

CITY OF PALMETTO, GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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



CITY OF PALMETTO, GEORGIA

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

ORGANIZATION CHART

LISTING OF CITY OFFICIALS

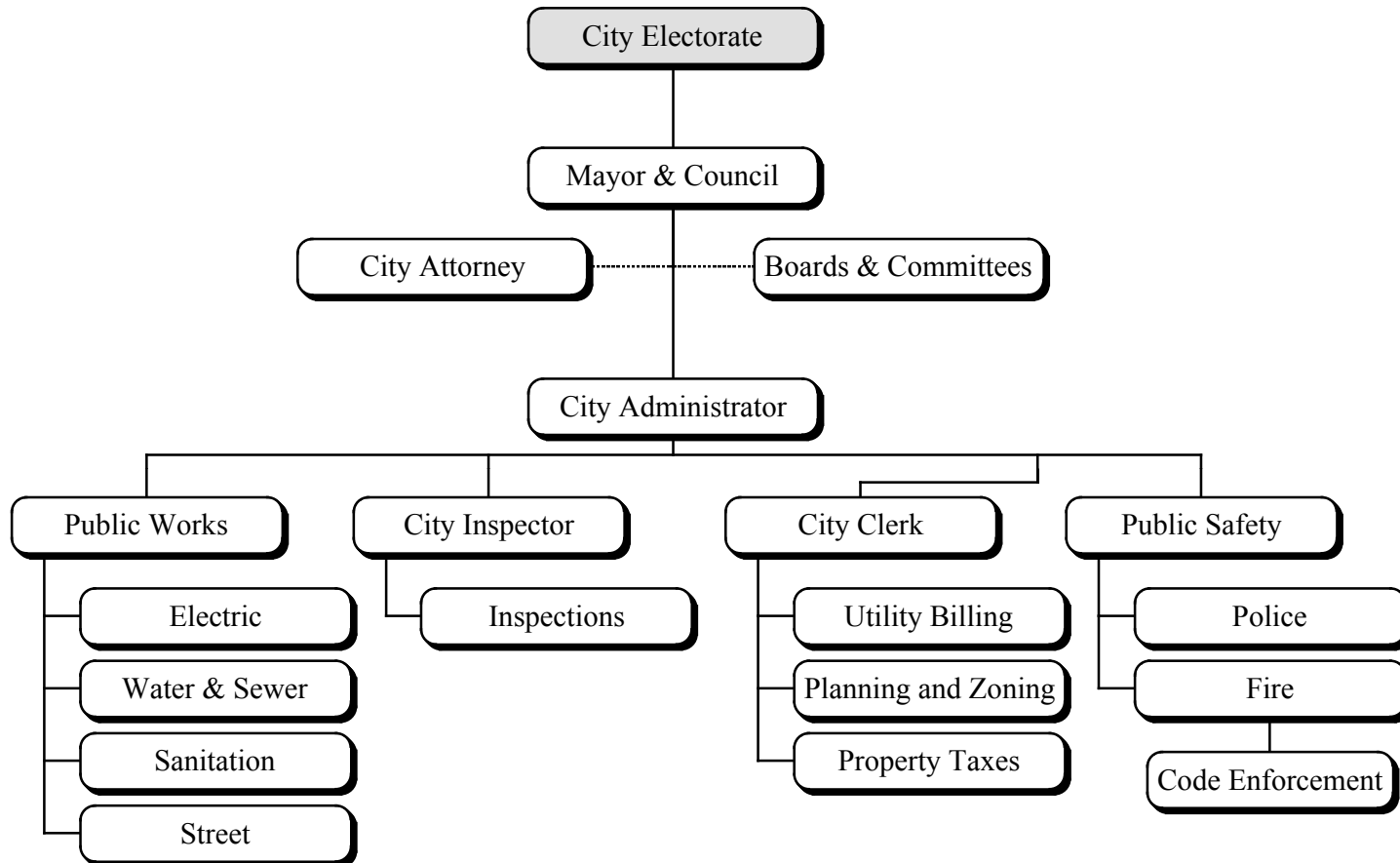
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CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING

LETTER OF TRANSMITTAL

City of Palmetto, Georgia

Organizational Chart



**CITY OF PALMETTO, GEORGIA
CITY OFFICIALS
2015**

MAYOR

J. Clark Boddie

CITY COUNCIL

Michael Arnold

Tara Miller

Laura Mullis

Larry Parrott

Leon Sumlin

Patty O'Hara Willey

CITY ADMINISTRATOR

William H. Shell

CITY CLERK

Cynthia Hanson

INTERIM CHIEF OF POLICE

John Cooper

FIRE CHIEF

Henry Argo

CITY RECORDER

Russell Ross

H. Clay Collins

BUILDING INSPECTOR

Leonard Thompson

Charles Abbott Associates, Inc.

CITY PLANNER

The Collaborative Firm

CITY ATTORNEYS

McNally, Fox, Grant & Davenport

CITY AUDITORS

Post & Associates LLC

CITY OF PALMETTO, GEORGIA

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Government Finance Officers Association

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

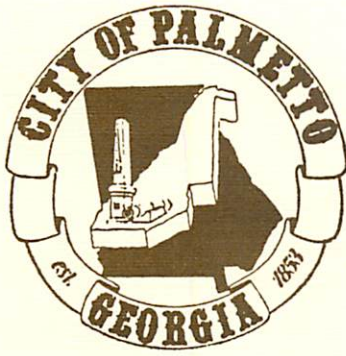
Presented to

**City of Palmetto
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



City Of Palmetto

P. O. Box 190

Palmetto, Georgia 30268

Area Code 770 / 463-3377

Honorable J. Clark Boddie, 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, 2015, 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 2015.

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 YEAR

The Fire Headquarters on Main Street was painted during the past fiscal year, and new lights were installed in the bays at the Fire Station. In addition, exhaust filters were installed on the City's fire trucks during the year. The City is continuing to prepare for the next ISO rating for fire protectors.

FOR THE FUTURE

Plans have been made to replace the washed out storm water drains on Honeysuckle Lane with Community Development Block Grant funds. The City is considering a storm water utility startup sometime in 2016.

Two houses on Fayetteville Road have been condemned and will be removed or repaired by the owners.

The City continues to offer free limb pickup four times a year, and Waste Management offers no charge bulk drop-off for furniture.

The Annual Christmas Tree Lighting is scheduled for November 30 at 7:00 pm.

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, 2013. This was the twenty-first 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, and Police Chief Bobby Fronebarger 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 H. Shell
City Administrator

October 30, 2015



CITY OF PALMETTO, GEORGIA

FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
City of Palmetto
Palmetto, Georgia

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Post & Associates, LLC - Certified Public Accountants

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Palmetto, Georgia basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the budgetary comparisons of the SPLOST, Confiscated Assets, Electric, Water and Sewer, and Sanitation Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budgetary comparisons of the SPLOST, Confiscated Assets, Electric, Water and Sewer, and Sanitation Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report October 30, 2015 on our consideration of the City of Palmetto's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Example's internal control over financial reporting and compliance.



Marietta, Georgia
October 30, 2015

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, 2015. 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 and deferred outflows of the City of Palmetto exceeded its liabilities and deferred inflows at the close of the fiscal year by \$16 million.
- The government's total net position increased by \$782,000 primarily due to a \$163,000 increase in revenues augmented by a decrease in expenses of \$609,000.
- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending net position of \$4.1 million, an increase of \$548,000 in comparison with the prior year.
- The City of Palmetto's total debt increased by \$89,000 during the current fiscal year due primarily to a decrease in short-term liabilities of \$532,000 countered by an increase in long-term debt of \$443,000.
- The City adopted GASB's 68 and 71 which requires the recording of the net pension liability and deferred inflows and outflows related to the City's retirement plan.

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 21 & 22) 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 23-32) 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 Position 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 position and how they have changed. Net Position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge 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 Position 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 Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 33-53 of this report.

Government-Wide Financial Analysis
City of Palmetto, Georgia
Statement of Net Position - Primary Government

	<u>June 30, 2015</u>			<u>June 30, 2014</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 1,144,231	\$ 2,324,309	\$ 3,468,540	\$ 625,629	\$ 2,646,767	\$ 3,272,396
Capital Assets - Net	3,491,094	17,180,166	20,671,260	3,490,664	17,232,166	20,722,830
Total assets	4,635,325	19,504,475	24,139,800	4,116,293	19,878,933	23,995,226
Deferred Outflows	118,886	547,395	666,281	127,473	37,565	165,038
Total Assets and Deferred Outflows	\$ 4,754,211	\$ 20,051,870	\$ 24,806,081	\$ 4,243,766	\$ 19,916,498	\$ 24,160,264
Long-Term Liabilities	452,053	6,801,768	7,253,821	9,457	1,443,784	1,453,241
Other Liabilities	136,220	1,242,367	1,378,587	668,007	6,713,885	7,381,892
Total Liabilities	588,273	8,044,135	8,632,408	677,464	8,157,669	8,835,133
Deferred Inflows	51,306	15,118	66,424	-	-	-
Total Liabilities and Deferred Inflows	\$ 639,579	\$ 8,059,253	\$ 8,698,832	\$ 677,464	\$ 8,157,669	\$ 8,835,133
Net Investment in Capital Assets	\$ 3,491,094	\$ 10,205,108	\$ 13,696,202	\$ 3,490,664	\$ 10,197,166	\$ 13,687,830
Restricted for:						
Capital Projects	389,054	324,896	713,950	195,282	-	195,282
Unrestricted	234,484	1,462,613	1,697,097	(119,644)	1,561,663	1,442,019
Total Net Position	\$ 4,114,632	\$ 11,992,617	\$ 16,107,249	\$ 3,566,302	\$ 11,758,829	\$ 15,325,131

City of Palmetto, Georgia
Statement of Activities- Primary Government

	<u>June 30, 2015</u>			<u>June 30, 2014</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 558,933	\$ 5,712,637	\$ 6,271,570	\$ 310,172	\$ 5,752,353	\$ 6,062,525
Grants and Contributions	1,336,937	46,262	1,383,199	1,381,255	200,000	1,581,255
General Revenues:						
Property Taxes	1,043,331	-	1,043,331	918,796	-	918,796
Other Taxes	426,266	-	426,266	417,478	-	417,478
Other	13,046	35,682	48,728	17,680	12,506	30,186
Total Revenues	<u>3,378,513</u>	<u>5,794,581</u>	<u>9,173,094</u>	<u>3,045,381</u>	<u>5,964,859</u>	<u>9,010,240</u>
Expenses:						
General Government	701,746	-	701,746	662,778	-	662,778
Public Safety	2,108,026	-	2,108,026	2,659,995	-	2,659,995
Street	437,686	-	437,686	404,582	-	404,582
Community Services	182,725	-	182,725	184,752	-	184,752
Interest on Long-Term Debt	-	165,343	165,343	-	289,321	289,321
Electric	-	3,248,998	3,248,998	-	3,252,556	3,252,556
Water and Sewer	-	1,332,651	1,332,651	-	1,308,636	1,308,636
Sanitation	-	213,801	213,801	-	237,707	237,707
Total Expenses	<u>3,430,183</u>	<u>4,960,793</u>	<u>8,390,976</u>	<u>3,912,107</u>	<u>5,088,220</u>	<u>9,000,327</u>
Increase (Decrease) in Net Position Before Transfers and contributions	(51,670)	833,788	782,118	(866,726)	876,639	9,913
Transfers and Contributions	600,000	(600,000)	-	107,217	(107,217)	-
Increase in Net Assets	548,330	233,788	782,118	(759,509)	769,422	9,913
Net Position, July 1 (Restated)	<u>3,566,302</u>	<u>11,758,829</u>	<u>15,325,131</u>	<u>4,325,811</u>	<u>10,989,407</u>	<u>15,315,218</u>
Net Position, June 30	<u>\$ 4,114,632</u>	<u>\$ 11,992,617</u>	<u>\$ 16,107,249</u>	<u>\$ 3,566,302</u>	<u>\$ 11,758,829</u>	<u>\$ 15,325,131</u>

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 position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted balance of \$1.9 million may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities: Governmental activities decreased the City's net position by \$52,000 prior to a transfer in of \$600,000 from the Electric Fund.

Business-type activities: Business-type activities increased the City of Palmetto's net position by \$834,000 before a transfer out of \$600,000.

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Palmetto. At the end of the current fiscal year, the Non-spendable fund balance was \$182,000 and the unassigned fund balance was \$270,000. The Confiscated Fund had no fund balance at year end. SPLOST had a restricted balance of \$238,400. At June 30, 2015, the governmental funds of City of Palmetto reported a combined fund balance of \$302,600, an increase of 162% over the prior year. The main reason for the increase in the fund balance over the previous year is due to an increase in transfers in from the Electric Fund.

General Fund Budgetary Highlights: Overall revenues were below the budgeted amounts. Expenditures came in less than budgeted. The fund balance came in with a positive variance of \$1.2 million after a transfer in of \$600,000.

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. The unrestricted portion of the net position of the business-like funds at the end of the fiscal year amounted to just over \$1.46 million. This represents a decrease of \$99,000 over the previous year.

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, 2015, totals \$20.7 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 42 and 43 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	-	2,215,207	2,215,207
Buildings and Improvements	3,094,913	321,714	3,416,627
Distribution System	-	20,123,195	20,123,195
Vehicles, Equipment, and Furniture	1,762,394	444,350	2,206,744
Infrastructure	1,747,811	-	1,747,811
Total	\$ 6,896,298	\$ 23,111,133	\$ 30,007,431

Long-term Debt. As of June 30, 2015 the City of Palmetto had long term bonded debt outstanding of \$6.98 million (including the amount due within one year) resulting from the issuance of a Combined Public Utility Refunding Revenue Bond Series 2014 to be repaid by the City commenced January 1, 2015 with the final payment due July 1, 2025. See note 5D on pages 43-44.

The City of Palmetto's total debt increased by \$445,000 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 \$9.85 million.

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 44-46 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, 2016

Governmental Activities: Tax revenue is expected to be about \$1.56 million in 2016 which is about \$150,000 more than the actual for 2015. Fines and forfeitures are budgeted to rise \$34,000 over the actual number received in 2015. Intergovernmental revenues are expected to increase by \$225,000 over actual from 2015. Overall governmental revenues are budgeted to increase \$450,000 over the actual received in 2015. Expenditures overall are budgeted to increase by \$1.04 million over actual 2015 numbers (2015 expenditures were \$700,000 under budget.).

Business - type Activities: The budget for 2016 for the Electric Fund anticipates revenue of \$4.05 million which is in about \$370,000 higher than the actual received in 2015. Anticipated expenditures are \$3.37 million which includes about \$56,000 for capital outlay. This is \$125,000 less than the actual expended in 2015.

