

CITY OF PALMETTO, GEORGIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

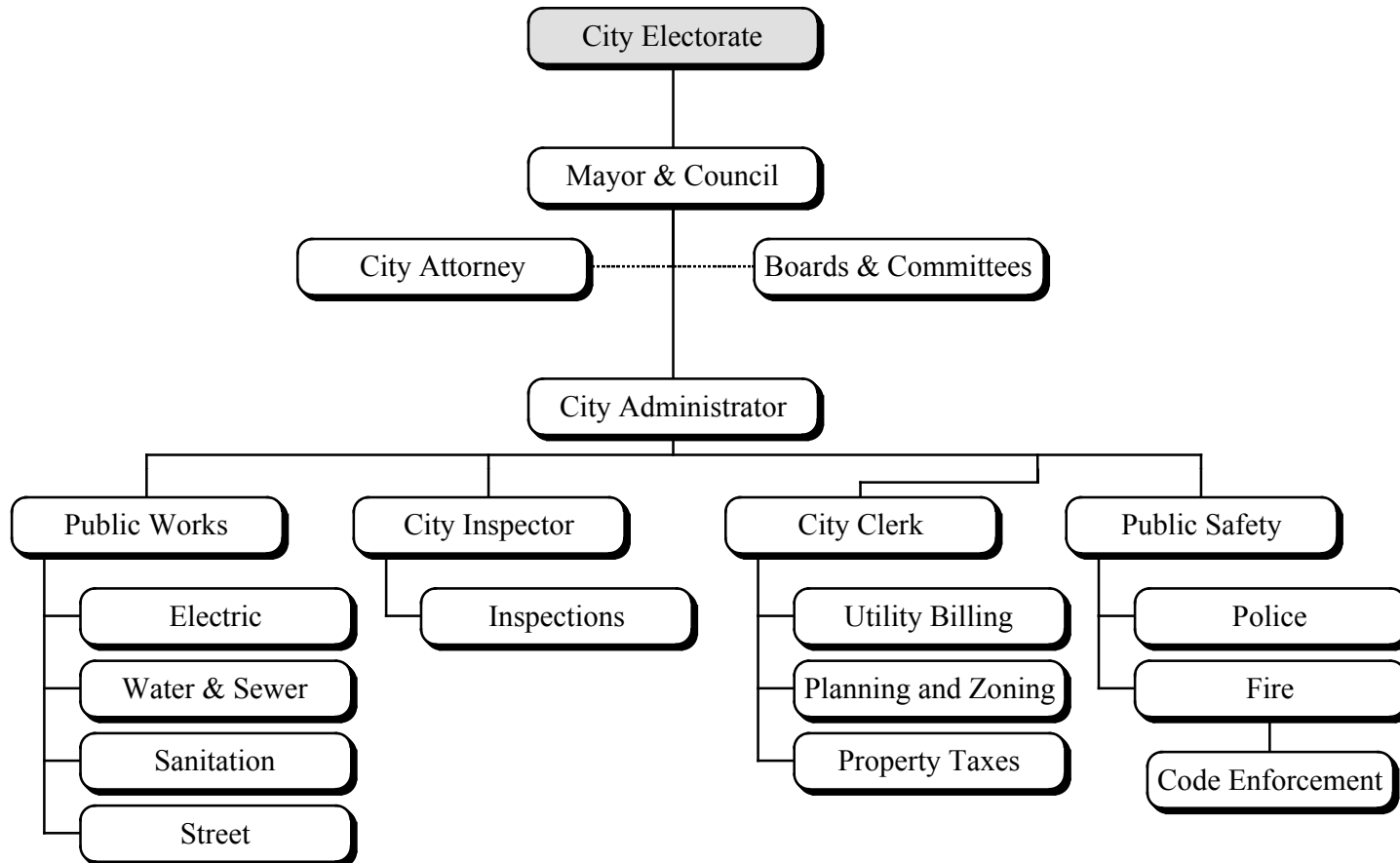
LISTING OF CITY OFFICIALS

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LETTER OF TRANSMITTAL

City of Palmetto, Georgia

Organizational Chart



**CITY OF PALMETTO, GEORGIA
CITY OFFICIALS
2020**

MAYOR

J. Clark Boddie

CITY COUNCIL

Michael Arnold

Tara Miller

Laura Mullis

Larry Parrott

Nathan Slaton

Patty O'Hara Willey

CITY ADMINISTRATOR

William H. Shell

CITY CLERK

Cynthia Hanson

CHIEF OF POLICE

Randy Mundy

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

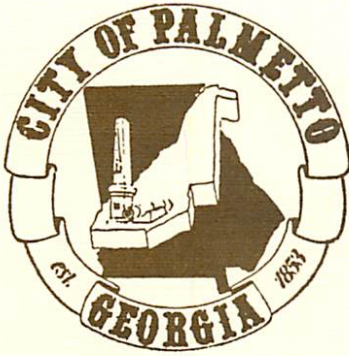
CITY AUDITORS

Post CPAs, LLC

CITY OF PALMETTO, GEORGIA

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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 annual financial report of the City of Palmetto, Georgia for the fiscal year ended June 30, 2020, 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 annual financial report is presented in two sections: introductory, and financial. The introductory section includes this transmittal letter, 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.

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 5,071 with a population growth rate of 25% between 1980 and 1990, 27% between 1990 and 2000, and 42% between 2000 and 2020.

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. Development of this tract has started with a combination of office/warehouses being constructed and the City is receiving inquires on many potential commercial developments for this area.

Major Initiatives

FOR THE YEAR

Drive Medical was first to occupy over a million square foot building at Palmetto Logistics Park employing over 300 people. A second million square foot building is under construction. Both locations are served by Palmetto power. Your Town Health opened its second location in July 2019 on Park Street.

FOR THE FUTURE

Phillips Van Heusen is locating in Palmetto off Tatum Road. It will occupy the 1.2 million square foot building located passed the Lowe's location. When fully operational, it will have over 600 employees. The facility will also be a Palmetto power customer.

Plans have been made to construct two fully functional roundabouts. The first will be at the intersection of Johnson Road and Phipps Road, and a second on Fayetteville Road at Phipps Road.

Other Information

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a 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 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.

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 Randy Mundy 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,

A handwritten signature in black ink, appearing to read 'J. Clark Boddie', with a long, sweeping horizontal stroke extending to the right.

J. Clark Boddie
Mayor

May 5, 2022



CITY OF PALMETTO, GEORGIA

FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS



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

Report on 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, 2020, 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, the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, and the aggregate remaining fund information of the City Palmetto, Georgia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 12-17 be presented to supplement the basic financial statements.

Post CPAs, LLC - Certified Public Accountants

3475 Dallas Highway, Suite 125 • Marietta, Georgia 30064 • Office: (678) 290-5100 • Fax: (678) 290-3307

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

The combining and individual non-major fund financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report May 4, 2022 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 Palmetto's internal control over financial reporting and compliance.



Marietta, Georgia
May 5, 2022

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, 2020. 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 nearly \$24 million.
- The government's total net position increased by \$1.96 million.
- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending net position of \$6.74 million, an increase of \$397 thousand in comparison with the prior year.
- The City of Palmetto's total liabilities and deferred inflows decreased by \$484 thousand during the current fiscal year.

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 18 & 19) 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 20-28) 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 flows 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 29-48 of this report.

