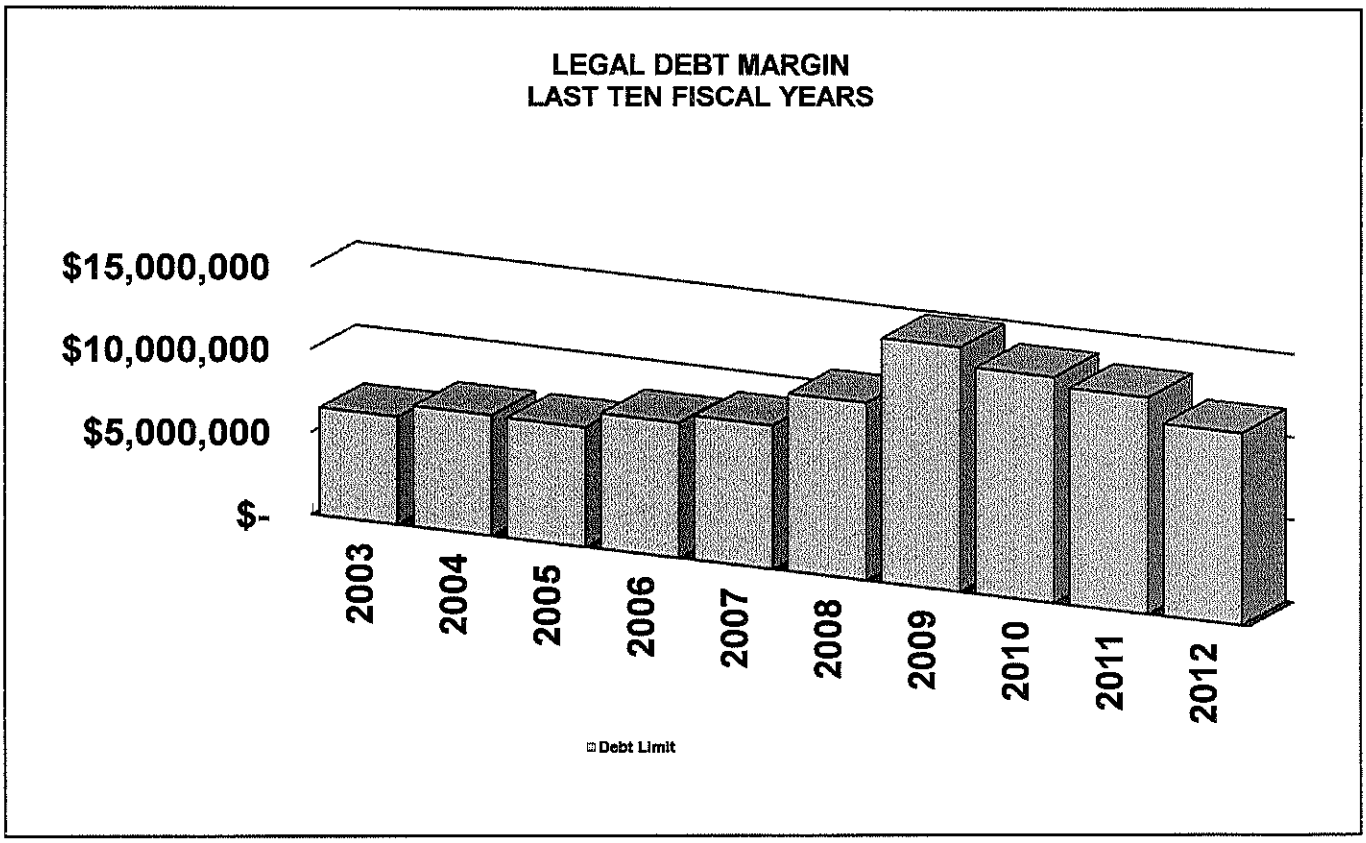
CITY OF PALMETTO, GEORGIA

Table 11

LEGAL DEBT MARGIN TABLE

Last Ten Fiscal Years

Year	Assessed Value	Percentage	Debt Limit	Amount Applicable	Legal Debt Margin
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
2012	116,338,852	10.00%	11,633,885	-	11,633,885