The Water and Sewer Fund is budgeted for total revenues of \$2.12 million, an increase of \$412,000 over actual 2015 revenues. Expenses are budgeted to be \$2.33 million excluding depreciation of around \$370,000 and including debt service requirements of \$1.16 million and capital outlay of \$135,000.

The Sanitation Fund is expected to perform similarly to 2015.

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 POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and In Banks	\$ 35,828	\$ 775,863	\$ 811,691
Ad Valorem Taxes Receivable	307,418	-	307,418
Local Option Sales Taxes Receivable	102,018	-	102,018
Alcoholic Beverage Taxes Receivable	8,706	-	8,706
Franchise Taxes Receivable	22,538	-	22,538
Police Fines Receivable	81,525	-	81,525
Prepaid Assets	182,196	43,038	225,234
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	783,152	783,152
Other Receivables	-	47,290	47,290
Inventories	18,943	350,070	369,013
Restricted Assets:			
Temporarily Restricted			
Cash	385,059	324,896	709,955
Total Current Assets	<u>1,144,231</u>	<u>2,324,309</u>	<u>3,468,540</u>
Non-Current Assets:			
Capital Assets not being Depreciated			
Land and Improvements	291,180	6,667	297,847
Construction In Progress	-	2,215,207	2,215,207
Capital Assets being Depreciated			
Capital Assets (net of Accumulated Depreciation)	<u>3,199,914</u>	<u>14,958,292</u>	<u>18,158,206</u>
Total Non-current Assets	<u>3,491,094</u>	<u>17,180,166</u>	<u>20,671,260</u>
Total Assets	<u>4,635,325</u>	<u>19,504,475</u>	<u>24,139,800</u>
Deferred Outflows			
Related to Pensions	118,886	35,033	153,919
Related to Bond Refinancing	-	512,362	512,362
Total Deferred Outflows	<u>118,886</u>	<u>547,395</u>	<u>666,281</u>
Total Assets and Deferred Outflows	<u>4,754,211</u>	<u>20,051,870</u>	<u>24,806,081</u>
LIABILITIES AND NET POSITION			
Liabilities			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	12,086	320,063	332,149
Accrued Liabilities and Payroll Taxes	45,232	22,387	67,619
Accrued Compensated Absences	66,939	12,474	79,413
Utility Deposits	-	496,301	496,301
Inspector Deposit-Developments	11,963	-	11,963
Revenue Bonds Payable	-	305,698	305,698
Accrued Bond Interest Payable	-	85,444	85,444
Total Current Liabilities (Payable from Current Assets):	<u>136,220</u>	<u>1,242,367</u>	<u>1,378,587</u>
Noncurrent Liabilities			
Compensated Absences	7,437	1,386	8,823
Revenue Bonds Payable	-	6,669,360	6,669,360
Net Pension Liability	444,616	131,022	575,638
Total Noncurrent Liabilities	<u>452,053</u>	<u>6,801,768</u>	<u>7,253,821</u>
Total Liabilities	<u>588,273</u>	<u>8,044,135</u>	<u>8,632,408</u>
Deferred Inflows Related to Pensions	51,306	15,118	66,424
Total Liabilities and Deferred Inflows	<u>639,579</u>	<u>8,059,253</u>	<u>8,698,832</u>
Net Position:			
Net Investment in Capital Assets	3,491,094	10,205,108	13,696,202
Restricted for:			
Capital Projects	389,054	324,896	713,950
Unrestricted	<u>234,484</u>	<u>1,462,613</u>	<u>1,697,097</u>
Total Net Position	<u>\$ 4,114,632</u>	<u>\$ 11,992,617</u>	<u>\$ 16,107,249</u>

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Functions/Programs							
Primary Government							
Governmental activities:							
General Government	\$ 701,746	\$ 103,390	\$ -	\$ 1,247,287	\$ 648,931	\$ -	\$ 648,931
Public Safety	2,108,026	167,611	39,507	-	(1,900,908)	-	(1,900,908)
Street	437,686	264,961	-	50,143	(122,582)	-	(122,582)
Special Services	182,725	22,971	-	-	(159,754)	-	(159,754)
Total governmental activities	<u>3,430,183</u>	<u>558,933</u>	<u>39,507</u>	<u>1,297,430</u>	<u>(1,534,313)</u>	<u>-</u>	<u>(1,534,313)</u>
Business activities:							
Electric Utilities	3,248,998	3,678,621	-	-	-	429,623	429,623
Water and Sewer Utilities	1,497,994	1,702,319	-	46,262	-	250,587	250,587
Sanitation Utilities	213,801	331,697	-	-	-	117,896	117,896
Total Business-type Activities	<u>4,960,793</u>	<u>5,712,637</u>	<u>-</u>	<u>46,262</u>	<u>-</u>	<u>798,106</u>	<u>798,106</u>
Total primary government	<u>\$ 8,390,976</u>	<u>\$ 6,271,570</u>	<u>\$ 39,507</u>	<u>\$ 1,343,692</u>	<u>(1,534,313)</u>	<u>798,106</u>	<u>(736,207)</u>
General Revenues:							
Ad Valorem Tax					933,558	-	933,558
Motor Vehicle Tax					109,773	-	109,773
Franchise Tax					85,705	-	85,705
Insurance Premium Tax					242,113	-	242,113
Beer/Wine/Liquor Tax					91,517	-	91,517
Transfer Tax					1,480	-	1,480
Intangible Tax					5,451	-	5,451
Interest Income					436	-	436
Miscellaneous					12,610	35,682	48,292
Transfers					600,000	(600,000)	-
Total General Revenues and Transfers					<u>2,082,643</u>	<u>(564,318)</u>	<u>1,518,325</u>
Change in Net Position					548,330	233,788	782,118
Net Position Beginning (Restated)					3,566,302	11,758,829	15,325,131
Net Position Ending					<u>\$ 4,114,632</u>	<u>\$ 11,992,617</u>	<u>\$ 16,107,249</u>

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

CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash on Hand and In Banks	\$ 35,828	\$ 234,404	\$ 270,232
LMIG Cash in Bank	150,655	-	150,655
Ad Valorem Taxes Receivable	307,418	-	307,418
Local Option Sales Taxes Receivable	98,023	3,995	102,018
Alcoholic Beverage Taxes Receivable	8,706	-	8,706
Franchise Taxes Receivable	22,538	-	22,538
Police Fines Receivable	81,525	-	81,525
Prepaid Items	182,196	-	182,196
Inventories	18,943	-	18,943
	<u>\$ 905,832</u>	<u>\$ 238,399</u>	<u>\$ 1,144,231</u>
LIABILITIES			
Liabilities:			
Accounts Payable	12,086	-	12,086
Accrued Salaries and Taxes Payable	45,232	-	45,232
Inspector Deposit - Developments	11,963	-	11,963
Total Liabilities	<u>69,281</u>	<u>-</u>	<u>69,281</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Ad Valorem Tax Revenue	<u>215,192</u>	<u>-</u>	<u>215,192</u>
Total Deferred Inflows of Resources	<u>215,192</u>	<u>-</u>	<u>215,192</u>
Fund Balance			
Nonspendable			
Prepaid Items	182,196	-	182,196
Inventories	18,943	-	18,943
Restricted for:			
Capital Projects	150,655	238,399	389,054
Unassigned	<u>269,565</u>	<u>-</u>	<u>269,565</u>
Total Fund Balance	<u>621,359</u>	<u>238,399</u>	<u>859,758</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 905,832</u>	<u>\$ 238,399</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets of \$6,896,298 net of accumulated depreciation of \$3,405,204 are not financial resources and, therefore, are not reported in the funds.			3,491,094
Accrued compensated absences considered long-term do not require the use of current resources and therefore not recorded in the governmental funds.			(74,376)
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds. Net pension liability and related derred inflows and outflows of resources			(377,036)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.			<u>215,192</u>
Net Position of Governmental Activities			<u>\$ 4,114,632</u>

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, 2015

	General	Other Governmental Funds	Total
Revenues:			
Taxes:			
Ad Valorem Tax	\$ 873,404	\$ -	\$ 873,404
Motor Vehicle Tax	109,773	-	109,773
Franchise Tax	85,705	-	85,705
Insurance Premium Tax	242,113	-	242,113
Beer, Wine, Liquor Tax	91,517	-	91,517
Transfer Taxes	1,480	-	1,480
Intangibles Taxes	5,451	-	5,451
Total Taxes	<u>1,409,443</u>	<u>-</u>	<u>1,409,443</u>
Licenses and Permits:			
Business Licenses	55,513	-	55,513
Building & Other Permits	47,877	-	47,877
Total Licenses and Permits	<u>103,390</u>	<u>-</u>	<u>103,390</u>
Intergovernmental Revenues:			
Intergovernmental L.O.S.T. Taxes	1,131,905	115,349	1,247,254
LMI Grant	50,143	-	50,143
FEMA Fire Grant	39,507	-	39,507
FEMA Culvert Grant	91,563	-	91,563
Total Intergovernmental Revenues	<u>1,313,118</u>	<u>115,349</u>	<u>1,428,467</u>
Fines and Forfeitures:			
Police Department	<u>76,048</u>	<u>-</u>	<u>76,048</u>
Miscellaneous:			
Landfill Tipping Fees	264,961	-	264,961
Senior Center Transportation	22,971	-	22,971
Community Center	1,475	-	1,475
Cemetery Lot Sales	4,000	-	4,000
Interest Income	436	33	469
Other Miscellaneous	7,135	-	7,135
Total Miscellaneous	<u>300,978</u>	<u>33</u>	<u>301,011</u>
Total Revenues	<u>3,202,977</u>	<u>115,382</u>	<u>3,318,359</u>

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, 2015

	General	Other Governmental Funds	Totals
Expenditures:			
Current:			
Administrative	\$ 660,308	\$ -	\$ 660,308
Police	1,077,158	-	1,077,158
Fire Department	898,398	-	898,398
Street	362,214	-	362,214
Special Services	48,641	-	48,641
Total Current Expenditures	<u>3,046,719</u>	<u>-</u>	<u>3,046,719</u>
Capital Outlay:			
Administrative	17,000	-	17,000
Police	59,029	-	59,029
Fire Department	27,056	-	27,056
Street	139,126	72,265	211,391
Special Services	-	-	-
Water and Sewer	-	-	-
Total Capital Outlay	<u>242,211</u>	<u>72,265</u>	<u>314,476</u>
Total Expenditures	<u>3,288,930</u>	<u>72,265</u>	<u>3,361,195</u>
Excess (Deficit) of Revenues Over Expenditures Before	<u>(85,953)</u>	<u>43,117</u>	<u>(42,836)</u>
Other Financing Sources			
Transfers in	600,000	-	600,000
Transfers out	-	-	-
Total Other Financing Sources	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Net Change in Fund Balance	514,047	43,117	557,164
Fund Balance Beginning	<u>107,312</u>	<u>195,282</u>	<u>302,594</u>
Fund Balance Ending	<u>\$ 621,359</u>	<u>\$ 238,399</u>	<u>\$ 859,758</u>

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, 2015

Net change in fund balances - total governmental funds:	\$ 557,164
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 \$314,476 exceeded depreciation of \$314,046 in the current period.	430
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(64,919)
Change in net pension liability and related derred inflows and outflows of resources	(4,499)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	60,154
Change in Net Position of Government Activities	<u>\$ 548,330</u>

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, 2015

	Budget		Actual	Variance- Positive (Negative)
	Original	Revised		
Revenues:				
Taxes	\$ 1,407,500	\$ 1,407,500	1,409,443	\$ 1,943
Licenses and Permits	41,500	41,500	103,390	61,890
Intergovernmental Revenues	1,484,675	1,484,675	1,313,118	(171,557)
Fines and Forfeitures	105,000	105,000	76,048	(28,952)
Special Services	33,700	33,700	28,446	(5,254)
Miscellaneous Revenue	268,500	268,500	272,532	4,032
Total Revenues	<u>3,340,875</u>	<u>3,340,875</u>	<u>3,202,977</u>	<u>(137,898)</u>
Expenditures:				
Administrative	733,237	733,237	648,558	84,679
Police Department	1,285,600	1,285,600	1,077,160	208,440
Fire/Emergency Medical Department	1,034,881	1,034,881	898,398	136,483
Street Department	519,700	519,700	362,214	157,486
Special Services	55,900	55,900	48,641	7,259
Mayor & Council Contingency	109,803	109,803	11,750	98,053
Capital Outlay	312,700	312,700	242,211	70,489
Total Expenditures	<u>4,051,821</u>	<u>4,051,821</u>	<u>3,288,932</u>	<u>762,889</u>
Excess (Deficiency) of Revenues over Expenditures	(710,946)	(710,946)	(85,955)	624,991
Other Financing Sources (Uses)				
Transfers in	-	-	600,000	600,000
Net Change in Fund Balance	(710,946)	(710,946)	514,045	1,224,991
Fund Balance at Beginning of Year	<u>107,312</u>	<u>107,312</u>	<u>107,312</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (603,634)</u>	<u>\$ (603,634)</u>	<u>\$ 621,357</u>	<u>\$ 1,224,991</u>

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



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CITY OF PALMETTO, GEORGIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2015