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

	<u>June 30, 2020</u>			<u>June 30, 2019</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 2,938,812	\$ 3,613,989	\$ 6,552,801	\$ 2,487,726	\$ 3,188,540	\$ 5,676,266
Capital Assets - Net	4,259,919	19,923,920	24,183,839	4,276,799	18,883,017	23,159,816
Total assets	<u>7,198,731</u>	<u>23,537,909</u>	<u>30,736,640</u>	<u>6,764,525</u>	<u>22,071,557</u>	<u>28,836,082</u>
Deferred Outflows	351,945	350,597	702,542	269,951	375,345	645,296
Total Assets and Deferred Outflows	<u>\$ 7,550,676</u>	<u>\$ 23,888,506</u>	<u>\$ 31,439,182</u>	<u>\$ 7,034,476</u>	<u>\$ 22,446,902</u>	<u>\$ 29,481,378</u>
Long-Term Liabilities	509,121	4,200,567	4,709,688	161,052	4,886,065	5,047,117
Other Liabilities	119,816	1,871,546	1,991,362	159,217	1,732,406	1,891,623
Total Liabilities	<u>628,937</u>	<u>6,072,113</u>	<u>6,701,050</u>	<u>320,269</u>	<u>6,618,471</u>	<u>6,938,740</u>
Deferred Inflows	211,366	47,438	258,804	317,964	69,796	387,760
Total Liabilities and Deferred Inflows	<u>\$ 840,303</u>	<u>\$ 6,119,551</u>	<u>\$ 6,959,854</u>	<u>\$ 638,233</u>	<u>\$ 6,688,267</u>	<u>\$ 7,326,500</u>
Net Investment in Capital Assets	\$ 4,259,919	\$ 16,331,208	\$ 20,591,127	\$ 4,276,799	\$ 14,690,087	\$ 18,966,886
Restricted for:						
Capital Projects	1,734,702	-	1,734,702	1,162,241	-	1,162,241
Trees	147,151	-	147,151	174,540	-	174,540
Unrestricted	568,601	1,437,747	2,006,348	782,663	1,068,548	1,851,211
Total Net Position	<u>\$ 6,710,373</u>	<u>\$ 17,768,955</u>	<u>\$ 24,479,328</u>	<u>\$ 6,396,243</u>	<u>\$ 15,758,635</u>	<u>\$ 22,154,878</u>

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

	<u>June 30, 2020</u>			<u>June 30, 2019</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 711,720	\$ 6,921,988	\$ 7,633,708	\$ 944,857	\$ 6,548,791	\$ 7,493,648
Grants and Contributions	2,057,766	600,000	2,657,766	2,191,419	-	\$ 2,191,419
General Revenues:						
Property Taxes	1,324,437	-	1,324,437	1,248,395	-	\$ 1,248,395
Other Taxes	537,312	-	537,312	516,188	-	\$ 516,188
Other	37,825	-	37,825	16,448	(10,828)	\$ 5,620
Total Revenues	<u>4,669,060</u>	<u>7,521,988</u>	<u>12,191,048</u>	<u>4,917,307</u>	<u>6,537,963</u>	<u>11,455,270</u>
Expenses:						
General Government	860,799	-	860,799	943,037	-	943,037
Public Safety	2,693,326	-	2,693,326	2,278,340	-	2,278,340
Street	659,958	-	659,958	582,074	-	582,074
Community Services	140,847	-	140,847	159,429	-	159,429
Interest on Long-Term Debt	-	142,273	142,273	-	100,494	100,494
Electric	-	3,117,023	3,117,023	-	3,111,581	3,111,581
Water and Sewer	-	2,022,424	2,022,424	-	1,673,256	1,673,256
Sanitation	-	229,948	229,948	-	237,795	237,795
Total Expenses	<u>4,354,930</u>	<u>5,511,668</u>	<u>9,866,598</u>	<u>3,962,880</u>	<u>5,123,126</u>	<u>9,086,006</u>
Increase (Decrease) in Net Position Before Transfers and contributions	314,130	2,010,320	2,324,450	954,427	1,414,837	2,369,264
Transfers and Contributions	-	-	-	-	-	-
Increase in Net Position	314,130	2,010,320	2,324,450	954,427	1,414,837	2,369,264
Net Position, July 1	6,396,243	15,758,635	22,154,878	5,441,816	14,551,271	19,993,087
Prior Period Adjustment	-	-	-	-	(207,473)	(207,473)
Net Position, June 30	<u>\$ 6,710,373</u>	<u>\$ 17,768,955</u>	<u>\$ 24,479,328</u>	<u>\$ 6,396,243</u>	<u>\$ 15,758,635</u>	<u>\$ 22,154,878</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 \$1.64 million may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities: Governmental activities increased the City's net position by \$345 thousand.

Business-type activities: Business-type activities increased the City of Palmetto's net position by \$1.6 million.

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Palmetto. At the end of the current fiscal year, the Non-spendable fund balance was \$210,581 and the unassigned fund balance was \$439,674. The Confiscated Fund had \$1,296 unrestricted fund balance at year end. SPLOST had a restricted balance of \$103,021 while TSPLOST had a restricted balance of \$73,014. At June 30, 2021, the governmental funds of City of Palmetto reported a combined fund balance of \$2.53 million, an increase of \$557 thousand over the prior year.

General Fund Budgetary Highlights: Overall revenues were below the budgeted amounts and expenditures came in less than budgeted.

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 \$1.04 million. This represents decrease of \$31,000 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, 2020, totals \$24.2 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 37 and 45 of the Basic Financial Statements.

City of Palmetto's Capital Assets

	Governmental Activities	Business-Type Activities	Total
Land	\$ 482,679	\$ 6,667	\$ 489,346
Construction in Progress	-	3,882,752	3,882,752
Buildings and Improvements	3,117,813	404,077	3,521,890
Distribution System	-	23,323,078	23,323,078
Vehicles, Equipment, and Furniture	2,469,964	628,470	3,098,434
Infrastructure	3,241,631	-	3,241,631
Total	\$ 9,312,087	\$ 28,245,044	\$ 37,557,131

Long-term Debt. As of June 30, 2020 the City of Palmetto had long term bonded debt outstanding of \$4.5 million (including the amount due within one year) resulting from the issuance of a Combined Public Utility Refunding Revenue Bond Series 2015 to be repaid by the City commenced January 1, 2015 with the final payment due July 1, 2025. See note 5D on pages 39-40 and a note from MEAG acquired during

the fiscal year ended June 30, 2019 with a remaining balance of \$985 thousand.

The City of Palmetto's total debt decreased by \$743.6 thousand during the past fiscal year.

Georgia general statutes limit the amount of general obligation debt that a unit of government can issue to 10 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Palmetto is \$13.7 million.

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 39-40 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.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Tax revenue is expected to be about \$2 million in 2021 which is about \$110.7 thousand more than actual for 2020. Fines and forfeitures are budgeted to be \$106,500 which is down slightly from what was budgeted for 2020 but significantly higher than the actual for 2020. Overall governmental revenues are budgeted to decrease by \$1.16 million compared to the budgeted amount for 2020. Expenditures overall are budgeted to increase by \$505,000 over the budgeted for 2020.

Business - type Activities: The budget for 2021 for the Electric Fund anticipates revenue of \$5 million which is in about \$1.5 million higher than the actual received in 2020. Anticipated expenditures are \$3.8 million which includes about \$262,000 for capital outlay. This is \$2 million more than the actual expended in 2020.

The Water and Sewer Fund is budgeted for total revenues of \$2.5 million, a decrease of \$311,000 over actual 2020 revenues. Expenses are budgeted to be \$3.1 million including debt service requirements of \$1.1 million and capital outlay of \$748,000.

The Sanitation Fund is expected to perform similarly to 2020.