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CITY OF PALMETTO, GEORGIA

Table 12

RATIO OF OUTSTANDING DEBT BY TYPE

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)
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	-	-	-	-	8,355,000	-	8,355,000	10.52%	1,732
2012	-	-	-	-	7,930,000	-	7,930,000	9.98%	1,715

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

CITY OF PALMETTO, GEORGIA

Table 13

REVENUE BOND COVERAGE
COMBINED PUBLIC UTILITY REVENUE BONDS

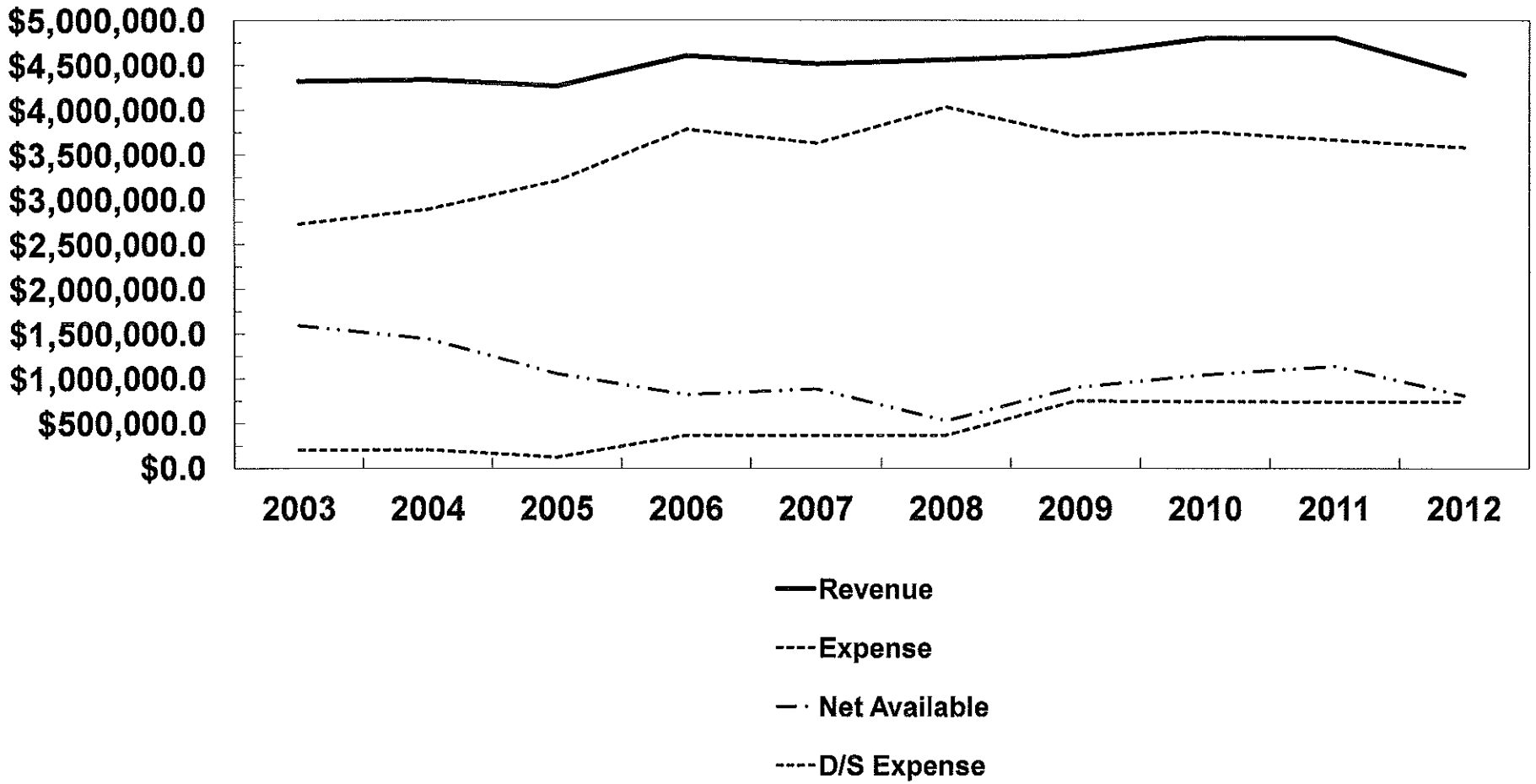
Last Ten Fiscal Years

	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
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
2012	3,061,188	2,701,054	360,134	1,333,747	882,126	451,621	811,755	741,206	1.10

(1)1997-2012 Includes revenues from sale of water, sewerage services, tapping fees, and other revenues from the water & sewer system and other revenues derived from the operation of the water & sewer system. 1998 - 2009 Includes the electric system revenues due to the issuance of the combined utility bonds.

(2)1997-2012 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 - 2012 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 Five Years Ago

Taxpayer	2012 Assessed Valuation	2012 % of Total Assessed Valuation	2007 Assessed Valuation	2007 % of Total Assessed Valuation
J. M. Pacific Enterprises	$ 12,692,780	10.91%	$ 6,800,000	7.81%
Coweta/Fayette EMC	7,941,636	6.83%	-	0.00%
Lowes Home Center, Inc.	5,000,000	4.30%	-	0.00%
Soful LLC	3,315,560	2.85%	-	0.00%
W. H. M. Chattahoochee Hills Investment	2,886,770	2.48%	-	0.00%
William Gause	1,703,670	1.46%	465,556	0.53%