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
ASSETS				
Current Assets:				
Cash in Banks	\$ 306,848	\$ 16,397	\$ 452,618	\$ 775,863
Restricted for Construction	-	324,896	-	324,896
Prepaid Expenses	18,814	24,224	-	43,038
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	504,598	219,267	59,287	783,152
Other Receivables	1,028	46,262	-	47,290
Inventories	320,182	29,888	-	350,070
Total Current Assets	<u>1,151,470</u>	<u>660,934</u>	<u>511,905</u>	<u>2,324,309</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	2,215,207	-	2,215,207
Capital Assets Being Depreciated:				
Buildings	62,132	1,850	-	63,982
Utility Distribution System	2,652,015	17,471,180	-	20,123,195
Water Tanks	-	257,732	-	257,732
Machinery, Vehicles, and Equipment	289,978	154,372	-	444,350
Total	<u>3,010,792</u>	<u>20,100,341</u>	<u>-</u>	<u>23,111,133</u>
Less: Accumulated Depreciation	<u>(1,209,929)</u>	<u>(4,721,038)</u>	<u>-</u>	<u>(5,930,967)</u>
Total Capital Assets	<u>1,800,863</u>	<u>15,379,303</u>	<u>-</u>	<u>17,180,166</u>
Total Noncurrent Assets	<u>1,800,863</u>	<u>15,379,303</u>	<u>-</u>	<u>17,180,166</u>
Total Assets	<u>2,952,333</u>	<u>16,040,237</u>	<u>511,905</u>	<u>19,504,475</u>
Deferred Outflows				
Related to Pension	15,232	19,801	-	35,033
Related to Bond Refinancing	-	512,362	-	512,362
Total Deferred Outflows	<u>15,232</u>	<u>532,163</u>	<u>-</u>	<u>547,395</u>
Total Assets and Deferred Outflows	<u>2,967,565</u>	<u>16,572,400</u>	<u>511,905</u>	<u>20,051,870</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	238,354	62,787	18,922	320,063
Accrued Liabilities and Payroll Taxes	16,330	6,057	-	22,387
Accrued Compensated Absences	5,376	7,098	-	12,474
Utility Deposits	473,951	22,350	-	496,301
Revenue Bonds Payable	-	305,698	-	305,698
Total Current Liabilities (Payable from Current Assets):	<u>734,011</u>	<u>403,990</u>	<u>18,922</u>	<u>1,156,923</u>
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	85,444	-	85,444
Total Current Liabilities (Payable from Restricted Assets)	<u>-</u>	<u>85,444</u>	<u>-</u>	<u>85,444</u>
Total Current Liabilities	<u>734,011</u>	<u>489,434</u>	<u>18,922</u>	<u>1,242,367</u>
Noncurrent Liabilities				
Compensated Absences	597	789	-	1,386
Revenue Bonds Payable	-	6,669,360	-	6,669,360
Net Pension Liability	56,967	74,055	-	131,022
Total Non-Current Liabilities	<u>57,564</u>	<u>6,744,204</u>	<u>-</u>	<u>6,801,768</u>
Total Liabilities	<u>791,575</u>	<u>7,233,638</u>	<u>18,922</u>	<u>8,044,135</u>
Deferred Inflow Related to Pension	6,574	8,544	-	15,118
Total Liabilities and Deferred Inflows	<u>798,149</u>	<u>7,242,182</u>	<u>18,922</u>	<u>8,059,253</u>
NET POSITION				
Net Investment in Capital Assets	1,800,863	8,404,245	-	10,205,108
Restricted for Construction	-	324,896	-	324,896
Unrestricted	368,553	601,077	492,983	1,462,613
Total Net Position	<u>\$ 2,169,416</u>	<u>\$ 9,330,218</u>	<u>\$ 492,983</u>	<u>\$ 11,992,617</u>

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, 2015

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Sales of Utilities	\$ 3,533,296	\$1,635,724	\$ -	\$ 5,169,020
Sanitation Charges	-	-	309,348	309,348
Penalties	112,240	66,270	21,434	199,944
Service, Cut on, and Permit Fees	5,620	-	-	5,620
Miscellaneous	27,465	325	915	28,705
Total Operating Revenue	<u>3,678,621</u>	<u>1,702,319</u>	<u>331,697</u>	<u>5,712,637</u>
Operating Expenses:				
Purchase of Utilities	2,773,537	42,211	-	2,815,748
Sewer Treatment	-	225,602	-	225,602
Salaries	145,892	202,300	-	348,192
Payroll Taxes	11,198	15,081	-	26,279
Retirement	19,097	24,824	-	43,921
Insurance (Group)	43,669	60,398	-	104,067
Training	11,679	-	-	11,679
Uniforms	3,351	1,727	-	5,078
Insurance - Vehicles and Equipment	9,450	2,747	-	12,197
Insurance - Other	5,804	12,948	-	18,752
Georgia Public Web	2,124	-	-	2,124
Bad Debts	3,891	863	4,743	9,497
Professional Fees	28,880	41,799	-	70,679
Miscellaneous Administrative Expenses	394	11,531	-	11,925
Office Supplies	220	742	-	962
Depreciation Expense	73,512	373,191	-	446,703
Contracted Services	-	-	209,058	209,058
Repairs and Maintenance:				
Buildings	(26)	611	-	585
Distribution System	14,092	113,017	-	127,109
Equipment	776	1,740	-	2,516
Vehicles	10,552	1,313	-	11,865
Gas and Oil	7,804	8,695	-	16,499
Supplies	51,015	46,051	-	97,066
Equipment Rental	-	3,241	-	3,241
Telephone	3,802	10,508	-	14,310
Utilities	1,201	2,859	-	4,060
Miscellaneous Operating Expense	27,084	2,110	-	29,194
Total Operating Expenses	<u>3,248,998</u>	<u>1,206,109</u>	<u>213,801</u>	<u>4,668,908</u>
Operating Income	<u>429,623</u>	<u>496,210</u>	<u>117,896</u>	<u>1,043,729</u>

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, 2015

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Nonoperating Revenues (Expenses):				
Contribution from MEAG	\$ 12,506	\$ -	\$ -	\$ 12,506
Bond Issue Costs	-	(126,542)	-	(126,542)
Community Development Block Grant	-	46,262	-	46,262
Miscellaneous Revenue	23,176	-	-	23,176
Bond Interest	-	(165,343)	-	(165,343)
Total Nonoperating Revenues (Expenses)	<u>35,682</u>	<u>(245,623)</u>	<u>-</u>	<u>(209,941)</u>
Transfers In (Out)	<u>(800,000)</u>	<u>200,000</u>	<u>-</u>	<u>(600,000)</u>
Change in Net Position	(334,695)	450,587	117,896	233,788
Net Position, Beginning of Year (Restated)	<u>2,504,111</u>	<u>8,879,631</u>	<u>375,087</u>	<u>11,758,829</u>
Net Position, End of Year	<u>\$ 2,169,416</u>	<u>\$9,330,218</u>	<u>\$492,983</u>	<u>\$ 11,992,617</u>

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, 2015

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	\$ 3,672,939	\$ 1,743,576	\$ 335,991	\$ 5,752,506
Payments to Suppliers	(3,008,654)	(610,961)	(232,234)	(3,851,849)
Payments to Employees	(145,892)	(202,300)	-	(348,192)
Net Cash Provided by (Used in) Operating Activities	<u>518,393</u>	<u>930,315</u>	<u>103,757</u>	<u>1,552,465</u>
Cash Flows from Non-Capital Financing Activities:				
Transferred from (to) Other Funds	<u>(800,000)</u>	<u>200,000</u>	<u>-</u>	<u>(600,000)</u>
Net Cash Flows from Non-Capital Financing Activities:	<u>(800,000)</u>	<u>200,000</u>	<u>-</u>	<u>(600,000)</u>
Cash Flows from Capital and Related Financing Activities:				
Cash Paid for Additions to Property, Plant and Equipment	(1,658)	(312,925)	-	(314,583)
Contribution from MEAG	12,506	-	-	12,506
FEMA Payments	23,176	-	-	23,176
Proceeds from New Loans	-	7,280,757	-	7,280,757
Principal Paid on Bond Indebtedness	-	(7,810,699)	-	(7,810,699)
Interest Paid on Bond Indebtedness	-	(85,671)	-	(85,671)
Bond Issuance Costs	-	(126,542)	-	(126,542)
Net Cash Flows from Capital and Related Financing Activities	<u>34,024</u>	<u>(1,055,080)</u>	<u>-</u>	<u>(894,514)</u>
Net Increase (Decrease) in Cash	(247,583)	75,235	103,757	57,951
Cash at Beginning of Year	<u>554,431</u>	<u>266,058</u>	<u>348,861</u>	<u>1,169,350</u>
Cash at End of Year	<u>\$ 306,848</u>	<u>\$ 341,293</u>	<u>\$ 452,618</u>	<u>\$ 1,100,759</u>
Classified As:				
Cash on Hand and in Banks	306,848	341,293	452,618	1,100,759
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	<u>429,623</u>	<u>496,210</u>	<u>117,896</u>	<u>1,043,729</u>
Adjustments Not Affecting Cash:				
Depreciation and Amortization	73,512	373,191	-	446,703
Capital contribution from SPLOST Fund	-	-	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(40,222)	29,284	4,294	(6,644)
(Increase) Decrease in Inventory	40,727	(606)	-	40,121
(Increase) Decrease in Prepaid Expenses	(845)	9,455	-	8,610
Increase (Decrease) in Accounts Payable	(14,126)	19,835	(18,433)	(12,724)
Increase (Decrease) in Accrued Liabilities	(4,816)	2,183	-	(2,633)
Increase (Decrease) in Utility Deposits	<u>34,540</u>	<u>763</u>	<u>-</u>	<u>35,303</u>
Total Adjustments	<u>88,770</u>	<u>434,105</u>	<u>(14,139)</u>	<u>508,736</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 518,393</u>	<u>\$ 930,315</u>	<u>\$ 103,757</u>	<u>\$ 1,552,465</u>

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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015, 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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 revenues 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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015. Reported prepaid items in the General Fund are equally offset by a

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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 \$88,236 compared to \$109,983 in the previous

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

year which represents a decrease of \$21,747. 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. As of June 30, 2015 the City had outstanding bonds of \$6,975,058 resulting from the issuance of a Combined Utility Revenue Refunding Bond, Series 2014 on August 18, 2014.

7. Fund Equity

Fund Balances:

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

<u>General Fund</u>	
Prepaid Items	\$ 182,196
Inventories	18,943
Total	<u>\$ 201,139</u>

- Restricted - The following fund balances are restricted for:

<u>General Fund</u>	
Capital Projects	\$ 150,655
<u>SPLOST Fund</u>	
Capital Projects	238,399
Total	<u>\$ 389,054</u>

- Unassigned – The following fund balance is unassigned:

<u>General Fund</u>	
Unassigned	<u>\$ 269,565</u>

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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

classifications could be used. The City Council is authorized to assign amounts to a specific purpose. The City does not have a policy for assigning amounts.

D. Change in Accounting Principle

The net position of the governmental activities, business-type activities and also the General Fund, Electric Fund, and the Water and Sewer Fund were restated to reflect the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 changed how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide. GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plan after the measurement date for the year in which GASB Statement No. 68 is implemented. See also Note (11).

The effect on the change in net position of the prior year is undeterminable.

(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	\$ 314,476
Depreciation expense	(314,046)
Net adjustment to increase changes in fund balances total government funds to arrive at changes in net assets of governmental activities	<u>430</u>

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 difference is as follows:

Deferred ad valorem taxes-current year	\$ (155,038)
Deferred ad valorem taxes-prior year	215,192
Net adjustment to decrease changes in fund balances total government funds to arrive at changes in net assets of governmental activities	<u>60,154</u>

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Another element states “Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The detail of this difference is as follows:

Compensated absences		\$ (64,919)
Change in net pension liability and related deferred inflows and outflows of resources		
Net pension liability - prior	500,010	
Net pension liability - current	444,616	55,394
Deferred outflows prior	127,473	
Deferred outflows current	118,886	(8,587)
Deferred inflows prior	-	
Deferred inflows current	51,306	(51,306)
		\$ (4,499)

(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 which 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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

(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 \$1,521,646 and a bank balance of \$1,721,005. Of the bank balance, \$500,000 was covered by federal depository insurance and \$1,221,005 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, 2015.

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.

<u>Banks</u>	<u>Fair Value</u>
Ninety days or less	\$ 811,691

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, \$239,929 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, 2015 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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	\$634,578	\$129,980	\$504,598
Water & Sewer	310,840	91,573	219,267
Sanitation	105,582	46,295	59,287
Total	\$1,051,000	\$267,848	\$783,152

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

C. Capital Assets

Governmental activities as of June 30, 2015:

Asset Class	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
<u>Capital assets not being depreciated:</u>				
Land	\$ 291,180	\$ -	\$ -	\$ 291,180
<u>Capital assets being depreciated:</u>				
Building	3,066,224	28,689	-	3,094,913
Furniture	92,757	-	-	92,757
Machinery, Equipment, & Vehicles	1,595,240	74,397	-	1,669,637
Infrastructure	1,536,421	211,390	-	1,747,811
Total capital assets being depreciated	6,290,642	314,476	-	6,605,118
Less accumulated depreciation for:				
Buildings	1,195,574	165,556	-	1,361,130
Furniture	85,899	1,629	-	87,528
Machinery, Equipment, & Vehicles	1,306,300	86,033	-	1,392,333
Infrastructure	503,385	60,828	-	564,213
Total accumulated depreciation	3,091,158	314,046	-	3,405,204
Total capital assets being depreciated, net	3,199,484	430	-	3,199,914
Government activities capital assets, net	\$ 3,490,664	\$ 430	\$ -	\$ 3,491,094

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Business-type activities as of June 30, 2015:

Asset Class	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
<u>Capital assets not being depreciated:</u>				
Land	\$ 6,667	\$ -	\$ -	\$ 6,667
Construction In Progress	1,849,070	366,137	-	2,215,207
Total capital assets not being depreciated	<u>1,855,737</u>	<u>366,137</u>	<u>-</u>	<u>2,221,874</u>
<u>Capital assets being depreciated:</u>				
Buildings	63,982	-	-	63,982
Machinery, Vehicles, and Equipment	435,372	8,978	-	444,350
Water Tanks	238,825	18,907	-	257,732
Distribution System	20,123,195	-	-	20,123,195
Total capital assets being depreciated	<u>20,861,374</u>	<u>27,885</u>	<u>-</u>	<u>20,889,259</u>
Less accumulated depreciation for:				
Buildings	50,776	1,948	-	52,724
Machinery, Vehicles, and Equipment	343,043	22,216	-	365,259
Water Tanks	141,564	13,364	-	154,928
Distribution system	4,949,562	409,856	-	5,359,418
Total accumulated depreciation	<u>5,484,945</u>	<u>447,384</u>	<u>-</u>	<u>5,932,329</u>
Total capital assets being depreciated, net	<u>15,376,429</u>	<u>(419,499)</u>	<u>-</u>	<u>14,956,930</u>
Business type activities capital assets, net	<u>\$ 17,232,166</u>	<u>\$ (53,362)</u>	<u>\$ -</u>	<u>\$ 17,178,804</u>

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

Governmental Activities	
Administration	\$ 30,749
Police	54,168
Fire	26,113
Streets	68,932
Special Services	<u>134,084</u>
Total depreciation expense-governmental activities	<u><u>314,046</u></u>
Business-type activities:	
Electric	73,512
Water and Sewer	<u>373,191</u>
Total depreciation expense-business-type activities	<u><u>\$ 446,703</u></u>

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2015:

	Water & Sewer Revenue
Bonds Payable July 1, 2014	\$ 7,035,000
Bonds Issued	7,280,757
Bonds Retired	7,340,699
Bonds Payable June 30, 2015	\$ 6,975,058

On August 27, 2014, the City of Palmetto issued a Combined Utility Revenue Refunding Bond, Series 2014 amounting to \$7,280,757 of long term debt. The Series 2014 Bonds were issued for the purpose of an advanced refinancing of the Combined Utility Revenue Bonds Series 2005.

Bonds Payable at June 30, 2015 are comprised of the following:

- \$7,280,757 Series 2014, Combined Utility Revenue Refunding Bonds due in annual installments of \$602,897 to \$733,893 through July 1, 2025; interest at 2.45%.