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash on Hand and In Banks	\$ 1,718,786	\$ 2,348,579	\$ 4,067,365
Ad Valorem Taxes Receivable	414,481	-	414,481
Local Option Sales Taxes Receivable	102,504	-	102,504
Alcoholic Beverage Taxes Receivable	7,017	-	7,017
Franchise Taxes Receivable	-	-	-
Police Fines Receivable	113,649	-	113,649
CDBG Receivable	-	-	-
Prepaid Assets	169,614	36,697	206,311
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	841,051	841,051
Inventories	40,967	387,662	428,629
Restricted Assets:			
Temporarily Restricted			
Cash	371,794	-	371,794
Total Current Assets	<u>2,938,812</u>	<u>3,613,989</u>	<u>6,552,801</u>
Non-Current Assets:			
Capital Assets Not Being Depreciated			
Land and Improvements	291,180	6,667	297,847
Construction In Progress	-	3,882,752	3,882,752
Capital Assets Being Depreciated			
Capital Assets (net of Accumulated Depreciation)	3,968,739	16,034,501	20,003,240
Total Non-current Assets	<u>4,259,919</u>	<u>19,923,920</u>	<u>24,183,839</u>
Total Assets	<u>7,198,731</u>	<u>23,537,909</u>	<u>30,736,640</u>
Deferred Outflows			
Related to Pensions	351,945	77,256	429,201
Related to Bond Refinancing	-	273,341	273,341
Total Deferred Outflows	<u>351,945</u>	<u>350,597</u>	<u>702,542</u>
Total Assets and Deferred Outflows	<u>7,550,676</u>	<u>23,888,506</u>	<u>31,439,182</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
LIABILITIES			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	4,745	225,810	230,555
Accrued Liabilities and Payroll Taxes	2,919	45,032	47,951
Accrued Sales Taxes Payable	-	89,767	89,767
Accrued Compensated Absences	99,467	16,684	116,151
Utility Deposits	-	685,529	685,529
Inspector Deposit-Developments	11,963	-	11,963
MEAG Note Payable	-	95,960	95,960
Revenue Bonds Payable	-	665,405	665,405
Accrued Bond Interest Payable	-	47,359	47,359
Deposits in Uncleared Cases	722	-	722
Total Current Liabilities (Payable from Current Assets):	<u>119,816</u>	<u>1,871,546</u>	<u>1,991,362</u>
Noncurrent Liabilities			
Compensated Absences	11,052	1,853	12,905
MEAG Note Payable	-	888,734	888,734
Revenue Bonds Payable	-	3,200,648	3,200,648
Net Pension Liability	498,069	109,332	607,401
Total Noncurrent Liabilities	<u>509,121</u>	<u>4,200,567</u>	<u>4,709,688</u>
Total Liabilities	<u>628,937</u>	<u>6,072,113</u>	<u>6,701,050</u>
DEFERRED INFLOWS			
Deferred Inflows Related to Pensions	211,366	47,438	258,804
Total Liabilities and Deferred Inflows	<u>840,303</u>	<u>6,119,551</u>	<u>6,959,854</u>
NET POSITION			
Net Investment in Capital Assets	4,259,919	16,331,208	20,591,127
Restricted for:			
Capital Projects	1,734,702	-	1,734,702
Trees	147,151	-	147,151
Unrestricted	568,601	1,437,747	2,006,348
Total Net Position	<u>\$ 6,710,373</u>	<u>\$ 17,768,955</u>	<u>\$ 24,479,328</u>

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	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	\$ 860,799	\$ 337,685	\$ -	\$ 2,057,766	\$ 1,534,652	\$ -	\$ 1,534,652
Public Safety	2,693,326	36,791	-	-	(2,656,535)	-	(2,656,535)
Street	659,958	317,965	-	-	(341,993)	-	(341,993)
Special Services	140,847	19,279	-	-	(121,568)	-	(121,568)
Total governmental activities	<u>4,354,930</u>	<u>711,720</u>	<u>-</u>	<u>2,057,766</u>	<u>(1,585,444)</u>	<u>-</u>	<u>(1,585,444)</u>
Business activities:							
Electric Utilities	3,117,023	4,386,949	-	600,000	-	1,869,926	1,869,926
Water and Sewer Utilities	2,164,697	2,193,846	-	-	-	29,149	29,149
Sanitation Utilities	229,948	341,193	-	-	-	111,245	111,245
Total Business-type Activities	<u>5,511,668</u>	<u>6,921,988</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>2,010,320</u>	<u>2,010,320</u>
Total primary government	<u>\$ 9,866,598</u>	<u>\$ 7,633,708</u>	<u>\$ -</u>	<u>\$ 2,657,766</u>	<u>(1,585,444)</u>	<u>2,010,320</u>	<u>424,876</u>
General Revenues:							
Ad Valorem Tax					1,231,811	-	1,231,811
Motor Vehicle Tax					92,626	-	92,626
Franchise Tax					82,760	-	82,760
Insurance Premium Tax					341,084	-	341,084
Beer/Wine/Liquor Tax					80,597	-	80,597
Transfer Tax					11,102	-	11,102
Intangible Tax					21,769	-	21,769
Miscellaneous					34,144	-	34,144
Confiscations					3,681	-	3,681
Total General Revenues and Transfers					<u>1,899,574</u>	<u>-</u>	<u>1,899,574</u>
Change in Net Position					314,130	2,010,320	2,324,450
Net Position Beginning					6,396,243	15,758,635	22,154,878
Net Position Ending					<u>\$ 6,710,373</u>	<u>\$ 17,768,955</u>	<u>\$ 24,479,328</u>

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

CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	General	T SPLOST	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on Hand and In Banks	\$ 211,090	1,421,997	\$ 85,699	\$ 1,718,786
LMIG Cash	224,643	-	-	224,643
Tree Bank Cash	147,151	-	-	147,151
Ad Valorem Taxes Receivable	414,481	-	-	414,481
Local Option Sales Taxes Receivable	98,123	-	4,381	102,504
Alcoholic Beverage Taxes Receivable	7,017	-	-	7,017
Franchise Taxes Receivable	-	-	-	-
Police Fines Receivable	113,649	-	-	113,649
Prepaid Items	169,614	-	-	169,614
Inventories	40,967	-	-	40,967
Total Assets	<u>1,426,735</u>	<u>1,421,997</u>	<u>90,080</u>	<u>2,938,812</u>
LIABILITIES				
Liabilities:				
Accrued Salaries and Taxes Payable	2,919	-	-	2,919
Compensated Time Off	99,467	-	-	99,467
Uncleared Cases	-	-	722	722
Inspector Deposit - Developments	11,963	-	-	11,963
Total Liabilities	<u>114,349</u>	<u>-</u>	<u>722</u>	<u>115,071</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Ad Valorem Tax Revenue	<u>290,337</u>	<u>-</u>	<u>-</u>	<u>290,337</u>
Fund Balance				
Nonspendable				
Prepaid Items	169,614	-	-	169,614
Inventories	40,967	-	-	40,967
Restricted for:				
Capital Projects	224,643	1,421,997	88,062	1,734,702
Trees	147,151	-	-	147,151
Unassigned	439,674	-	1,296	440,970
Total Fund Balance	<u>1,022,049</u>	<u>1,421,997</u>	<u>89,358</u>	<u>2,533,404</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,426,735</u>	<u>\$ 1,421,997</u>	<u>\$ 90,080</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets of \$9,312,087 net of accumulated depreciation of \$5,052,168 are not financial resources and, therefore, are not reported in the funds.				4,259,919
Accrued compensated absences considered long-term do not require the use of current resources and therefore not recorded in the governmental funds.				(11,052)
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds. Net pension liability and related deferred inflows and outflows of resources				(362,235)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.				<u>290,337</u>
Net Position of Governmental Activities				<u>\$ 6,710,373</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, 2020

	<u>General</u>	<u>T SPLOST</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:				
Taxes:				
Ad Valorem Tax	\$ 1,293,876	-	-	\$ 1,293,876
Motor Vehicle Tax	92,626	-	-	92,626
Franchise Tax	82,760	-	-	82,760
Insurance Premium Tax	341,084	-	-	341,084
Beer, Wine, Liquor Tax	80,597	-	-	80,597
Transfer Taxes	11,102	-	-	11,102
Intangibles Taxes	21,769	-	-	21,769
Total Taxes	<u>1,923,814</u>	<u>-</u>	<u>-</u>	<u>1,923,814</u>
Licenses and Permits:				
Business Licenses	71,132	-	-	71,132
Building & Other Permits	266,553	-	-	266,553
Total Licenses and Permits	<u>337,685</u>	<u>-</u>	<u>-</u>	<u>337,685</u>
Intergovernmental Revenues:				
Intergovernmental L.O.S.T. Taxes	1,253,425	\$ 752,063	52,278	2,057,766
Total Intergovernmental Revenues	<u>1,253,425</u>	<u>752,063</u>	<u>52,278</u>	<u>2,057,766</u>
Fines, Forfeitures, and Court Technologies :				
Police	36,791	-	-	36,791
Miscellaneous:				
Landfill Tipping Fees	317,965	-	-	317,965
Senior Center Transportation	19,279	-	-	19,279
Community Center and Train Depot	5,570	-	-	5,570
Cemetery Lot Sales	10	-	-	10
Other Miscellaneous	28,564	-	-	28,564
Confiscations	-	-	3,681	3,681
Total Miscellaneous	<u>371,388</u>	<u>-</u>	<u>3,681</u>	<u>375,069</u>
Total Revenues	<u>3,923,103</u>	<u>752,063</u>	<u>55,959</u>	<u>4,731,125</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, 2020