Asset Holding Company LLC	1,637,400	1.41%	-	0.00%
Genesis Garden Apartments	1,607,420	1.38%	1,720,000	1.98%
Wilkerson M OSCP One LLC	1,275,000	1.10%	1,346,444	1.55%
National Ready Mix	1,162,480	1.00%	-	0.00%
Spurlin Industries	999,400	0.86%	399,556	0.46%
Flash Foods	962,310	0.83%	-	0.00%
Singh Creative	817,930	0.70%	724,444	0.83%
Cannon Garfield	765,920	0.66%	-	0.00%
DRGN Properties	750,040	0.64%	-	0.00%
Walker Concrete	573,170	0.49%	882,000	1.01%
Bellsouth Telecomm Fulton	432,450	0.37%	1,025,556	1.18%
Palmetto Center	-	0.00%	564,222	0.65%
Prudential Ind'l Prop-Dewitt Corp.	-	0.00%	611,556	0.70%
Other Taxpayers	71,814,916	61.73%	72,495,541	83.29%
	$ 116,338,852	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, 2012

	Fees or Salary	Amount of Surety Bond
MEMBERS OF THE CITY COUNCIL		
J. Clark Boddie	$ 3,000	$ 500,000
Larry Parrott	1,500	500,000
Patty O'Hara Willey	1,500	500,000
Laura Mullis, Mayor Pro-Tem	2,000	500,000
Gregory Rusch	1,500	500,000
Leon Sumlin	1,500	500,000
Lucinda Rockemore	1,500	500,000
OTHER CITY OFFICIALS		
William H. Shell, City Administrator	84,822	500,000
Bobby L. Fronebarger	75,504	500,000
Henry Argo, Fire Chief	68,765	500,000
Antone Allison, City Recorder	13,200	500,000

CITY OF PALMETTO, GEORGIA

Table 16

SUMMARY OF INSURANCE COVERAGE

June 30, 2012

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	Popu-lation (1)	Personal Income (2)	Per Capita Income (2)	Median Age (2)	Median Education Level in Years of Formal Schooling (1)	School Enroll-ment (2)	Unemploy-ment Rate (3)
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%
2012	4,625	79,428,624	18,506	33.4	12th	Unavailable	9.60%