For Year Ending	Water & Sewer System Principal	Water & Sewer System Interest	Water & Sewer System Total
2016	603,275	167,144	770,419
2017	602,897	152,463	755,360
2018	617,928	137,598	755,526
2019	634,531	122,369	756,900
2020	650,374	106,710	757,084
2021	665,405	90,695	756,100
2022	682,031	74,288	756,319
2023	697,953	57,478	755,431
2024	715,328	40,283	755,611
2025	733,893	22,640	756,533
2026	371,443	4,550	375,993
Total	\$ 6,975,058	\$ 976,218	\$ 7,575,283

The net carrying amount of the Series 2005 was \$6,294,502, and the 2005 Series are considered defeased and therefore not recorded on the financial statements. The Water and Sewer Fund retained \$324,896 in a construction account and paid \$126,542 in issuance costs which have been recorded as an expense. The refunding resulted in an economic gain of \$262,595. The reacquisition price was greater than the net carrying amount on the financial statements resulting in a deferred outflow on refunding debt of \$534,817. This deferred outflow will be allocated in a systematic and rational manner over the life of the new loan as a component of interest expense as follows:

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Pmt Date	Principal Payment	Actual New Debt	Deferred Refunding	Net New Debt	Effective Interest	Stated Interest	Deferred Refunding Amortization
7/1/2015	305,698	6,669,360	512,362	6,156,998	108,884	85,444	23,440
1/1/2016	297,577	6,371,783	488,922	5,882,861	104,561	81,700	22,861
7/1/2016	297,577	6,074,206	466,061	5,608,145	100,888	78,054	22,834
1/1/2017	305,320	5,768,886	443,227	5,325,659	97,836	74,409	23,427
7/1/2017	305,320	5,463,566	419,801	5,043,765	94,127	70,669	23,458
1/1/2018	312,608	5,150,958	396,343	4,754,615	90,949	66,929	24,020
7/1/2018	312,607	4,838,351	372,323	4,466,028	87,153	63,099	24,054
1/1/2019	321,924	4,516,427	348,269	4,168,158	84,043	59,270	24,773
7/1/2019	321,923	4,194,504	323,497	3,871,007	80,151	55,327	24,824
1/1/2020	328,451	3,866,053	298,673	3,567,380	76,714	51,383	25,331
7/1/2020	328,450	3,537,603	273,341	3,264,262	72,733	47,359	25,374
1/1/2021	336,955	3,200,648	247,967	2,952,681	69,372	43,336	26,036
7/1/2021	336,955	2,863,693	221,931	2,641,762	65,313	39,208	26,105
1/1/2022	345,076	2,518,617	195,826	2,322,791	61,823	35,080	26,743
7/1/2022	345,075	2,173,542	169,083	2,004,459	57,683	30,853	26,830
1/1/2023	352,878	1,820,664	142,253	1,678,411	54,076	26,625	27,451
7/1/2023	352,877	1,467,787	114,802	1,352,985	49,874	22,303	27,571
1/1/2024	362,451	1,105,336	87,231	1,018,105	46,329	17,980	28,349
7/1/2024	362,450	742,886	58,882	684,004	42,144	13,540	28,604
1/1/2025	371,443	371,443	30,278	341,165	38,541	9,100	29,441
7/1/2025	371,443	-	837	(837)	5,387	4,550	837
	<u>6,975,058</u>				<u>1,488,579</u>	<u>976,218</u>	<u>512,361</u>

The amount of deferred outflows recognized during the year was \$22,456.

The following is a summary of compensated absences for governmental activities of the City for the year ended June 30, 2015:

<u>Compensated Absences</u>	<u>Governmental Activities</u>
Compensated Absences July 1, 2014	\$ 94,570
Absences Accrued	64,921
Absences (Used)	<u>(85,115)</u>
Compensated Absences Payable June 30, 2015	<u>\$ 74,376</u>
Due Within One Year	<u>\$ 66,939</u>

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

The following is a summary of compensated absences for business-type activities of the City for the year ended June 30, 2015:

<u>Compensated Absences</u>	<u>Business-Type Activities</u>
Compensated Absences July 1, 2014	\$ 15,412
Absences Accrued	12,319
Absences (Used)	(13,871)
Compensated Absences Payable June 30, 2015	<u>\$ 13,860</u>
Due Within One Year	<u>\$ 12,474</u>

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

E. Transfers

During the year the City transferred money between funds. The Electric Fund transferred \$600,000 to the General Fund for the purpose of overcoming a cash deficiency in the General Fund. The Electric Fund also transferred \$200,000 to the Water and Sewer Fund for the purpose of overcoming a cash deficiency.

(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.

Plan Benefits. Benefits vest after ten years of service for employees, immediate vesting for officials. Members may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age 55, depending on the classification. Benefits are calculated at 1.25% 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 \$40 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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Employees Cover by Benefit Term. At the January 1, 2015 valuation date the following employees were covered by the benefit terms:

Active participants	60
Inactive vested participants	19
Retired participants and beneficiary	<u>23</u>
Total covered by plan	<u><u>102</u></u>

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 9.66% 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.

Net Pension Liability. The City’s net pension liability was measured as of September 30, 2014 which makes them applicable to the Fiscal Year beginning July 1, 2014 and ending June 30, 2015.

Plan Changes and Assumptions.

- As a result of the plan change to provide immediate participation for employees, the eligibility assumption has been changed from one year to immediate.
- The inflation assumption was changed from 3.5% to 3.25 %.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age related rates to an assumption based on new service-related rates. Under the prior assumption the salary increases ranged from 4% to 11% and included an inflation rate of 3.5%. Under the new assumption, the salary increases range from 3.75% to 8% and include an inflation rate of 3.25%.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Long-term Nominal Real Rate of Return
Domestic Equity	50.00%	5.95%	9.20%
International Equity	15.00%	6.45%	9.70%
Fixed Income	25.00%	1.55%	4.80%
Real Estate	10.00%	3.75%	7.00%
Cash	0.00%		
Total	<u><u>100.00%</u></u>		

Discount Rate. The discount rate to measure the total pension liability was 7.75% for 2014 and will be on an ongoing basis. The projection of cash flows used to determine the discount rate assumed a 3.25% inflation rate, a social security wage base increase of 3.25%, a cost of living adjustment of 3%, and administrative expenses of \$2,500 plus \$45 per participant plus 0.05% of the market value of assets.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Changes in Net Pension Liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2013	\$ 2,912,950	\$ 2,265,602	\$ 647,348
Changes for the year:			
Service cost	130,260	-	130,260
Interest	220,560	-	220,560
Difference between expected and actual experience	9,018	-	9,018
Contributions - employer	-	185,511	(185,511)
Contributions - employee	-	-	-
Net investment income	-	260,364	(260,364)
Benefit payments, including refunds of employee contributions	(134,017)	(134,017)	-
Administrative expense	-	(6,385)	6,385
Other	7,942	-	7,942
Net changes	233,763	305,473	(71,710)
Balances at September 30, 2014	\$ 3,146,713	\$ 2,571,075	\$ 575,638

Sensitivity of Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one per cent lower than the current rate and also one per cent higher than the current rate.

	Current Discount		
	1% Decrease 6.75%	Rate 7.75%	1% Increase 8.75%
City's Net Pension Liability	\$ 951,474	\$ 575,638	\$ 261,746

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2015 the City recognized pension expense of \$166,657. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,216	\$ -
Changes in assumptions	6,352	-
Net difference between projected and actual earnings on pension plan investments	-	(66,424)
Contributions subsequent to the measurement date ***	140,351	-
Total	\$ 153,919	\$ (66,424)

***The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2016.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ 13,214
2017	13,214
2018	13,214
2019	13,214

(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. The coverage is as follows:

COVERAGE DESCRIPTION - PROPERTY:

Buildings and Contents	\$10,165,855
Mobile Equipment	522,913
Automobile Physical Damage	Per application on file with GIRMA

COVERAGE DESCRIPTION - CASUALTY:

Comprehensive General Liability and Law Enforcement Liabi	1,000,000
Automobile Liability	1,000,000
Errors and Omissions (Public Officials) Liability	1,000,000
Employee Benefits Liability	1,000,000
Pollution Liability	1,000,000

COVERAGE DESCRIPTION - CRIME:

Blanket Bond	500,000
Depositors Forgery	500,000
Computer Crime	500,000
Money and Securities - Loss Inside and Outside the Premise	500,000

DEDUCTIBLE:

All coverages are subject to a per occurrence deductible of	1,000
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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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established.
- To assist and cooperate with GIRMA, or its authorized representatives, in defense and settlement of claims against the City.
- To use due diligence and concur in doing all things reasonable practicable to avoid or diminish any loss of or damage to the property herein covered.
- To allow GIRMA, or their duly authorized representatives, reasonable access to inspect the premises and to examine the books or records so far as they relate to coverage provided by GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

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

The City is not aware of any claims which the City is liable for (up to the \$1,000) which were outstanding and unpaid at June 30, 2015. No provisions have been made in the financial statements for the year ended June 30, 2015 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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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, 2015 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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

(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 October 30, 2015.

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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

Prior period adjustments were made to the General Fund, Electric Fund, and the Water and Sewer Fund as a result of determining an opening balance for net pension liability and deferred outflows to comply with GASB 68. The amounts were reductions in net position of \$372,537 for the Governmental Funds, \$47,731 for the Electric Fund, and \$62,048 for the Water and Sewer Fund.

A prior period adjustment was made in the Water and Sewer Fund by the City for a classification error which had group insurance expenses misclassified as withholdings. The net effect was to reduce the net position of the Water and Sewer Fund by \$11,960.



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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, 2015

	Confiscated Assets Fund	SPLOST Fund	Total Non-Major Governmental
ASSETS			
Cash on Hand and in Banks	\$ -	\$ 234,404	\$ 234,404
Local Option Sales Tax Receivable	-	3,995	3,995
Total Assets	<u>-</u>	<u>238,399</u>	<u>238,399</u>
LIABILITIES AND FUND BALANCE			
Fund Balances			
Restricted for:			
Drug Related Expenditures	-	-	-
Capital Projects Financed with SPLOST	-	238,399	238,399
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 238,399</u>	<u>\$ 238,399</u>

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2015

	<u>Confiscated Asset Fund</u>	<u>SPLOST Fund</u>	<u>Total Non-Major Governmental</u>
Revenues:			
Intergovernmental L.O.S.T. Taxes	\$ -	\$115,349	\$ 115,349
Interest Income	-	33	33
Total Revenues	<u>-</u>	<u>115,382</u>	<u>115,382</u>
Expenditures:			
Current			
Administrative	-	-	-
Capital Outlays	-	72,265	72,265
Total Expenditures	<u>-</u>	<u>72,265</u>	<u>72,265</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>43,117</u>	<u>43,117</u>
Other Financing (Uses)			
Transfers Out	-	-	-
Net Change in Fund Balances	-	43,117	43,117
Fund Balance at Beginning of Year	<u>-</u>	<u>195,282</u>	<u>195,282</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 238,399</u>	<u>\$ 238,399</u>

CITY OF PALMETTO, GEORGIA

ELECTRIC FUND

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

For the Fiscal Years Ended June 30, 2015 and 2014

	2015			2014		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	\$ 3,570,000	\$ 3,533,296	\$ (36,704)	\$ 3,496,534	\$ 3,310,560	\$ (185,974)
Cut On and Permit Fees	1,500	970	(530)	1,500	1,685	185
Penalties	175,000	112,240	(62,760)	90,000	80,551	(9,449)
Service Fees	10,000	4,650	(5,350)	20,000	6,027	(13,973)
Miscellaneous	15,000	27,465	12,465	115,000	28,271	(86,729)
Total Operating Revenue	3,771,500	3,678,621	(92,879)	3,723,034	3,427,094	(295,940)
Operating Expenses:						
Personnel Services:						
Salaries	149,400	145,892	3,508	148,656	156,347	(7,691)
Payroll Taxes	12,500	11,198	1,302	12,500	11,731	769
Retirement	21,000	18,519	2,481	21,268	20,291	977
Insurance (Group and Worker's Compensation)	45,000	43,669	1,331	43,100	42,542	558
Training Expense	12,000	11,679	321	12,000	11,740	260
Uniforms	4,000	3,351	649	4,000	3,938	62
Total Personal Services	243,900	234,308	9,592	241,524	246,589	(5,065)
Administrative Expenses:						
Insurance - Vehicles and Equipment	10,000	9,450	550	9,000	8,760	240
Insurance - Other	6,000	5,804	196	6,000	5,346	654
Miscellaneous	1,000	394	606	-	1,253	(1,253)
Office Supplies	500	220	280	500	573	(73)
Postage	3,000	-	3,000	4,500	1,267	3,233
Georgia Public Web	2,500	2,124	376	2,500	1,771	729
Professional Fees and Contracted Services	60,000	28,880	31,120	70,000	31,004	38,996
Total Administrative Expenses	83,000	46,872	36,128	92,500	49,974	42,526
Depreciation Expense	-	73,512	(73,512)	75,000	73,045	1,955
Other Operating Expenses:						
Purchase of Utilities	2,500,000	2,773,537	(273,537)	2,750,000	2,760,568	(10,568)
Repairs and Maintenance:						
Buildings	4,000	(26)	4,026	4,000	1,043	2,957
Distribution System	29,000	14,092	14,908	20,000	-	20,000
Equipment	3,000	776	2,224	3,000	2,041	959
Vehicles	5,000	10,552	(5,552)	5,000	1,812	3,188
Bad Debt Expense	-	3,891	(3,891)	-	160	(160)
Equipment Rental	200	-	200	200	40	160
Gas and Oil	10,000	7,804	2,196	8,000	11,431	(3,431)
Miscellaneous Operating Expenses	34,200	27,084	7,116	14,300	28,696	(14,396)
Supplies	15,000	51,015	(36,015)	10,000	11,479	(1,479)
Telephone	5,000	3,802	1,198	2,800	4,456	(1,656)
Utilities	1,600	1,201	399	1,500	1,531	(31)
Total Other Operating Expenses	2,607,000	2,893,728	(286,728)	2,818,800	2,823,257	(4,457)
Total Expenses	2,933,900	3,248,420	(314,520)	3,227,824	3,192,865	34,959
Operating Income (Loss)	837,600	430,201	(407,399)	495,210	234,229	(260,981)
Nonoperating Revenues (Expenses):						
MEAG Telecom	15,000	12,506	27,506	15,000	12,506	27,506
Miscellaneous Revenue	-	23,176	23,176	100	-	100
Transferred to Water and Sewer Fund	-	(200,000)	(200,000)	-	(160,000)	(160,000)
Transferred to General Fund	-	(600,000)	(600,000)	-	(160,000)	(160,000)
Total Nonoperating Revenues (Expenses)	15,000	(764,318)	(749,318)	15,100	(147,494)	(132,394)
Change in Net Position	852,600	(334,117)	(1,186,717)	510,310	86,735	(423,575)
Net Position at Beginning of Year	2,551,842	2,551,842	-	2,517,565	2,517,565	-
Prior Period Adjustment	-	-	-	-	(52,458)	(52,458)
Net Position at End of Year	\$ 3,404,442	\$ 2,217,725	\$ (1,186,717)	\$ 3,027,875	\$ 2,551,842	\$ (476,033)