	General	T SPLOST	Other Governmental Funds	Totals
Expenditures:				
Current:				
Administrative	\$ 816,399	-	\$ -	\$ 816,399
Police	1,249,960	-	-	1,249,960
Fire Department	1,148,097	-	2,052	1,150,149
Street	484,287	-	-	484,287
Special Services	29,041	-	-	29,041
Total Current Expenditures	<u>3,727,784</u>	<u>-</u>	<u>2,052</u>	<u>3,729,836</u>
Capital Outlay:				
Administrative	-	-	-	-
Police	54,532	-	2,210	56,742
Fire Department	37,993	-	31,178	69,171
Street	134,429	149,643	-	284,072
Special Services	-	-	-	-
Total Capital Outlay	<u>226,954</u>	<u>149,643</u>	<u>33,388</u>	<u>409,985</u>
Total Expenditures	<u>3,954,738</u>	<u>149,643</u>	<u>35,440</u>	<u>4,139,821</u>
Excess (Deficit) of Revenues Over Expenditures Before	<u>(31,635)</u>	<u>602,420</u>	<u>20,519</u>	<u>591,304</u>
Net Change in Fund Balance	(31,635)	602,420	20,519	591,304
Fund Balance Beginning	<u>1,053,684</u>	<u>819,577</u>	<u>68,839</u>	<u>1,942,100</u>
Fund Balance Ending	<u>\$ 1,022,049</u>	<u>\$ 1,421,997</u>	<u>\$ 89,358</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, 2020

Net change in fund balances - total governmental funds:	\$ 591,304
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$394,056 exceeded outlays of \$377,176	(16,880)
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 long-term	(11,052)
Change in net pension liability and related deferred inflows and outflows of resources	(187,177)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; Deferred ad valorem taxes.	<u>(62,065)</u>
Change in Net Position of Government Activities	<u>\$ 314,130</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, 2020

Revised

	Budget		Actual	Variance- Positive (Negative)
	Original	Revised		
Revenues:				
Taxes	\$ 1,843,500	\$ 1,843,500	1,923,814	\$ 80,314
Licenses and Permits	515,500	515,500	337,685	(177,815)
Intergovernmental Revenues	1,400,000	1,400,000	1,253,425	(146,575)
Fines and Forfeitures	110,000	110,000	36,791	(73,209)
Special Services	38,450	38,450	24,849	(13,601)
Miscellaneous Revenue	520,500	520,500	346,539	(173,961)
Total Revenues	<u>4,427,950</u>	<u>4,427,950</u>	<u>3,923,103</u>	<u>(504,847)</u>
Expenditures:				
Administrative	1,425,749	1,425,749	816,399	609,350
Police Department	1,498,967	1,498,967	1,249,960	249,007
Fire/Emergency Medical Department	1,277,139	1,277,139	1,148,097	129,042
Street Department	463,550	463,550	484,287	(20,737)
Special Services	65,000	65,000	29,041	35,959
Capital Outlay	1,541,270	1,541,270	226,954	1,314,316
Total Expenditures	<u>6,271,675</u>	<u>6,271,675</u>	<u>3,954,738</u>	<u>2,316,937</u>
Net Change in Fund Balance	(1,843,725)	(1,843,725)	(31,635)	1,812,090
Fund Balance at Beginning of Year	<u>1,053,684</u>	<u>1,053,684</u>	<u>1,053,684</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (790,041)</u>	<u>\$ (790,041)</u>	<u>\$ 1,022,049</u>	<u>\$ 1,812,090</u>

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2020

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
ASSETS				
Current Assets:				
Cash in Banks	\$ 1,573,981	\$ 126,601	\$ 647,997	\$ 2,348,579
Prepaid Expenses	14,527	22,170	-	36,697
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	537,270	242,715	61,066	841,051
Inventories	337,586	50,076	-	387,662
Total Current Assets	<u>2,463,364</u>	<u>441,562</u>	<u>709,063</u>	<u>3,613,989</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	3,882,752	-	3,882,752
Capital Assets Being Depreciated:				
Buildings	66,032	1,850	-	67,882
Utility Distribution System	4,271,955	19,051,123	-	23,323,078
Water Tanks	-	336,195	-	336,195
Machinery, Vehicles, and Equipment	340,999	287,471	-	628,470
Total	4,685,653	23,559,391	-	28,245,044
Less: Accumulated Depreciation	(1,595,648)	(6,725,476)	-	(8,321,124)
Total Capital Assets	<u>3,090,005</u>	<u>16,833,915</u>	<u>-</u>	<u>19,923,920</u>
Total Noncurrent Assets	<u>3,090,005</u>	<u>16,833,915</u>	<u>-</u>	<u>19,923,920</u>
Total Assets	<u>5,553,369</u>	<u>17,275,477</u>	<u>709,063</u>	<u>23,537,909</u>
Deferred Outflows				
Related to Pension	34,337	42,919	-	77,256
Related to Bond Refinancing	-	273,341	-	273,341
Total Deferred Outflows	<u>34,337</u>	<u>316,260</u>	<u>-</u>	<u>350,597</u>
Total Assets and Deferred Outflows	<u>5,587,706</u>	<u>17,591,737</u>	<u>709,063</u>	<u>23,888,506</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	225,810	-	-	225,810
Accrued Payroll and Payroll Taxes	15,588	29,444	-	45,032
Sales Tax Payable	89,767	-	-	89,767
Accrued Compensated Absences	8,525	8,159	-	16,684
Utility Deposits	634,345	50,325	859	685,529
MEAG Note Payable	95,960	-	-	95,960
Revenue Bonds Payable	-	665,405	-	665,405
Total Current Liabilities (Payable from Current Assets):	<u>1,069,995</u>	<u>753,333</u>	<u>859</u>	<u>1,824,187</u>
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	47,359	-	47,359
Total Current Liabilities (Payable from Restricted Assets)	<u>-</u>	<u>47,359</u>	<u>-</u>	<u>47,359</u>
Total Current Liabilities	<u>1,069,995</u>	<u>800,692</u>	<u>859</u>	<u>1,871,546</u>
Noncurrent Liabilities				
Compensated Absences	947	906	-	1,853
MEAG Note Payable	888,734	-	-	888,734
Revenue Bonds Payable	-	3,200,648	-	3,200,648
Net Pension Liability	48,593	60,739	-	109,332
Total Non-Current Liabilities	<u>938,274</u>	<u>3,262,293</u>	<u>-</u>	<u>4,200,567</u>
Total Liabilities	<u>2,008,269</u>	<u>4,062,985</u>	<u>859</u>	<u>6,072,113</u>
Deferred Inflow Related to Pension	21,084	26,354	-	47,438
Total Liabilities and Deferred Inflows	<u>2,029,353</u>	<u>4,089,339</u>	<u>859</u>	<u>6,119,551</u>
NET POSITION				
Net Investment in Capital Assets	3,090,005	13,241,203	-	16,331,208
Unrestricted	468,348	261,195	708,204	1,437,747
Total Net Position	<u>3,558,353</u>	<u>\$ 13,502,398</u>	<u>708,204</u>	<u>\$ 17,768,955</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 POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Sales of Utilities	\$ 4,226,292	\$ 2,135,190	\$ -	\$ 6,361,482
Sanitation Charges	-	-	327,248	327,248
Penalties	83,715	43,185	13,215	140,115
Service, Cut on, and Permit Fees	38,605	-	-	38,605
Miscellaneous	38,337	250	730	39,317
Total Operating Revenue	<u>4,386,949</u>	<u>2,178,625</u>	<u>341,193</u>	<u>6,906,767</u>
Operating Expenses:				
Purchase of Utilities	2,557,958	20,359	-	2,578,317
Sewer Treatment	-	537,554	-	537,554
Salaries	133,563	213,178	-	346,741
Payroll Taxes	10,136	15,764	-	25,900
Retirement	22,100	34,067	-	56,167
Insurance (Group)	45,156	73,782	-	118,938
Training	8,529	2,553	-	11,082
Uniforms	4,486	5,646	-	10,132
Insurance - Vehicles and Equipment	3,675	3,416	-	7,091
Insurance - Other	8,093	16,294	-	24,387
Georgia Public Web	1,712	-	-	1,712
Professional Fees	55,104	227,313	-	282,417
Miscellaneous Administrative Expenses	13,022	22,249	-	35,271
Office Supplies	(1,025)	38	-	(987)
Depreciation Expense	82,118	451,903	-	534,021
Contracted Services	-	-	224,754	224,754
Repairs and Maintenance:				
Buildings	1,033	4,667	-	5,700
Distribution System	5,171	271,601	-	276,772
Equipment	29,888	4,471	-	34,359
Vehicles	19,038	4,367	-	23,405
Gas and Oil	2,733	3,844	-	6,577
Supplies	40,227	71,317	-	111,544
Equipment Rental	-	705	-	705
Telephone	2,461	12,446	-	14,907
Utilities	1,632	3,280	-	4,912
Miscellaneous Operating Expense	28,919	21,610	5,194	55,723
Total Operating Expenses	<u>3,075,729</u>	<u>2,022,424</u>	<u>229,948</u>	<u>5,328,101</u>
Operating Income	<u>1,311,220</u>	<u>156,201</u>	<u>111,245</u>	<u>1,578,666</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 POSITION