(1) Source: 2000, 2012 - U.S. Census, All Other Years - City Count

(2) Source: city-data.com, 2012 bestplaces.net

(3) Source: Georgia Department of Labor for State of Georgia, 2012 bestplaces.net

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
2012	4,625

CITY OF PALMETTO, GEORGIA

TABLE 18

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

	2012		2007	
Employer	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Coweta Fayette EMC	200	20.51%	-	0.00%
Fulton County Board of Education	130	13.33%	150	15.51%
Georgia Baptist Children's Home	78	8.00%	70	7.24%
Lowes Warehouse	75	7.69%	-	0.00%
City of Palmetto	64	6.56%	64	6.62%
Spurlin Industries	45	4.62%	70	7.24%
McDonalds	45	4.62%	-	0.00%
Baptist Manor & Garrison Personal Care	40	4.10%	42	4.34%
Palmetto Community Health	29	2.97%	-	0.00%
Bradley's Big Buy	21	2.15%	35	3.62%
Another Bright Creation	21	2.15%	-	0.00%
Lambert Pharmacy	19	1.95%	-	0.00%
Jack Peek Sales and Service	16	1.64%	15	1.55%
Bojangles	15	1.54%	31	3.21%
Dairy Queen	14	1.44%	25	2.59%
Cannon Load Banks	13	1.33%	-	0.00%
American-APEC-Pair Engineering Company	8	0.82%	26	2.69%
Total Principal Employers	833	85.42%	528	54.61%
Total Employees	975		967	

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

TABLE 19

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Six Fiscal Years

Function	2012	2011	2010	2009	2008	2007
General Government	5	5	5	6	7	6
Public Safety:						
Officers	17	18	19	20	20	14
Civilians	2	3	3	3	3	3
Fire						
Firefighters and Officers	15	18	18	18	17	-
Highways and Streets						
Maintenance	6	6	4	6	9	9
Special Services	-	-	-	-	2	2
Electric	4	5	5	6	5	5
Water and Sewer	6	6	7	9	9	10
	55	61	61	68	72	49

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

TABLE 20

OPERATING INDICATORS BY FUNCTION
Last Six Fiscal Years

Function	2012	2011	2010	2009	2008	2007
Police						
Physical Arrests	235	255	148	58	216	154
Parking Violations	5	1	2	-	1	2
Traffic Violations	760	2,354	2,000	2,738	934	353
Fire						
Number of Calls Answered	920	869	848	775	767	-
Inspections	495	282	264	254	192	-
Highways and Streets						
Street Resurfacing(Feet)	1,200	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	4	10	8	4	2	4
Average Daily Consumption (Gallons)	321,041	272,354	277,670	295,000	291,770	301,193
Sewer						
Average Daily Sewerage Treatment(Gallons)	251,934	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 four years is not available.

TABLE 21

CAPITAL ASSET STATISTICS BY FUNCTION
Last Six Fiscal Years

Function	2012	2011	2010	2009	2008	2007
Public Safety						
Police						
Stations	1	1	1	1	1	1
Patrol Units	17	17	17	17	16	16
Fire Stations	1	1	1	1	1	1
Highways and Streets						
Streets (Miles)	51	51	51	51	51	47
Streetlights	408	408	408	408	408	408
Traffic Signals	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1
Water						
Water Mains(Miles)	25	25	25	25	25	25
Fire Hydrants	174	174	174	174	174	174
Maximum Daily Capacity (thousand gals.)	450	450	450	450	450	450
Sewer						
Sanitary Sewers(Miles)	15	15	15	15	15	15
Storm Sewers(Miles)	2	2	2	2	2	2
Maximum Daily Treatment Capacity	-	-	-	-	-	-
Electric						
Number of Distribution Stations	1	1	1	1	1	1
Miles of Service Lines	39	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 four years is not available.