CITY OF PALMETTO, GEORGIA

WATER AND SEWER FUND

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

For the Fiscal Years Ended June 30, 2015 and 2014

	2015			2014		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	\$ 1,875,000	\$ 1,592,474	\$ (282,526)	\$ 1,663,368	\$ 1,850,134	\$ 186,766
Water and Sewer Taps	170,000	43,250	(126,750)	125,000	98,000	(27,000)
Penalties	50,000	66,270	16,270	50,000	43,911	(6,089)
Community Development Block Grant	-	46,262	46,262	-	-	-
Miscellaneous	300	325	25	1,300	10	(1,290)
Total Operating Revenues	<u>2,095,300</u>	<u>1,748,581</u>	<u>(346,719)</u>	<u>1,839,668</u>	<u>1,992,055</u>	<u>152,387</u>
Operating Expenses:						
Personnel Services:						
Salaries	250,600	202,300	48,300	280,968	199,192	81,776
Payroll Taxes	16,100	15,081	1,019	16,100	14,690	1,410
Retirement	25,000	24,074	926	19,150	25,670	(6,520)
Insurance (Group and Worker's Compensation)	61,000	60,398	602	61,000	53,903	7,097
Training Expenses	-	-	-	4,000	743	3,257
Uniforms	4,000	1,727	2,273	4,000	3,411	589
Total Personal Services	<u>356,700</u>	<u>303,580</u>	<u>53,120</u>	<u>385,218</u>	<u>297,609</u>	<u>87,609</u>
Administrative Expenses:						
Insurance - Vehicles and Equipment	3,000	2,747	253	3,000	2,539	461
Insurance - Other	15,000	12,948	2,052	12,000	12,032	(32)
Miscellaneous	10,000	11,531	(1,531)	11,000	8,564	2,436
Professional Fees	60,000	41,799	18,201	60,000	23,050	36,950
Office Supplies	500	742	(242)	200	-	200
Total Administrative Expenses	<u>88,500</u>	<u>69,767</u>	<u>18,733</u>	<u>86,200</u>	<u>46,185</u>	<u>40,015</u>
Depreciation Expense	-	373,191	(373,191)	-	368,531	(368,531)
Other Operating Expenses:						
Water Purchases	40,000	42,211	(2,211)	40,000	19,013	20,987
Sewer Treatment	275,000	225,602	49,398	210,000	301,988	(91,988)
Bad Debt Expense	-	863	(863)	-	2,541	(2,541)
Equipment Rental	7,000	3,241	3,759	5,000	9,763	(4,763)
Gas and Oil	10,000	8,695	1,305	7,000	10,791	(3,791)
Miscellaneous Operating Expense	6,500	2,110	4,390	4,000	1,715	2,285
Repairs and Maintenance:						
Buildings	2,000	611	1,389	2,000	-	2,000
Distribution - Water and Sewer Systems	120,000	113,017	6,983	120,000	100,364	19,636
Equipment	10,000	1,740	8,260	20,000	7,687	12,313
Vehicles	5,000	1,313	3,687	5,000	1,350	3,650
Supplies	90,000	46,051	43,949	85,000	39,918	45,082
Telephone	9,000	10,508	(1,508)	8,000	9,528	(1,528)
Utilities	4,000	2,859	1,141	4,000	2,555	1,445
Total Other Operating Expenses	<u>578,500</u>	<u>458,821</u>	<u>119,679</u>	<u>510,000</u>	<u>507,213</u>	<u>2,787</u>
Total Expenses	<u>1,023,700</u>	<u>1,205,359</u>	<u>(181,659)</u>	<u>981,418</u>	<u>1,219,538</u>	<u>(238,120)</u>
Operating Income (Loss)	<u>1,071,600</u>	<u>543,222</u>	<u>(528,378)</u>	<u>858,250</u>	<u>772,517</u>	<u>(85,733)</u>
Nonoperating Revenues (Expenses):						
Bond Interest	(300,000)	(165,343)	134,657	(683,726)	(289,321)	394,405
Amortization	-	-	-	-	(27,050)	(27,050)
Contribution from MEAG	-	-	-	-	200,000	200,000
Bond Issue Costs	-	(126,542)	-	-	-	-
Transferred from Electric Fund	-	200,000	200,000	-	-	-
Transferred to General Fund	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(300,000)</u>	<u>(91,885)</u>	<u>334,657</u>	<u>(683,726)</u>	<u>(116,371)</u>	<u>567,355</u>
Capital Contributions						
Transferred in	-	-	-	-	52,783	52,783
Change in Net Position	771,600	451,337	(193,721)	174,524	708,929	534,405
Net Position at Beginning of Year	8,953,639	8,953,639	-	8,277,250	8,277,250	-
Prior Period Adjustment	-	(11,960)	(11,960)	-	(32,540)	(32,540)
Net Position at End of Year	<u>\$ 9,725,239</u>	<u>\$ 9,393,016</u>	<u>\$ (205,681)</u>	<u>\$ 8,451,774</u>	<u>\$ 8,953,639</u>	<u>\$ 501,865</u>

CITY OF PALMETTO, GEORGIA

SANITATION FUND

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

For the Fiscal Years Ended June 30, 2015 and 2014

	2015			2014		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sanitation Charges	\$ 310,000	\$ 309,348	\$ (652)	\$ 300,000	\$ 315,795	\$ 15,795
Penalties	20,000	21,434	1,434	20,000	16,384	(3,616)
Miscellaneous	2,000	915	(1,085)	2,000	1,025	(975)
Total Operating Revenue	<u>332,000</u>	<u>331,697</u>	<u>(303)</u>	<u>322,000</u>	<u>333,204</u>	<u>11,204</u>
Operating Expenses:						
Contracted Services - Garbage	240,000	209,058	30,942	238,000	227,147	10,853
Bad Debt Expense	-	4,743	(4,743)	-	10,560	(10,560)
Other Operating Expenses	2,500	-	2,500	2,500	-	2,500
Total Operating Expenses	<u>242,500</u>	<u>213,801</u>	<u>28,699</u>	<u>240,500</u>	<u>237,707</u>	<u>2,793</u>
Change in Net Position	89,500	117,896	28,396	81,500	95,497	13,997
Net Position at Beginning of Year	<u>375,087</u>	<u>375,087</u>	<u>-</u>	<u>279,590</u>	<u>279,590</u>	<u>-</u>
Net Position at End of Year	<u>\$ 464,587</u>	<u>\$ 492,983</u>	<u>\$ 28,396</u>	<u>\$ 361,090</u>	<u>\$ 375,087</u>	<u>\$ 13,997</u>

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, 2015
 With Comparative Actual Amounts for Year Ended June 30, 2014

	Confiscated Asset Fund		Variance- Positive (Negative)	2014 Actual	SPLOST FUND		Variance- Positive (Negative)	2014 Actual	Total Non-Major Governmental
	Budgeted	Actual			Budgeted	Actual			
Revenues:									
Intergovernmental S.P.L.O.S.T.	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 115,349	\$ 15,349	\$ 114,242	\$ 115,349
State and Federal Confiscations	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	14	-	33	33	107	33
Total Revenues	-	-	-	14	100,000	115,382	15,382	114,349	115,382
Expenditures:									
Current									
Administrative	-	-	-	4	-	-	-	22	-
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital Outlays					50,000	72,265	(22,265)		72,265
Administrative	-	-	-	-	-	-	-	52,783	-
Total Expenditures	-	-	-	4	50,000	72,265	(22,265)	52,805	72,265
Excess (Deficiency) of Revenues over Expenditures	-	-	-	10	50,000	43,117	37,647	61,544	43,117
Other Financing (Uses)									
Transfers Out	-	-	-	(37,390)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	(37,380)	50,000	43,117	(6,883)	61,544	43,117
Fund Balance at Beginning of Year	-	-	-	37,380	195,282	195,282	195,282	133,738	195,282
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -	\$ 245,282	\$ 238,399	\$ 232,929	\$ 195,282	\$ 238,399

CITY OF PALMETTO, GEORGIA

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

June 30, 2015

Governmental Funds Capital Assets:

Land	\$	291,180
Buildings and Improvements		3,094,913
Furniture and Fixtures		92,757
Vehicles and Equipment		1,669,637
Infrastructure		<u>1,747,811</u>
	\$	<u><u>6,896,298</u></u>

Investment in Governmental Funds Capital Assets by Source:

General Fund	\$	6,713,923
Special Revenue Fund		<u>182,375</u>
Total Investment in Capital Assets	\$	<u><u>6,896,298</u></u>

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, 2015

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets 7/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets 6/30/2015</u>
Administrative	\$ 572,649	\$ 17,000	\$ -	\$ 589,649
Police Department	1,225,874	59,029	-	1,284,903
Fire Department	953,519	27,057	-	980,576
Street Department	1,758,620	211,390	-	1,970,010
Special Services	<u>2,071,160</u>	<u>-</u>	<u>-</u>	<u>2,071,160</u>
Total Capital Assets	<u>\$ 6,581,822</u>	<u>\$ 314,476</u>	<u>\$ -</u>	<u>\$ 6,896,298</u>

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2015

Function and Activity	Total June 30, 2015	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	\$ 589,649	\$ 26,681	\$ 336,698	\$ 41,024	\$ 185,246	\$ -
Police Department	1,284,903	60,000	595,378	11,343	618,182	-
Fire Department	980,576	135,633	180,408	21,045	643,490	-
Street Department	1,970,010	39,466	-	7,475	175,258	1,747,811
Special Services	<u>2,071,160</u>	<u>29,400</u>	<u>1,982,429</u>	<u>11,870</u>	<u>47,461</u>	<u>-</u>
Total Capital Assets Allocated to Functions	<u>\$ 6,896,298</u>	<u>\$ 291,180</u>	<u>\$ 3,094,913</u>	<u>\$ 92,757</u>	<u>\$ 1,669,637</u>	<u>\$ 1,747,811</u>



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 POSITION BY COMPONENT

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government										
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 2,208,130	\$ 2,302,669	\$ 2,304,120	\$ 2,275,090	\$ 2,220,713	\$ 2,397,322	\$ 3,723,723	\$ 3,675,475	\$ 3,490,664	\$ 3,491,094
Restricted	-	-	-	-	-	-	211,913	171,118	195,282	389,054
Unrestricted	698,358	642,106	805,574	951,434	1,055,010	936,215	511,484	(120,782)	252,893	234,484
Total Governmental Activities Net Position	<u>2,906,488</u>	<u>2,944,775</u>	<u>3,109,694</u>	<u>3,226,524</u>	<u>3,275,723</u>	<u>3,333,537</u>	<u>4,447,120</u>	<u>3,725,811</u>	<u>3,938,839</u>	<u>4,114,632</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	5,517,370	5,180,360	6,432,491	7,599,153	7,844,028	7,935,711	9,286,082	9,716,077	10,197,166	10,205,108
Restricted	3,990,207	641,500	296,767	-	-	-	-	-	-	324,896
Unrestricted	1,785,235	5,887,636	4,174,602	3,107,674	2,565,256	1,959,125	1,909,403	1,958,328	1,683,402	1,462,613
Total Business-Type Activities Net Position	<u>11,292,812</u>	<u>11,709,496</u>	<u>10,903,860</u>	<u>10,706,827</u>	<u>10,409,284</u>	<u>9,894,836</u>	<u>11,195,485</u>	<u>11,674,405</u>	<u>11,880,568</u>	<u>11,992,617</u>
Primary Government										
Net Invested in Capital Assets	7,725,500	7,483,029	8,736,611	9,874,243	10,064,741	10,333,033	13,009,805	13,391,552	13,687,830	13,696,202
Restricted	3,990,207	641,500	296,767	-	-	-	211,913	171,118	195,282	713,950
Unrestricted	2,483,593	6,529,742	4,980,176	4,059,108	3,620,266	2,895,340	2,420,887	1,837,546	1,936,295	1,697,097
Total Primary Government Net Position	<u>\$ 14,199,300</u>	<u>\$ 14,654,271</u>	<u>\$ 14,013,554</u>	<u>\$ 13,933,351</u>	<u>\$ 13,685,007</u>	<u>\$ 13,228,373</u>	<u>\$ 15,642,605</u>	<u>\$ 15,400,216</u>	<u>\$ 15,819,407</u>	<u>\$ 16,107,249</u>