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2020

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
Nonoperating Revenues (Expenses):				
Interest to MEAG	\$ (41,294)	\$ -	\$ -	\$ (41,294)
Bond Interest	-	(142,273)	-	(142,273)
MEAG Telecom Contribution	600,000	-	-	600,000
Miscellaneous	15,221	-	-	15,221
Total Nonoperating Revenues (Expenses)	<u>573,927</u>	<u>(142,273)</u>	<u>-</u>	<u>(183,567)</u>
Transfers In (Out)	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	885,147	1,013,928	111,245	2,010,320
Net Position, Beginning of Year	<u>2,673,206</u>	<u>12,488,470</u>	<u>596,959</u>	<u>15,758,635</u>
Net Position, End of Year	<u>\$ 3,558,353</u>	<u>\$ 13,502,398</u>	<u>\$ 708,204</u>	<u>\$ 17,768,955</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, 2019

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	\$ 4,504,149	\$ 2,079,263	\$ 343,501	\$ 6,926,913
Payments to Providers	(2,800,177)	(1,328,835)	(229,948)	(4,358,960)
Payments to Employees	(133,563)	(213,178)	-	(346,741)
Net Cash Provided by (Used in) Operating Activities	<u>1,570,409</u>	<u>537,250</u>	<u>113,553</u>	<u>2,221,212</u>
Cash Flows from Capital and Related Financing Activities:				
Cash Paid for Additions to Property, Plant and Equipment	(897,440)	(647,501)	-	(1,544,941)
Loan received from MEAG	600,000	-	-	600,000
Principal Paid on MEAG Loan	(92,213)	-	-	(92,213)
Interest Paid to MEAG	(41,294)	-	-	(41,294)
Principal Paid on Bond Indebtedness	-	(650,374)	-	(650,374)
Interest Paid on Bond Indebtedness	-	(142,273)	-	(142,273)
Net Cash Flows from Capital and Related Financing Activities	<u>(430,947)</u>	<u>(1,440,148)</u>	<u>-</u>	<u>(1,871,095)</u>
Net Increase (Decrease) in Cash	139,462	97,102	113,553	350,117
Cash at Beginning of Year	<u>1,434,519</u>	<u>29,499</u>	<u>534,444</u>	<u>1,998,462</u>
Cash at End of Year	<u>\$ 1,573,981</u>	<u>\$ 126,601</u>	<u>\$ 647,997</u>	<u>\$ 2,348,579</u>
Classified As:				
Cash on Hand and in Banks	1,573,981	126,601	647,997	2,348,579
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	<u>1,311,220</u>	<u>156,201</u>	<u>111,245</u>	<u>1,578,666</u>
Adjustments Not Affecting Cash:				
Depreciation and Amortization	82,118	451,903	-	534,021
(Increase) Decrease in Accounts Receivable	19,632	(106,907)	2,174	(85,101)
(Increase) Decrease in Inventory	28,578	(18,786)	-	9,792
(Increase) Decrease in Prepaid Expenses	1,642	(1,665)	-	(23)
(Increase) Decrease in Deferred Outflow of Resources	(8,413)	(16,995)	-	(25,408)
Increase (Decrease) in Accounts Payable	18,676	-	-	18,676
Increase (Decrease) in Accrued Liabilities	1,410	30,560	-	31,970
Increase (Decrease) in Utility Deposits	97,568	7,545	134	105,247
Increase(Decrease) in Deferred Inflows of Resources	(13,814)	(8,544)	-	(22,358)
Increase(Decrease) in Net Pension Liability	31,792	43,938	-	75,730
Total Adjustments	<u>259,189</u>	<u>381,049</u>	<u>2,308</u>	<u>642,546</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,570,409</u>	<u>\$ 537,250</u>	<u>\$ 113,553</u>	<u>\$ 2,221,212</u>

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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

(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, 2020, 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 position and the statement of changes in net position) 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

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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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.

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

The government reports the following major proprietary funds:

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

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

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

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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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 Position 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 position. 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, 2020. Reported prepaid items in the General Fund are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The City uses the purchases method to account for prepaid items in governmental funds.

It is the City's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions 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,

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

individual cost of more than \$1,000 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 (200) hours 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 Position. The liability for compensated vacation benefits city-wide was \$98,278 compared to \$96,884 in the previous year which represents an increase of \$20,338. 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, 2020 the City had outstanding bonds of \$3,866,053 resulting from the issuance of a Combined Utility Revenue Refunding Bond, Series 2014 on August 18, 2014. In addition, the City has a note payable to MEAG, the terms of which are contained in note 5 (D).

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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	\$ 169,614
Inventories	40,967
Total	<u>\$ 210,581</u>

- Restricted - The following fund balances are restricted for:

<u>General Fund</u>	
Capital Projects	\$ 224,643
Trees	\$ 147,151
<u>T SPLOST</u>	
Capital Projects	\$ 1,421,997
<u>SPLOST Fund</u>	
Capital Projects	88,062
Total	<u>\$ 1,881,853</u>

- Unassigned – The following fund balances are unassigned:

<u>General Fund</u>	
Unassigned	\$ 439,674
<u>Confiscated Fund</u>	
Unassigned	1,296
	<u>\$ 440,970</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 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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

(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 position 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	\$	377,176
Depreciation expense		(394,056)
Net adjustment to increase changes in fund balances total government funds to arrive at changes in net position of governmental activities		\$ (16,880)

x

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	\$	(62,065)
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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:

Change in net pension liability and related deferred inflows and outflows of resources		
Net pension liability - prior	153,078	
Net pension liability - current	(498,069)	(344,991)
Deferred outflows prior	(269,951)	
Deferred outflows current	351,945	81,994
Deferred inflows prior	317,964	
Deferred inflows current	(211,366)	106,598
		\$ (156,399)

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

(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.

(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 \$4,039,159 and a bank balance of \$5,144,078. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,894,078 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, 2020.

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

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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>	<u>Investment</u>
Ninety days or less	\$ 4,439,159	100.00%

Custodial Credit Risk-Deposits

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

As a means of limiting exposure to credit risk, the risk of loss due to failure of the security issuer or backer, the City limits investments to obligations of the U. S. Government or obligations explicitly guaranteed by the U. S. Government and those deposit-type items which can be collateralized at 110% of the face value. Accordingly, \$85,070 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, 2020 were held in the City's name by the contracted custodial agent, with the exception of the certificates of deposits which were held by the City in the City's name.