CITY OF PALMETTO, GEORGIA

CHANGES IN NET POSITION

TABLE 2

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Administrative	\$ 862,373	\$ 704,027	\$ 750,063	\$ 931,951	\$ 786,794	\$ 821,240	\$ 644,152	\$ 589,941	\$ 615,047	\$ 701,746
Public Safety	922,142	1,497,973	1,969,734	2,624,123	2,644,167	2,539,246	2,375,890	2,361,333	2,372,200	2,108,026
Streets	372,317	389,707	467,539	415,722	310,413	397,364	497,995	410,129	367,571	437,686
Special Services	83,245	101,643	116,011	94,278	59,529	54,886	95,494	177,631	184,752	182,725
Interest on Long-Term debt	-	-	-	-	-	2,569	-	-	-	-
Total Governmental Activities Expenses	2,240,077	2,693,350	3,303,347	4,066,074	3,800,903	3,815,305	3,613,531	3,539,033	3,539,570	3,430,183
Business-Type Activities										
Electric Utilities	2,385,629	2,561,226	2,851,614	2,576,265	2,620,385	2,732,624	2,774,172	3,023,659	3,192,865	3,248,998
Water and Sewer Utilities	1,250,719	1,514,835	1,744,976	1,561,412	1,915,621	1,970,354	1,581,719	1,516,830	1,535,909	1,497,994
Sanitation	256,460	255,946	282,535	295,938	274,746	328,734	229,712	244,405	237,707	213,801
Total Business-Type Activities Expenses	3,892,808	4,332,007	4,879,125	4,433,615	4,810,752	5,031,712	4,585,603	4,784,894	4,966,481	4,960,793
Total Primary Government Expenses	6,132,885	7,025,357	8,182,472	8,499,689	8,611,655	8,847,017	8,199,134	8,323,927	8,506,051	8,390,976
Program Revenues										
Governmental Activities										
Charges for Services:										
Licenses and Permits	Not available	Not available	Not available	92,008	84,804	123,231	79,462	64,932	87,786	103,990
Federal and State Seizures	Not available	Not available	Not available	200,191	7,204	18,932	-	-	-	-
Fines and Forfeitures	Not available	Not available	Not available	342,246	256,839	331,057	177,784	54,152	79,935	167,611
Landfill Tipping Fees	Not available	Not available	Not available	404,818	217,214	160,370	169,789	149,005	120,873	264,961
Other	Not available	Not available	Not available	-	-	-	22,220	21,530	21,578	22,971
Total Charges for Services	143,347	397,308	618,601	1,039,263	566,061	633,590	449,255	289,619	310,172	558,933
Grants and Contributions	1,028,657	1,221,849	1,078,000	992,132	973,849	1,065,811	1,882,072	1,371,652	1,381,255	1,496,937
Total Governmental Activities Program Revenues	1,172,004	1,619,157	1,696,601	2,031,395	1,539,910	1,699,401	2,331,327	1,661,271	1,691,427	1,895,870
Business-Type Activities										
Charges for Services:										
Electric	3,036,804	2,977,552	2,981,859	3,214,458	3,358,980	3,554,155	3,061,188	3,331,591	3,427,094	3,678,621
Water	607,530	597,011	600,224	505,870	533,842	513,701	577,271	476,421	774,086	645,833
Sewer	959,056	937,715	975,283	890,719	907,086	736,210	756,476	658,451	1,217,969	1,056,486
Sanitation	232,968	244,992	260,171	311,605	311,513	333,373	303,008	317,708	333,204	331,697
Grants and Contributions	-	-	-	-	-	-	1,755,019	500,000	200,000	46,262
Total Business-Type Activities Program Revenues	4,836,358	4,757,270	4,817,537	4,922,652	5,111,421	5,137,439	6,452,962	5,284,171	5,952,353	5,758,899
Total Primary Government Program Revenues	6,008,362	6,376,427	6,514,138	6,954,047	6,651,331	6,836,840	8,784,289	6,945,442	7,643,780	7,654,769
Net (Expense) Revenue										
Governmental Activities	(1,068,073)	(1,074,193)	(1,606,746)	(2,034,679)	(2,260,993)	(2,115,904)	(1,282,204)	(1,877,762)	(1,848,143)	(1,534,313)
Business-Type Activities	943,550	425,263	(61,588)	489,037	300,669	105,727	1,867,359	499,277	985,872	798,106
Total Primary Government Net (Expense)	\$ (124,523)	\$ (648,930)	\$ (1,668,334)	\$ (1,545,642)	\$ (1,960,324)	\$ (2,010,177)	\$ 585,155	\$ (1,378,485)	\$ (862,271)	\$ (736,207)
General Revenue and Other Changes in Net Assets										
Governmental Activities										
Taxes										
Property	\$ 389,411	\$ 398,387	\$ 489,390	\$ 983,957	\$ 1,231,906	\$ 1,044,553	\$ 927,402	\$ 861,840	918,796	1,043,331
Franchise	66,392	65,265	67,881	84,979	69,823	71,113	62,137	74,227	92,327	85,705
Insurance Premium	170,283	178,160	185,840	190,292	188,507	183,028	210,506	223,593	231,509	242,113
Beer, Wine and Liquor Tax	92,859	89,189	83,747	96,162	90,936	88,374	96,560	83,660	86,266	91,517
Other	54,911	59,481	57,060	57,592	61,170	65,144	65,708	5,530	7,376	6,931
Other Local Revenue	12,382	11,752	24,407	23,260	20,503	20,503	21,057	31,397	17,311	12,610
Unrestricted Investment Earnings	128,833	147,265	63,340	15,266	1,003	1,113	1,113	666	369	436
Transfers	286,519	162,981	800,000	700,000	600,000	700,000	1,066,157	(124,460)	160,000	600,000
Capital Contributions	-	-	-	-	-	-	-	-	52,783	-
Prior Period Adjustments	-	-	-	-	-	-	(54,853)	-	-	-
Total Governmental Activities	1,201,590	1,112,480	1,771,665	2,151,508	2,265,492	2,173,718	2,395,787	1,156,453	1,566,737	2,082,643
Business-Type Activities										
Unrestricted Investment Income	322,123	154,402	55,952	13,930	1,788	322	4	3	-	-
Other	416,673	-	-	-	-	-	181,980	23,445	12,506	35,682
Transfers	(286,519)	(162,981)	(800,000)	(700,000)	(600,000)	(700,000)	(1,066,157)	124,460	(160,000)	(600,000)
Capital Contributions	-	-	-	-	-	-	-	-	(52,783)	-
Prior Period Adjustments	-	-	-	-	-	-	67,236	(168,265)	(84,998)	-
Total Business-Type Activities	452,277	(8,579)	(744,048)	(686,070)	(598,212)	(699,678)	(816,937)	(20,357)	(285,275)	(564,318)
Total Primary Government	1,653,867	1,103,901	1,027,617	1,465,438	1,667,280	1,474,040	1,578,850	1,136,096	1,281,462	1,518,325
Change in Net Position										
Governmental Activities	133,517	38,287	164,919	116,829	4,499	57,814	1,113,583	(721,309)	(281,406)	548,330
Total Business-Type Activities	1,395,827	416,684	(805,636)	(197,033)	(297,543)	(593,951)	1,050,422	478,920	700,597	233,788
Total Primary Government	\$ 1,529,344	\$ 454,971	\$ (640,717)	\$ (80,204)	\$ (293,044)	\$ (536,137)	\$ 2,164,005	\$ (242,389)	\$ 419,191	\$ 782,118

CITY OF PALMETTO, GEORGIA

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Nonspendable	\$ Not Available	\$ Not Available	\$ Not Available	\$ Not Available	\$ Not Available	\$ 201,254	\$ 206,785	\$ 206,782	\$ 183,002	\$ 201,139
Restricted										150,655
Unassigned	<u>Not Available</u>	<u>Not Available</u>	<u>Not Available</u>	<u>Not Available</u>	<u>Not Available</u>	<u>173,727</u>	<u>159,727</u>	<u>(491,038)</u>	<u>(75,690)</u>	<u>269,565</u>
Total General Fund	<u>527,459</u>	<u>365,301</u>	<u>375,554</u>	<u>379,343</u>	<u>416,230</u>	<u>374,981</u>	<u>366,512</u>	<u>(284,256)</u>	<u>107,312</u>	<u>621,359</u>
All Other Governmental Funds										
Restricted, Reported in:										
Confiscated Fund	Not Available	Not Available	Not Available	Not Available	Not Available	37,798	37,349	37,380	-	-
Capital Projects Fund (SPLOST)	<u>Not Available</u>	<u>Not Available</u>	<u>Not Available</u>	<u>Not Available</u>	<u>Not Available</u>	<u>477,887</u>	<u>174,564</u>	<u>133,738</u>	<u>195,282</u>	<u>238,399</u>
Total All Other Governmental Funds	<u>116,200</u>	<u>217,261</u>	<u>356,324</u>	<u>490,306</u>	<u>506,792</u>	<u>515,685</u>	<u>211,913</u>	<u>171,118</u>	<u>195,282</u>	<u>238,399</u>
Total Governmental Funds	<u>\$ 643,659</u>	<u>\$ 582,562</u>	<u>\$ 731,878</u>	<u>\$ 869,649</u>	<u>\$ 923,022</u>	<u>\$ 890,666</u>	<u>\$ 578,425</u>	<u>\$ (113,138)</u>	<u>\$ 302,594</u>	<u>\$ 859,758</u>

CITY OF PALMETTO, GEORGIA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
					*					
Revenues:										
Taxes	\$ 1,652,976	\$ 1,814,147	\$ 1,917,175	\$ 1,334,438	\$ 1,589,903	\$ 1,529,491	\$ 1,337,707	\$ 1,229,053	1,353,038	1,409,443
Licenses and Permits	86,384	102,099	98,896	92,008	84,804	123,231	79,462	64,932	87,786	103,390
Fines and Forfeitures	56,963	46,032	70,623	342,246	256,839	331,057	177,784	54,152	79,935	76,048
Landfill Tipping Fees	-	249,177	449,082	404,818	217,214	160,370	169,789	149,005	120,873	264,961
Intergovernmental Revenue	140,960	193,337	30,589	1,192,323	958,061	1,084,743	1,882,072	1,371,652	1,381,134	1,428,467
Investment Earnings	128,833	147,265	63,340	14,795	2,647	1,003	1,113	666	490	469
Other Local Revenue	12,382	11,756	24,407	23,731	24,853	20,503	45,972	55,141	31,230	35,581
Total All Governmental Funds	\$ 2,078,498	\$ 2,563,813	\$ 2,654,112	\$ 3,404,359	\$ 3,134,321	\$ 3,250,398	\$ 3,693,899	\$ 2,924,601	\$ 3,054,486	\$ 3,318,359
Expenditures										
Administrative	843,881	696,924	740,607	919,196	936,277	849,177	621,649	559,410	592,670	677,308
Public Safety	875,150	1,496,474	1,996,641	2,522,051	2,556,263	2,447,974	2,320,883	2,305,173	2,349,155	2,061,641
Streets	386,425	507,970	470,344	393,036	276,751	519,565	717,825	521,166	362,408	573,605
Special Services	132,945	86,521	97,206	132,306	55,664	82,801	1,357,087	105,955	49,398	48,641
Water and Sewer	-	-	-	-	-	-	412,566	124,460	52,783	-
Debt Service										
Principal	-	-	-	-	28,870	80,669	-	-	-	-
Interest	-	-	-	-	-	2,569	-	-	-	-
Total Expenditures	2,238,401	2,787,889	3,304,798	3,966,589	3,853,825	3,982,755	5,430,010	3,616,164	3,406,414	3,361,195
Excess (deficit) of Revenues Over Revenues	\$ (159,903)	\$ (224,076)	\$ (650,686)	\$ (562,230)	\$ (719,504)	\$ (732,357)	\$ (1,736,111)	\$ (691,563)	\$ (351,928)	\$ (42,836)
Other Financing Sources (Uses)										
Transfers in	286,519	162,981	800,000	700,000	600,000	700,000	1,478,723	-	197,390	600,000
Transfers out	-	-	-	-	-	-	-	-	(37,390)	-
Proceeds from Capital Leases	-	-	-	-	109,539	-	-	-	7,660	-
Total Other Financing Sources (Uses)	286,519	162,981	800,000	700,000	709,539	700,000	1,478,723	-	167,660	600,000
Net Change in Fund Balance	126,616	(61,095)	149,314	137,770	(9,965)	(32,357)	(257,388)	(691,563)	(184,268)	557,164
Fund Balance Beginning	517,044	643,659	582,564	731,877	869,647	923,023	890,666	578,425	486,862	302,594
Prior Period Adjustment	-	-	-	-	63,341	-	(54,853)	-	-	-
Fund Balance Ending	\$ 643,660	\$ 582,564	\$ 731,878	\$ 869,647	\$ 923,023	\$ 890,666	\$ 578,425	\$ (113,138)	\$ 302,594	\$ 859,758
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.80%	2.27%	0.00%	0.00%	0.00%	0.00%

* Prior to 2008 City counted Intergovernmental SPLOSTas tax revenue

CITY OF PALMETTO

Table 5

ASSESSED VALUE AND ESTIMATED TRUE VALUE
OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Year	Real Property		Personal Property		Public Utilities		Total Property		Ratio	Total
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Total Assessed Value to Total True Value	Direct Tax Rate
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
2013	73,669,988	184,174,970	10,727,001	26,817,503	9,130,073	22,825,183	93,527,062	233,817,655	40.00%	8.50
2014	72,074,421	180,186,053	16,253,580	40,633,950	9,344,802	23,362,005	97,672,803	244,182,008	40.00%	8.50
2015	72,692,102	181,730,255	16,164,385	40,410,963	9,664,518	24,161,295	98,521,005	246,302,513	40.00%	8.50

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 millage 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 tax

CITY OF PALMETTO

Table 6

GENERAL FUND REVENUES BY SOURCE (1)

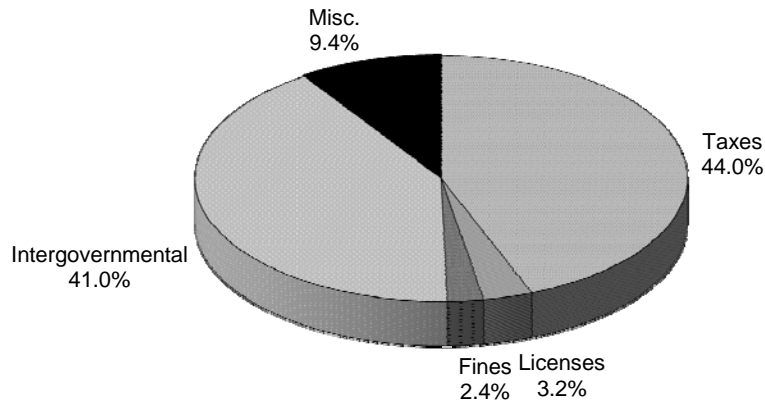
Last Ten Fiscal Years

<u>Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Inter-Governmental Revenues</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2013	1,229,053	64,932	54,152	1,277,181	204,486	2,829,804
2014	1,353,038	87,786	79,935	1,266,892	152,471	2,940,122
2015	1,409,443	103,390	76,048	1,313,118	300,978	3,202,977

(1) Includes General Fund Revenues Only.