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

B. Receivables

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

1. Property taxes collected within 60 days after the end of the fiscal year.
2. Local option sales taxes received from the State of Georgia in July.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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, 2020 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	\$688,958	\$151,688	\$537,270
Water & Sewer	338,281	95,566	242,715
Sanitation	115,865	54,799	61,066
Total	\$1,143,104	\$302,053	\$841,051

C. Capital Assets

Governmental activities as of June 30, 2020:

Asset Class	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020
<u>Capital assets not being depreciated:</u>				
Land	\$ 482,679	\$ -	\$ -	\$ 482,679
<u>Capital assets being depreciated:</u>				
Building	3,117,813	-	-	3,117,813
Furniture	113,320	-	-	113,320
Machinery, Equipment, & Vehicles	2,183,724	172,920	-	2,356,644
Infrastructure	3,037,375	204,256	-	3,241,631
Total capital assets being depreciated	8,452,232	377,176	-	8,829,408
Less accumulated depreciation for:				
Buildings	1,986,383	135,239	-	2,121,622
Furniture	97,437	2,753	-	100,190
Machinery, Equipment, & Vehicles	1,672,747	125,168	-	1,797,915
Infrastructure	901,545	130,896	-	1,032,441
Total accumulated depreciation	4,658,112	394,056	-	5,052,168
Total capital assets being depreciated, net	3,794,120	(16,880)	-	3,777,240
Government activities capital assets, net	\$ 4,276,799	\$ (16,880)	\$ -	\$ 4,259,919

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Business Funds	Asset Class	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020
<u>Capital assets not being depreciated:</u>					
	Land	\$ 6,667	\$ -	\$ -	\$ 6,667
	Construction In Progress	3,882,752	-	-	3,882,752
	Total capital assets not being depreciated	3,619,744	-	-	3,889,419
<u>Capital assets being depreciated:</u>					
	Buildings	67,882	-	-	67,882
	Machinery, Vehicles, and Equipment	625,141	3,329	-	628,470
	Water Tanks	336,195	-	-	336,195
	Distribution System	22,021,158	1,301,920	-	23,323,078
	Total capital assets being depreciated	23,050,376	1,305,249	-	24,355,625
Less accumulated depreciation for:					
	Buildings	61,231	2,393	-	63,624
	Machinery, Vehicles, and Equipment	454,899	22,198	-	477,097
	Water Tanks	195,661	25,214	-	220,875
	Distribution system	7,075,312	484,216	-	7,559,528
	Total accumulated depreciation	7,787,103	534,021	-	8,321,124
	Total capital assets being depreciated, net	15,263,273	771,228	-	16,034,501
	Business type activities capital assets, net	\$ 18,883,017	\$ 771,228	\$ -	\$ 19,923,920

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

Governmental Activities	
Administration	\$ 12,875
Police	84,846
Fire	33,233
Streets	152,551
Special Services	110,551
Total depreciation expense-governmental activities	394,056
Business-type activities:	
Electric	82,118
Water and Sewer	451,903
Total depreciation expense-business-type activities	\$ 534,021

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2020:

	Water & Sewer Revenue
Bonds Payable July 1, 2019	\$ 4,516,427
Bonds Issued	-
Bonds Retired	650,374
Bonds Payable June 30, 2020	\$ 3,866,053

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, 2020 are comprised of the following:

- \$7,280,757 Series 2014, Combined Utility Revenue Refunding Bonds due in annual installments of \$650,374 to \$733,893 through July 1, 2025; interest at 2.45%. The first line on the table below indicates the amounts due within one year.

For Year Ending	Water & Sewer System Principal	Water & Sewer System Interest	Water & Sewer System Total
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	\$ 3,866,053	\$ 289,934	\$ 3,779,994

The net carrying amount of the Series 2005 bonds was \$6,294,502, and the 2005 Series is considered defeased and therefore not recorded on the financial statements. 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, 2020

Pmt Date	Principal Payment	Actual New Debt	Deferred Refunding	Net New Debt	Effective Interest	Stated Interest	Deferred Refunding Amortization
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>3,866,053</u>				<u>563,275</u>	<u>289,934</u>	<u>273,341</u>

The amount of deferred outflows recognized during the year was \$50,155.

On March 6, 2020 the City obtain a loan of \$1,100,000 at 3.99% interest through the Municipal Electric Authority of Georgia (MEAG Power). Below is the repayment schedule:

Fiscal Year Ended	Principal	Interest	Total
June 30, 2021	95,959	37,550	133,509
2022	99,858	33,651	133,509
2023	103,916	29,593	133,509
2024	108,139	25,370	133,509
2025	112,534	56,781	169,315
2026-2029	464,366	52,238	516,604
Total	<u>984,694</u>	<u>235,183</u>	<u>1,219,955</u>

The following is a summary of compensated absences for governmental activities of the City for the year ended June 30, 2020:

Compensated Absences	Governmental Activities
Compensated Absences July 1, 2019	\$ 79,741
Absences Accrued	102,778
Absences (Used)	(72,000)
Compensated Absences Payable June 30, 2020	<u>\$ 110,519</u>
Due Within One Year	<u>\$ 99,467</u>

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

The following is a summary of compensated absences for business-type activities of the City for the year ended June 30, 2020:

<u>Compensated Absences</u>	<u>Business-Type Activities</u>
Compensated Absences July 1, 2019	\$ 15,429
Absences Accrued	14,478
Absences (Used)	(11,370)
Compensated Absences Payable June 30, 2020	<u>\$ 18,537</u>
Due Within One Year	<u>\$ 16,684</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 \$1,500,000 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, 2020

Employees Covered by Benefit Term. At the September 30, 2019 valuation date the following employees were covered by the benefit terms:

Active participants	53
Inactive vested participants	24
Retired participants and beneficiary	26
Total covered by plan	103

Funding Policy. The City’s plan is non-contributory, under this plan and the City’s policy is to contribute 100% of an actuarially determined rate; the current rate is 8.97% 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, 2019 which makes them applicable to the Fiscal Year beginning July 1, 2019 and ending June 30, 2020.

Plan Changes and Assumptions.

- There were no changes in plan features since the last valuation.
- Employees are able to participate immediately.
- The salary increases range from 3.25% to 8.25% and include an inflation rate of 2.75%.
- The projection of cash flows used to determine the discount rate assumes a 2.25% inflation rate, a social security wage base increase of 3.25%, a cost of living adjustment of 3%, and administrative expenses of \$4,000 plus \$48 per participant, \$60 per retiree and beneficiary plus 0.06% of the market value of assets.
- *Discount Rate.* The discount rate to measure the total pension liability was 7.375% for 2020 and will be on an ongoing basis. The rate was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighting the expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate of the ongoing basis is a margin for adverse deviation. Best Estimates of arithmetic real rates of return for each major asset class included in the pensions plan’s target asset allocation as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	45.00%	6.41%
International Equity	20.00%	6.96%
Domestic Fixed Income	20.00%	1.96%
Real Estate	10.00%	4.76%
Fixed Income Global	5.00%	3.06%
Cash	0.00%	
Total	100.00%	

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

- The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were baselined upon the results of an actuarial experience for the period January 1, 2010 to June 30, 2020 conducted by the actuarial company. There were no *ad hoc* postemployment benefit changes.

Healthy: RP-2000 Combined Healthy Table with sex-distinct rates, set forward two years for males and one year for females

Disabled: RP-2000 Disabled Retiree Mortality Table with sex-distinct rates

Plan termination basis (all lives): 1994 Group Annuity Reserving Unisex Table

Changes in Net Pension Liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2018	\$ 3,837,909	\$ 3,651,230	\$ 186,679
Changes for the year:			
Service cost	110,033		\$ 110,033
Interest	289,168		\$ 289,168
Difference between expected and actual experience	80,007		\$ 80,007
Contributions - employer		133,586	\$ (133,586)
Contributions - employee		-	\$ -
Net investment income		108,398	\$ (108,398)
Benefit payments, including refunds of employee contributions	(184,740)	(184,740)	\$ -
Administrative expense	-	(11,422)	11,422
Other	172,076		172,076
Net changes	466,544	-	420,722
Balances at September 30, 2019	\$ 4,304,453	\$ 12,203	\$ 607,401

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 7.375% 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.

	1% Decrease	7.375%	1% Increase
	6.375%		8.375%
City's Net Pension Liability	\$ 1,145,987	\$ 607,401	\$ (206,192)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

For the year ended June 30, 2020 the City recognized pension expense of \$168,425. At June 30, 2020 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	\$ 147,147	\$ (110,322)
Changes in assumptions	151,573	-
Net difference between projected and actual earnings on pension plan investments	-	(22,747)
Employer contributions subsequent to the measurement date of the net pension liability	130,480	-
Total	\$ 429,200	\$ (133,069)

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
2021	(31,952)
2022	19,728
2023	49,049
2024 and Beyond	NA

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

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

(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:

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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 Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions (Public Officials) Liability	1,000,000
Employee Benefits Liability	1,000,000
Pollution Liability	1,000,000

COVERAGE DESCRIPTION - CRIME:

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

DEDUCTIBLE:

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

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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

- 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, 2020. No provisions have been made in the financial statements for the year ended June 30, 2020 for any estimate of potential unpaid claims.

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

The responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GMWCSIF at such times and in such amounts as shall be established by GMWCSIF.
- To assist and cooperate with GMWCSIF, or its authorized representatives, in defense and settlement of workers compensation claims against the City.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefore, 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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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, 2020 because currently all dues are paid on the City's behalf by Fulton County. An RDC Board membership includes the chief elected official of each county and a rotating chief elected official of each municipality from South Fulton. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County.

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

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

(9) Contingencies

A. Litigation

The City Attorney has advised that there are no pending or threatened litigation or potential claims against the City as of May 5, 2022

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.

CITY OF PALMETTO, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

(10) Related Organizations

A. South Fulton Municipal Water and Sewer Authority

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

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

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

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

CITY OF PALMETTO, GEORGIA

Schedule of Changes in the Net Pension Liability and Related Ratios
Required Supplemental Information
Last Five Fiscal Years

	Fiscal Year Ending June 30,					
	2020	2019	2018	2017	2016	2015
<u>Total Pension Liability</u>						
Service cost	110,033	117,367	125,379	\$ 107,906	\$ 144,922	130,260
Interest	289,168	264,342	255,759	260,703	237,418	220,560
Difference between expected and actual experience	80,007	145,237	(146,606)	(258,400)	87,835	9,018
Change of assumptions	172,076	-	56,289	-	-	7,942
Benefit payments including refunds of employee contributions	<u>(184,740)</u>	<u>(192,450)</u>	<u>(175,056)</u>	<u>(172,944)</u>	<u>(166,505)</u>	<u>(134,017)</u>
Net change in total pension liability	466,544	334,496	115,765	(62,735)	303,670	233,763
Total pension liability - beginning	<u>\$ 3,837,909</u>	<u>\$ 3,503,413</u>	<u>\$ 3,387,648</u>	<u>3,450,383</u>	<u>3,146,713</u>	<u>2,912,950</u>
Total pension liability - ending (a)	<u><u>\$ 4,304,453</u></u>	<u><u>\$ 3,837,909</u></u>	<u><u>\$ 3,503,413</u></u>	<u><u>\$ 3,387,648</u></u>	<u><u>\$ 3,450,383</u></u>	<u><u>\$ 3,146,713</u></u>
<u>Plan Fiduciary Net Position</u>						
Contributions - employer	133,586	147,272	200,281	177,422	204,467	185,511
Contributions - employee	-	-	-	-	-	-
Net investment income	108,398	332,975	441,362	295,093	28,681	260,364
Benefit payments including refunds of employee contributions	(184,740)	(192,450)	(175,056)	(172,944)	(166,505)	(134,017)
Administrative expense	<u>(11,422)</u>	<u>(12,204)</u>	<u>(12,902)</u>	<u>(7,297)</u>	<u>(8,040)</u>	<u>(6,385)</u>
Net change in fiduciary net position	45,822	275,593	453,685	292,274	58,603	305,473
Plan fiduciary net position - beginning	<u>3,651,230</u>	<u>3,375,637</u>	<u>2,921,952</u>	<u>2,629,678</u>	<u>2,571,075</u>	<u>2,265,602</u>
Plan fiduciary net position - ending (b)	<u>3,697,052</u>	<u>3,651,230</u>	<u>3,375,637</u>	<u>2,921,952</u>	<u>2,629,678</u>	<u>2,571,075</u>
Net pension liability - ending (a)-(b)	<u><u>\$ 607,401</u></u>	<u><u>\$ 186,679</u></u>	<u><u>\$ 127,776</u></u>	<u><u>\$ 465,696</u></u>	<u><u>\$ 820,705</u></u>	<u><u>\$ 575,638</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	85.89%	95.14%	96.35%	86.25%	76.21%	81.71%
Covered employee payroll	1,958,645	2,030,399	2,086,713	\$ 2,108,590	\$1,910,171	1,951,298
Net pension liability as a percentage of covered employee payroll	31.01%	9.19%	6.12%	22.09%	42.97%	29.50%

Note - Previous four years not available

CITY OF PALMETTO, GEORGIA

Schedule of Pension Contributions
 Required Supplemental Information
 Last Six Fiscal Years

	2020*	2019	Fiscal Year End June 30,		2016	2015
			2018	2017		
Actuarially determined contribution		\$ 144,635	\$ 164,222	\$ 164,222	191,070	187,130
Contributions in relation to the actuarially determined contribution		144,635	164,222	177,422	192,323	187,130
Contributions (excess)		-	-	(13,200)	(1,253)	-
Covered - employee payroll		2,030,399	2,086,713	2,108,590	1,910,171	1,951,303
Contributions as a percentage of covered employee payroll		7.12%	7.87%	7.66%	9.84%	9.59%

Note - Previous four years not available

*2020 information will be determined after fiscal year-end.



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, 2020

	<u>SPLOST Fund</u>	<u>Confiscated Fund</u>	<u>Total Non-Major Governmental</u>
ASSETS			
Cash on Hand and in Banks	\$ 83,681	\$ 2,018	\$ 85,699
Local Option Sales Tax Receivable	<u>4,381</u>	<u>-</u>	<u>4,381</u>
Total Assets	<u><u>88,062</u></u>	<u><u>2,018</u></u>	<u><u>90,080</u></u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Uncleared Cases Deposits	-	722	722
Fund Balances			
Restricted for:			
Capital Projects Financed with SPLOST	88,062	-	88,062
Unrestricted	<u>-</u>	<u>1,296</u>	<u>1,296</u>
Total Fund Balnce	<u><u>88,062</u></u>	<u><u>1,296</u></u>	<u><u>89,358</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 88,062</u></u>	<u><u>\$ 2,018</u></u>	<u><u>\$ 90,080</u></u>