(2) Prior to 2009 LOST revenue was classified as tax revenue rather than intergovernmental revenue

**GENERAL REVENUES BY SOURCE
Fiscal Year Ended June 30, 2015**



CITY OF PALMETTO, GEORGIA

Table 7

TAX RATES AND TAX LEVIES

Last Ten Fiscal Years

Tax Rate per Hundred Dollars

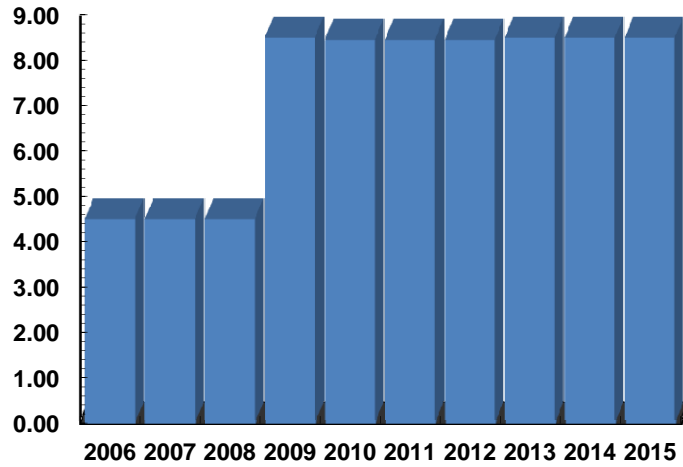
Year	Total	L.O.S.T. Tax Rollback (1)	Net Tax Rate	General Fund
2006	15.25	-10.75	4.50	4.50
2007	15.25	-10.75	4.50	4.50
2008	15.25	-10.75	4.50	4.50
2009	15.25	-6.75	8.50	8.50
2010	14.86	-6.41	8.45	8.45
2011	16.06	-7.61	8.45	8.45
2012	17.35	-8.90	8.45	8.45
2013	17.40	-8.90	8.50	8.50
2014	17.50	-9.00	8.50	8.50
2015	17.50	-9.00	8.50	8.50

Tax Levies Based Upon the Above Rates

Year	Total	L.O.S.T. Tax Rollback (1)	Net Tax	General Fund
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	1,734,229	(887,048)	847,181	847,181
2013	1,734,229	(832,391)	794,980	794,980
2014	1,636,724	(841,744)	830,219	830,219
2015	1,705,308	(877,015)	828,292	828,292

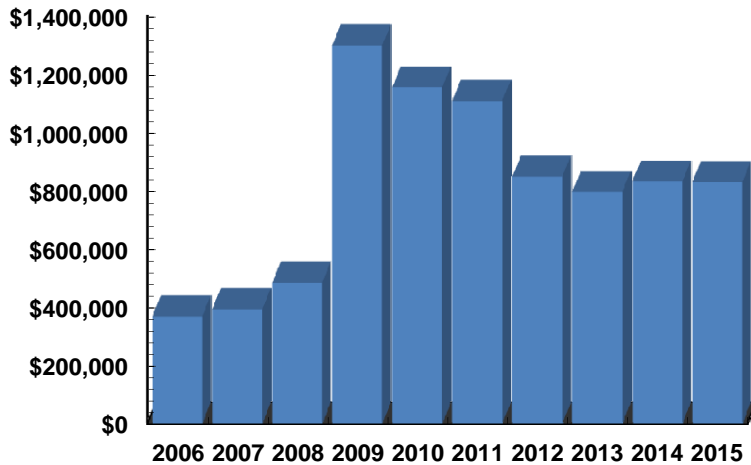
(1) Due to approval by voters of Local Option Sales Tax (LOST) in 1984 local governments are required to roll back millage rate by the amount of tax collected under LOST. From 1990 to 1993 the City of Palmetto rolled back the entire millage rate. Due to an increase of the net tax rate of 4.00 for 2009,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

**TAX RATES
LAST TEN FISCAL YEARS**



■ MILLS

**TAX LEVIES
LAST TEN FISCAL YEARS**



CITY OF PALMETTO, GEORGIA

TABLE 8

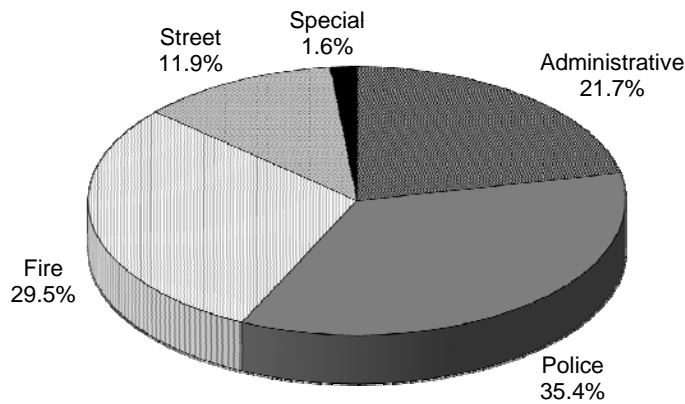
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

Year	<u>Administrative</u>	<u>Police</u>	<u>Fire</u>	<u>Street</u>	<u>Services Special</u>	<u>Total</u>
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
2013	558,810	1,189,118	1,065,681	353,521	41,812	3,208,942
2014	584,922	1,211,391	1,058,145	315,009	49,078	3,218,545
2015	660,308	1,077,158	898,398	362,214	48,641	3,046,719

(1) Includes non-capital general governmental expenditures only.

**GENERAL GOVERNMENT EXPENDITURES
Fiscal Year Ended June 30, 2015**



CITY OF PALMETTO, GEORGIA

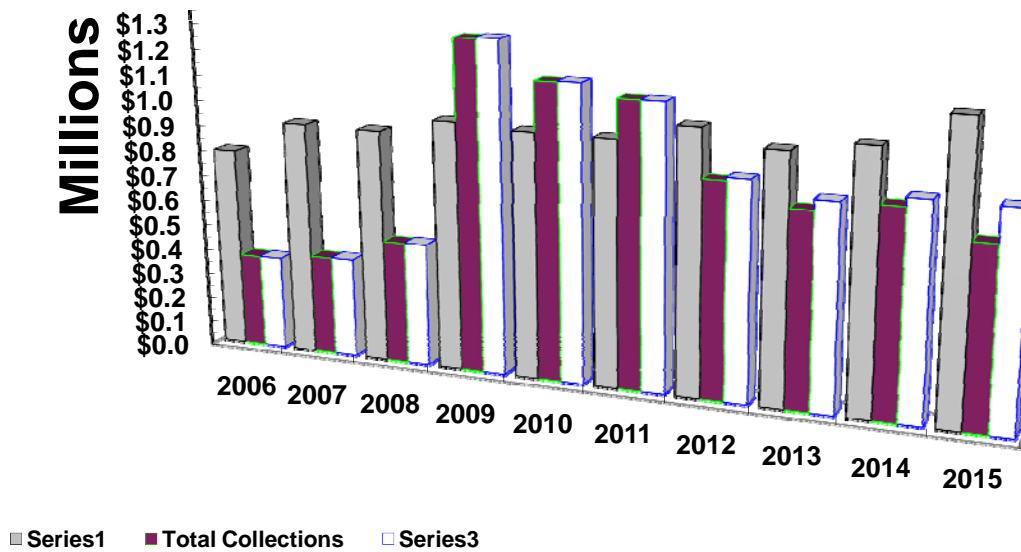
Table 9

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

Last Ten Fiscal Years

Year	Total Tax Levy	Collections of Current Years Taxes During Year	Percentage of Levy Collected During Year	Adjustments and Collections in Subsequent Years	Total Collections to Date		Intergovernmental Local Option Sales Tax Collected
					Amount	Percent of Levy	
2006	367,215	336,254	91.57%	29,333	365,587	99.56%	789,520
2007	392,321	357,472	91.12%	32,922	390,394	99.51%	918,608
2008	483,593	441,008	91.19%	39,716	480,724	99.41%	915,697
2009	1,297,506	901,648	69.49%	391,151	1,292,799	99.64%	973,849
2010	1,153,866	1,038,999	90.05%	110,994	1,149,993	99.66%	958,061
2011	1,107,430	990,981	89.48%	115,616	1,106,597	99.92%	956,425
2012	847,181	704,025	83.10%	130,519	834,544	98.51%	1,023,253
2013	794,980	649,700	81.73%	104,816	754,516	94.91%	961,851
2014	830,219	694,888	83.70%	101,889	796,777	95.97%	1,003,696
2015	828,292	694,565	83.86%	-	694,565	83.86%	1,131,905

TAX LEVIES AND TAX COLLECTIONS LAST TEN FISCAL YEARS



CITY OF PALMETTO

TABLE 10

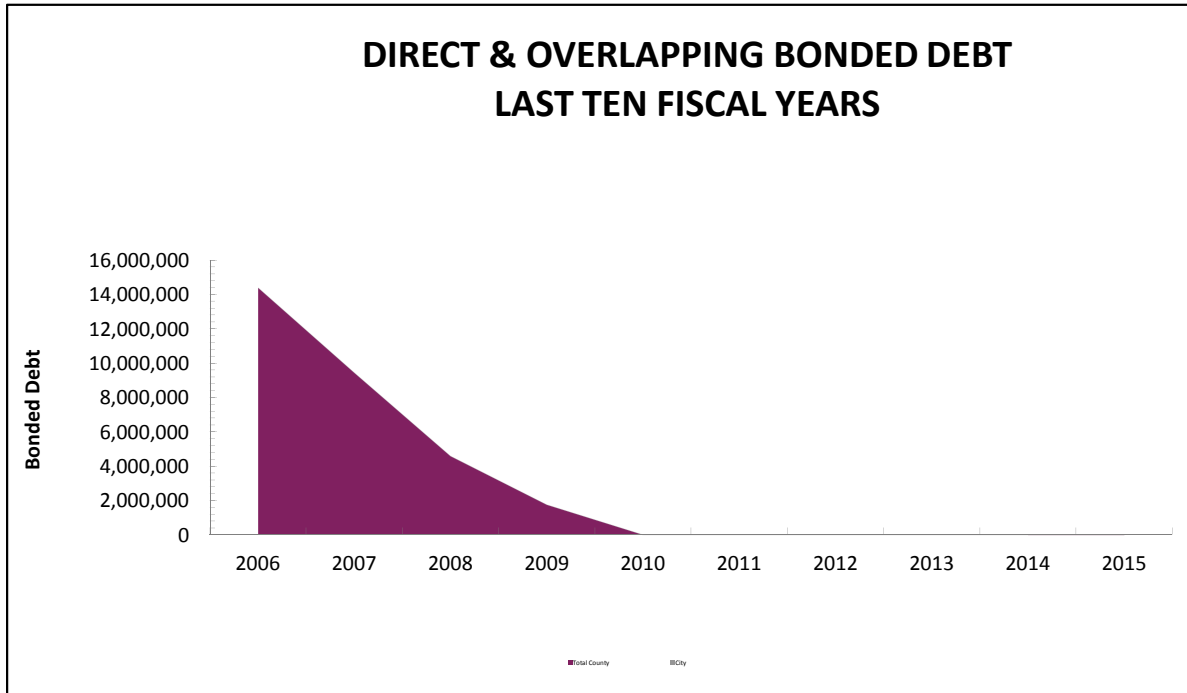
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS

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
2006	-	14,381,148	59,846	14,381,148
2007	-	9,428,153	39,759	9,428,153
2008	-	4,581,096	19,088	4,581,096
2009	-	1,760,000	7,443	1,760,000
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-

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



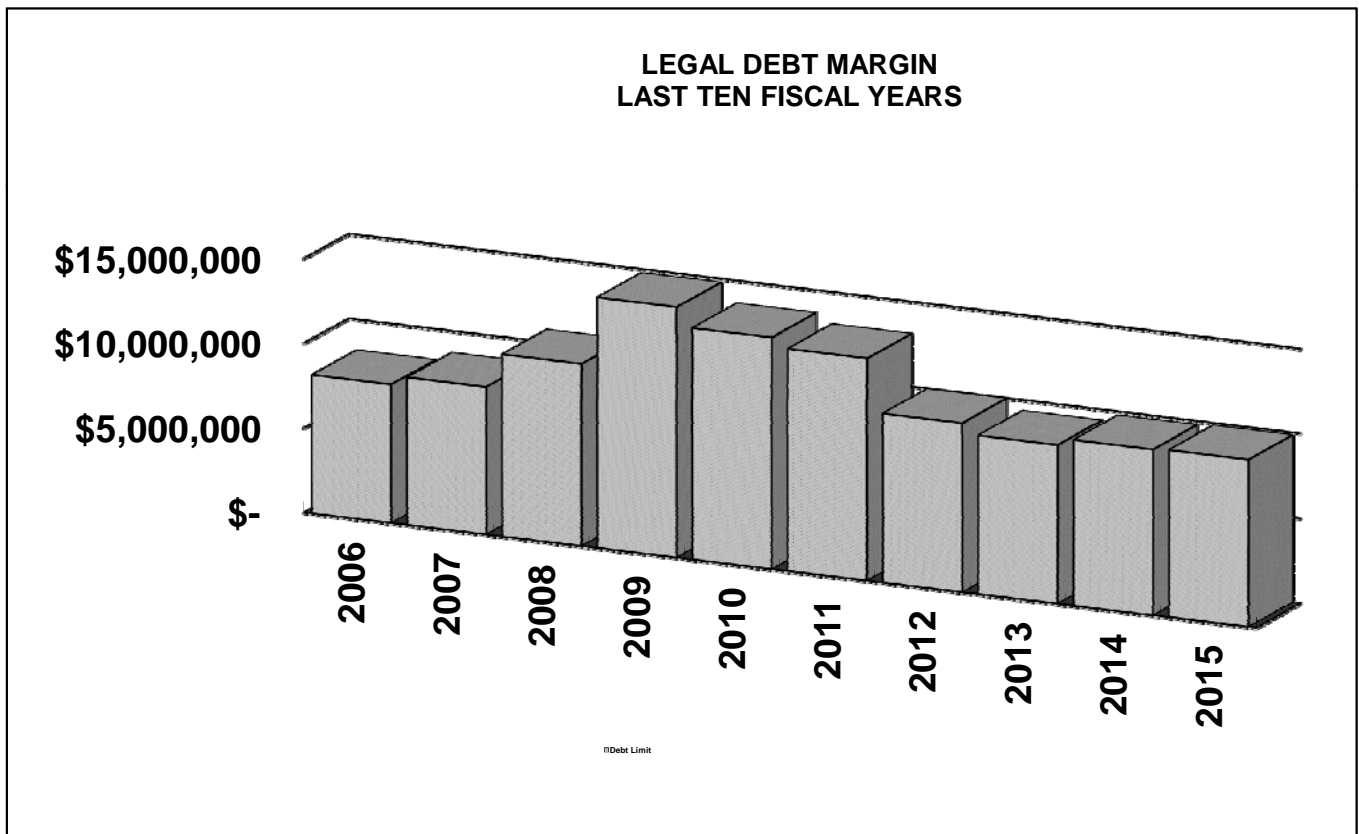
CITY OF PALMETTO, GEORGIA

Table 11

LEGAL DEBT MARGIN TABLE

Last Ten Fiscal Years

Year	Assessed Value	Percentage	Debt Limit	Amount Applicable	Legal Debt Margin
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	99,668,356	10.00%	9,966,836	-	9,966,836
2013	93,527,062	10.00%	9,352,706	-	9,352,706
2014	97,672,803	10.00%	9,767,280	-	9,767,280
2015	98,521,005	10.00%	9,852,101	-	9,852,101





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CITY OF PALMETTO, GEORGIA

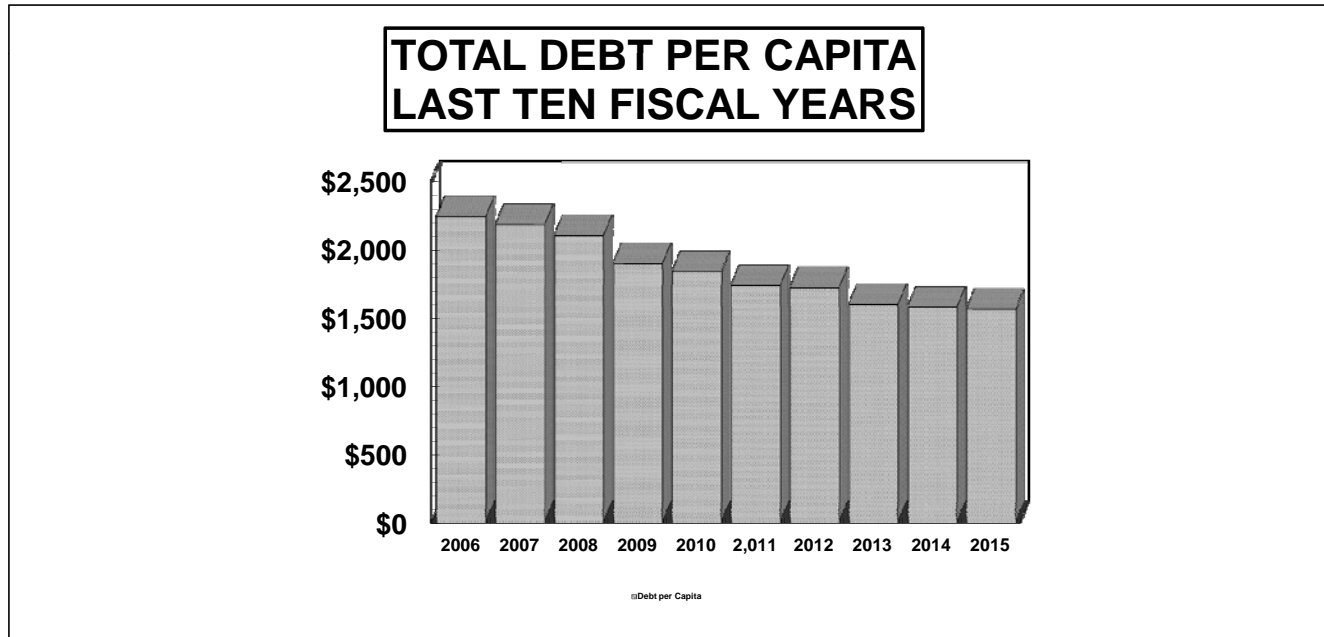
Table 12

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income(1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases			
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
2,011	-	-	-	-	8,355,000	-	8,355,000	10.52%	1,732
2012	-	-	-	-	7,930,000	-	7,930,000	9.98%	1,715
2013	-	-	-	-	7,490,000	-	7,490,000	10.54%	1,592
2014	-	-	-	-	7,035,000	-	7,035,000	8.40%	1,571
2015	-	-	-	-	6,975,058	-	6,975,058	8.33%	1,558

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



CITY OF PALMETTO, GEORGIA

Table 13

REVENUE BOND COVERAGE COMBINED PUBLIC UTILITY REVENUE BONDS

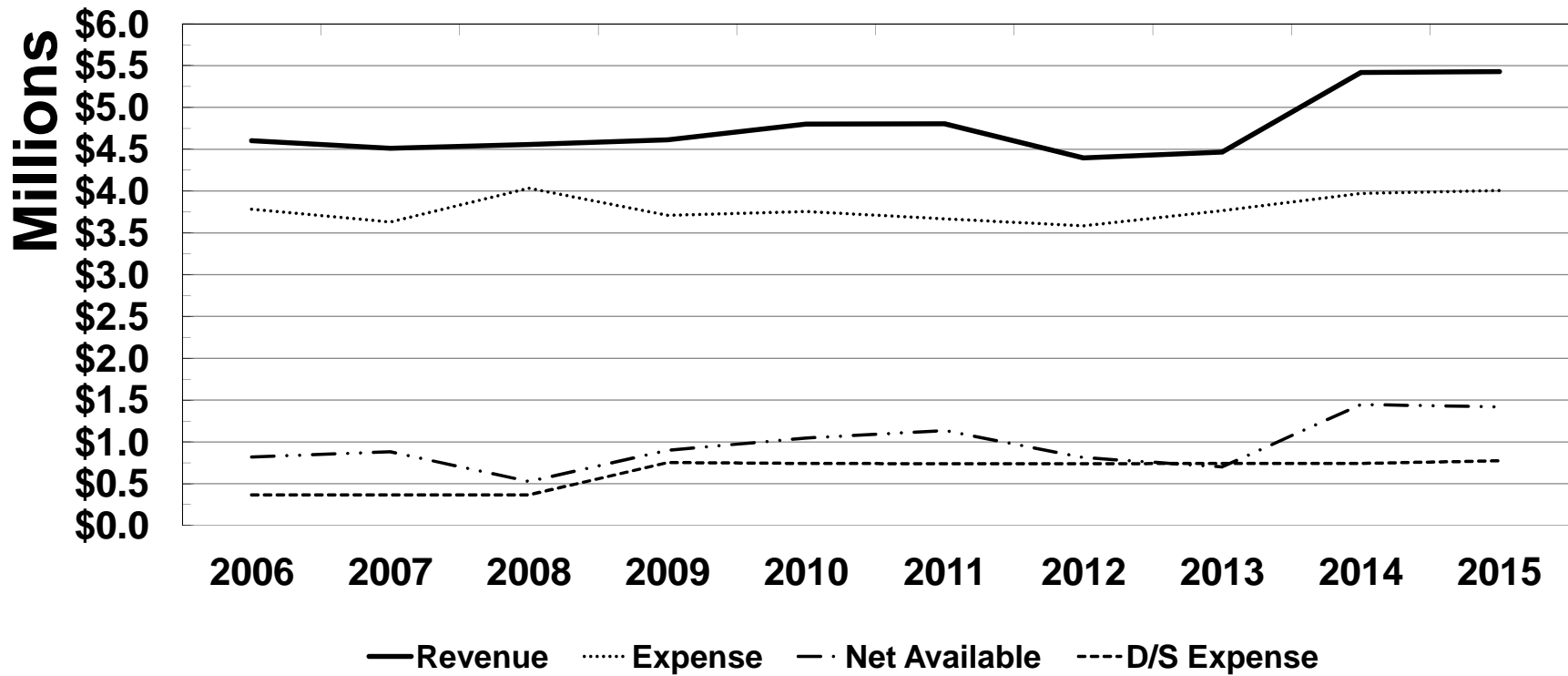
Last Ten Fiscal Years

Fiscal Year	Electric Fund			Water & Sewer Fund			Combined Net Revenue Available for Debt Service	Debt Service Payments	Coverage
	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			
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
2013	3,331,591	2,947,993	383,598	1,134,872	817,926	316,946	700,544	741,246	0.95
2014	3,427,094	3,119,820	307,274	1,992,056	851,007	1,141,049	1,448,323	744,321	1.95
2015	3,678,621	3,174,908	503,713	1,748,581	832,508	916,073	1,419,786	775,699	1.83

(1) 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. Includes the electric system revenues due to the issuance of the combined utility bonds.

(2) 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). 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 Eight Years Ago

Taxpayer	2015		2007	
	Assessed Valuation	% of Total Assessed Valuation	Assessed Valuation	% of Total Assessed Valuation
	\$			
Coweta/Fayette EMC	8,357,686	8.48%	-	0.00%
Lowes Home Center, Inc.	8,759,600	8.89%	-	0.00%
Soful LLC	3,313,120	3.36%	-	0.00%
William Gause	1,457,000	1.48%	465,556	0.53%
National Ready Mix	1,159,560	1.18%	-	0.00%
Genesis Garden Apartments	894,850	0.91%	1,720,000	1.98%
Wilkerson M OSCP One LLC	1,018,640	1.03%	1,346,444	1.55%
Flash Foods	803,760	0.82%	-	0.00%
Shugart, Mark	764,880	0.78%	-	0.00%
Singh Creative	678,800	0.69%	-	0.00%
Cannon Garfield	661,640	0.67%	-	0.00%
W. H. M. Chattahoochee Hills Investment	1,895,050	1.92%	-	0.00%
Palmetto and Main	661,640	0.67%	-	0.00%
Spurlin Industries	511,610	0.52%	399,556	0.46%
Bellsouth Telecomm Fulton	541,334	0.55%	1,025,556	1.18%
DTL Properties	464,520	0.47%	-	0.00%
DRGN Properties	460,000	0.47%	-	0.00%
Midland Loan Services	454,400	0.46%	-	0.00%
Hembree & Evans Property LLLP	363,320	0.37%	-	0.00%
Walker Concrete	-	0.00%	882,000	1.01%
Singh Creative	-	0.00%	724,444	0.83%
J. M. Pacific Enterprises	-	0.00%	\$ 6,800,000	7.81%
Palmetto Center	-	0.00%	564,222	0.65%
Prudential Ind'l Prop-Dewitt Corp.	-	0.00%	611,556	0.70%
Other Taxpayers	65,299,595	66.28%	72,495,541	83.29%
	<u>\$ 98,521,005</u>	<u>100.00%</u>	<u>\$ 87,034,875</u>	<u>100.00%</u>

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 prior to 2007 not available.

CITY OF PALMETTO, GEORGIA

Table 15

SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS

June 30, 2015

	Fees or Salary	Amount of Surety Bond
MEMBERS OF THE CITY COUNCIL		
J. Clark Boddie	\$ 3,000	\$ 500,000
Patty O'Hara Willey, Mayor Pro-Tem	2,000	500,000
Larry Parrott	1,500	500,000
Laura Mullis	1,500	500,000
Michael Arnold	1,500	500,000
Leon Sumlin	1,500	500,000
Tara Miller	1,500	500,000
OTHER CITY OFFICIALS		
William H. Shell, City Administrator	84,822	500,000
Henry Argo, Fire Chief	68,765	500,000
John Cooper Acting Chief	56,076	500,000
Russell Ross, City Recorder	13,200	500,000

CITY OF PALMETTO, GEORGIA
SUMMARY OF INSURANCE COVERAGE

Table 16

June 30, 2015

Coverage

Property Coverage:

Values Declared	\$10,688,768
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

<u>Fiscal Year</u>	<u>Popu- lation (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (2)</u>	<u>Median Education Level in Years of Formal Schooling (1)</u>	<u>School Enroll- ment (2)</u>	<u>Unemploy- ment Rate (3)</u>
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%
2013	4,706	71,046,482	15,097	33.4	12th	Unavailable	9.30%
2014	4,477	83,715,423	18,699	33.0	12th	Unavailable	7.40%
2015	4,602	97,111,404	21,102	33.0	12th	Unavailable	6.30%

(1) Source: 2000, 2012 - U.S. Census, 2013 city-data.com, 2014 bestplaces.net, 2015 hometownlocator.com, all other years - City count

(2) Source: city-data.com, 2012-2014 bestplaces.net, 2015 hometownlocator.com

(3) Source: Georgia Department of Labor for State of Georgia, 2012-2014 bestplaces.net, 2015 homefacts.com

CITY OF PALMETTO, GEORGIA

TABLE 18

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

Employer	2015		2007	
	Number of Employees	% of Total Employment	Number of Employees	% of Total Employment
Coweta Fayette EMC	200	16.39%	-	0.00%
Fulton County Board of Education	130	10.66%	150	15.51%
Georgia Baptist Children's Home	78	6.39%	70	7.24%
City of Palmetto	55	4.51%	64	6.62%
Spurlin Industries	53	4.34%	70	7.24%
Baptist Manor & Garrison Personal Care	40	3.28%	42	4.34%
Bojangles	35	2.87%	31	3.21%
McDonalds	30	2.46%	-	0.00%
Lowes Warehouse	20	1.64%	-	0.00%
Palmetto Community Health	20	1.64%	-	0.00%
Bradley's Big Buy	18	1.48%	35	3.62%
Another Bright Creation	16	1.31%	-	0.00%
Cannon Load Banks	13	1.07%	-	0.00%
Jack Peek Sales and Service	11	0.90%	15	1.55%
Dairy Queen	10	0.82%	25	2.59%
Lambert Pharmacy	9	0.74%	-	0.00%
American-APEC-Pair Engineering Company	8	0.66%	26	2.69%
Total Principal Employers	746	61.16%	528	54.61%
Total Employees	1,220		967	

Note: Information prior to 2007 is not available.

CITY OF PALMETTO, GEORGIA

TABLE 19

FULL TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Nine Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government	5	5	5	5	5	5	6	7	6
Public Safety:									
Officers	17	17	17	17	18	19	20	20	14
Civilians	2	2	2	2	3	3	3	3	3
Fire									
Firefighters and Officers	15	15	15	15	18	18	18	17	-
Highways and Streets									
Maintenance	8	6	6	6	6	4	6	9	9
Special Services	-	-	-	-	-	-	-	2	2
Electric	4	4	4	4	5	5	6	5	5
Water and Sewer	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>9</u>	<u>9</u>	<u>10</u>
	<u>57</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>61</u>	<u>61</u>	<u>68</u>	<u>72</u>	<u>49</u>

Note: Information for 2006 is not available.

CITY OF PALMETTO, GEORGIA

TABLE 20

OPERATING INDICATORS BY FUNCTION
Last Nine Fiscal Years

<u>Function</u>	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police									
Physical Arrests	67	197	200	235	255	148	58	216	154
Parking Violations	-	-	2	5	1	2	-	1	2
Traffic Violations	385	737	828	760	2,354	2,000	2,738	934	353
Fire									
Number of Calls Answered	824	966	951	920	869	848	775	767	-
Inspections	492	454	479	495	282	264	254	192	-
Highways and Streets									
Street Resurfacing (Feet)	-	-	1,200	1,200	1,200	850	1,000	1,200	1,000
Potholes Repaired	12	10	-	-	80	60	60	24	24
Community Services									
Admissions	-	-	-	-	-	-	-	47	24
Water									
New Connections	4	1	-	-	1	2	-	36	26
Water Main Breaks	4	3	5	4	10	8	4	2	4
Average Daily Consumption (Gallons)	240,000	258,756	266,200	321,041	272,354	277,670	295,000	291,770	301,193
Sewer									
Average Daily Sewerage Treatment(Gallons)	406,590	386,180	406,384	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 trailer parks for sewer only.

Note 4: Information for 2006 is not available.

CITY OF PALMETTO, GEORGIA

TABLE 21

CAPITAL ASSET STATISTICS BY FUNCTION
Last Nine Fiscal Years

<u>Function</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Public Safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol Units	17	17	17	17	17	17	17	16	16
Fire Stations	1	1	1	1	1	1	1	1	1
Highways and Streets									
Streets (Miles)	51	51	51	51	51	51	51	51	47
Streetlights	412	410	408	408	408	408	408	408	408
Traffic Signals	1	2	2	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1	1	1	1
Water									
Water Mains(Miles)	25	25	25	25	25	25	25	25	25
Fire Hydrants	174	174	174	174	174	174	174	174	174
Maximum Daily Capacity (thousand gals.)	450	450	450	450	450	450	450	450	450
Sewer									
Sanitary Sewers(Miles)	15	15	15	15	15	15	15	15	15
Storm Sewers(Miles)	2	2	2	2	2	2	2	2	2
Maximum Daily Treatment Capacity	-	-	-	-	-	-	-	-	-
Electric									
Number of Distribution Stations	1	1	1	1	1	1	1	1	1
Miles of Service Lines	39	39	39	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 2006 is not available.