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2020

	<u>SPLOST Fund</u>	<u>Confiscated Fund</u>	<u>Total Non-Major Governmental</u>
Revenues:			
Intergovernmental SPLOST Taxes	\$ 52,278	\$ -	\$ 52,278
Interest Income	-	-	-
Confiscated Funds	-	3,681	3,681
	<u>52,278</u>	<u>3,681</u>	<u>55,959</u>
Total Revenues			
Expenditures:			
Current			
Administrative	-	-	-
Fire	2,052	-	2,052
Police	-	2,210	2,210
Capital Outlays	31,178	-	31,178
	<u>33,230</u>	<u>2,210</u>	<u>35,440</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>19,048</u>	<u>1,471</u>	<u>20,519</u>
Other Financing (Uses)			
Transfers In (Out)	-	-	-
Net Change in Fund Balances	19,048	1,471	20,519
Fund Balance at Beginning of Year	<u>69,014</u>	<u>(175)</u>	<u>68,839</u>
Fund Balance at End of Year	<u>\$ 88,062</u>	<u>\$ 1,296</u>	<u>\$ 89,358</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, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	\$ 4,799,278	\$ 4,226,292	\$ (572,986)	\$ 3,975,000	\$ 3,942,420	\$ (32,580)
Cut On and Permit Fees	-	38,500	38,500	20,000	45,460	25,460
Penalties	100,000	83,715	(16,285)	175,000	98,616	(76,384)
Service Fees	30,000	105	(29,895)	10,000	245	(9,755)
Miscellaneous	6,250	38,337	32,087	15,000	62,133	47,133
Total Operating Revenue	4,935,528	4,386,949	(548,579)	4,195,000	4,148,874	(46,126)
Operating Expenses:						
Personnel Services:						
Salaries	282,146	133,563	148,583	273,940	140,047	133,893
Payroll Taxes	15,000	10,136	4,864	15,150	10,303	4,847
Retirement	15,000	22,100	(7,100)	27,950	5,701	22,249
Insurance (Group and Worker's Compensation)	56,000	45,156	10,844	62,350	50,104	12,246
Training Expense	12,000	8,529	3,471	12,000	7,307	4,693
Uniforms	6,000	4,486	1,514	4,000	4,166	(166)
Total Personal Services	386,146	223,970	162,176	395,390	217,628	177,762
Administrative Expenses:						
Insurance - Vehicles and Equipment	4,500	3,675	825	4,500	4,104	396
Insurance - Other	7,000	8,093	(1,093)	7,000	10,026	(3,026)
Miscellaneous	46,000	13,022	32,978	6,000	5,719	281
Office Supplies	500	(1,025)	1,525	500	1,241	(741)
Georgia Public Web	2,000	1,712	288	5,000	1,848	3,152
Professional Fees and Contracted Services	50,000	55,104	(5,104)	70,000	35,247	34,753
Total Administrative Expenses	110,000	80,581	29,419	93,000	58,185	34,815
Depreciation Expense	100,000	82,118	17,882	100,000	89,640	10,360
Other Operating Expenses:						
Purchase of Utilities	2,600,000	2,557,958	42,042	3,000,000	2,573,954	426,046
Repairs and Maintenance:						
Buildings	4,000	1,033	2,967	4,000	305	3,695
Distribution System	300,000	5,171	294,829	300,000	54,651	245,349
Equipment	50,000	29,888	20,112	50,000	2,114	47,886
Vehicles	20,000	19,038	962	15,000	26,145	(11,145)
Equipment Rental	2,000	-	2,000	2,000	-	2,000
Gas and Oil	5,000	2,733	2,267	7,000	3,942	3,058
Miscellaneous Operating Expenses	19,000	28,919	(9,919)	20,000	23,720	(3,720)
Supplies	70,000	40,227	29,773	30,000	56,398	(26,398)
Telephone	4,500	2,461	2,039	5,000	3,265	1,735
Utilities	2,000	1,632	368	1,600	1,634	(34)
Total Other Operating Expenses	3,076,500	2,689,060	387,440	3,434,600	2,746,128	688,472
Total Expenses	3,672,646	3,075,729	596,917	4,022,990	3,111,581	911,409
Operating Income (Loss)	1,262,882	1,311,220	48,338	172,010	1,037,293	865,283
Nonoperating Revenues (Expenses):						
Interest to MEAG	(12,500)	(41,294)	28,794	(12,500)	(10,828)	(1,672)
Miscellaneous	(3,000)	15,221	(18,221)	3,000	-	3,000
MEAG Telecom Contribution	600,000	600,000	-	-	-	-
Transferred to Water and Sewer Fund	(1,000,000)	(1,000,000)	-	(1,500,000)	(1,500,000)	-
Total Nonoperating Revenues (Expenses)	(415,500)	(426,073)	10,573	(1,509,500)	(1,510,828)	1,328
Change in Net Position	847,382	885,147	37,765	(1,337,490)	(473,535)	863,955
Net Position at Beginning of Year	2,673,206	2,673,206	-	3,354,214	3,354,214	-
Prior Period Adjustment	-	-	-	(207,473)	(207,473)	-
Net Position at End of Year	\$ 3,520,588	\$ 3,558,353	\$ 37,765	\$ 2,016,724	\$ 2,673,206	\$ 863,955

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, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sale of Utilities	\$ 2,128,567	\$ 1,874,190	\$ (254,377)	\$ 1,885,000	\$ 1,700,549	\$ (184,451)
Water and Sewer Taps	442,800	261,000	(181,800)	170,000	290,800	120,800
Penalties	65,000	43,185	(21,815)	65,000	51,587	(13,413)
Miscellaneous	1,000	250	(750)	-	1,075	1,075
Total Operating Revenues	2,637,367	2,178,625	(458,742)	2,120,000	2,044,011	(75,989)
Operating Expenses:						
Personnel Services:						
Salaries	288,900	213,178	75,722	279,986	197,420	82,566
Payroll Taxes	15,000	15,764	(764)	25,100	14,412	10,688
Retirement	15,000	34,067	(19,067)	20,000	5,701	14,299
Insurance (Group and Worker's Compensation)	65,000	73,782	(8,782)	65,000	70,515	(5,515)
Training Expenses	4,000	2,553	1,447	3,000	4,283	(1,283)
Uniforms	5,000	5,646	(646)	3,000	4,291	(1,291)
Total Personal Services	392,900	344,990	47,910	396,086	296,622	99,464
Administrative Expenses:						
Insurance - Vehicles and Equipment	5,500	3,416	2,084	3,000	3,259	(259)
Insurance - Other	15,000	16,294	(1,294)	15,000	18,313	(3,313)
Miscellaneous	14,000	22,249	(8,249)	14,000	7,618	6,382
Professional Fees	250,000	227,313	22,687	125,000	121,203	3,797
Office Supplies	1,200	38	1,162	500	1,169	(669)
Total Administrative Expenses	285,700	269,310	16,390	157,500	151,562	5,938
Depreciation Expense	450,000	451,903	(1,903)	375,000	430,389	(55,389)
Other Operating Expenses:						
Water Purchases	100,000	20,359	79,641	100,000	19,289	80,711
Sewer Treatment	500,000	537,554	(37,554)	550,000	519,870	30,130
Equipment Rental	10,000	705	9,295	10,000	880	9,120
Gas and Oil	10,000	3,844	6,156	10,000	5,471	4,529
Miscellaneous Operating Expense	25,700	21,610	4,090	24,000	5,824	18,176
Repairs and Maintenance:						
Buildings	100,000	4,667	95,333	100,000	92	99,908
Distribution - Water and Sewer Systems	700,000	271,601	428,399	700,000	116,740	583,260
Equipment	20,000	4,471	15,529	20,000	10,193	9,807
Vehicles	5,000	4,367	633	5,000	5,679	(679)
Supplies	95,000	71,317	23,683	100,000	96,250	3,750
Telephone	12,000	12,446	(446)	10,000	10,971	(971)
Utilities	4,000	3,280	720	4,000	3,424	576
Total Other Operating Expenses	1,581,700	956,221	625,479	1,633,000	794,683	838,317
Total Expenses	2,710,300	2,022,424	687,876	2,561,586	1,673,256	888,330
Operating Income (Loss)	(72,933)	156,201	229,134	(441,586)	370,755	812,341
Nonoperating Revenues (Expenses):						
Bond Interest	(114,596)	(142,273)	(27,677)	(130,028)	(100,494)	29,534
Transferred from Electric Fund	1,000,000	1,000,000	-	1,500,000	1,500,000	-
Transferred to General Fund	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	885,404	857,727	(27,677)	1,369,972	1,399,506	29,534
Change in Net Position	812,471	1,013,928	201,457	928,386	1,770,261	841,875
Net Position at Beginning of Year	12,488,470	12,488,470	-	-	10,718,209	-
Net Position at End of Year	\$ 13,300,941	\$ 13,502,398	\$ 201,457	\$ 928,386	\$ 12,488,470	\$ 841,875

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, 2020 and 2019

	2020			2019		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Operating Revenues:						
Sanitation Charges	\$ 377,508	\$ 327,248	(50,260)	\$ 260,354	\$ 340,326	79,972
Penalties	20,000	13,215	(6,785)	20,000	9,133	(10,867)
Miscellaneous	2,000	730	(1,270)	2,000	6,447	4,447
Total Operating Revenue	<u>399,508</u>	<u>341,193</u>	<u>(58,315)</u>	<u>282,354</u>	<u>355,906</u>	<u>73,552</u>
Operating Expenses:						
Contracted Services - Garbage	319,333	224,754	94,579	238,350	237,795	555
Other Operating Expenses	2,000	5,194	(3,194)	2,000	-	2,000
Total Operating Expenses	<u>321,333</u>	<u>229,948</u>	<u>91,385</u>	<u>240,350</u>	<u>237,795</u>	<u>2,555</u>
Transfers in (out)			-			-
Change in Net Position	78,175	111,245	33,070	42,004	118,111	76,107
Net Position at Beginning of Year	<u>596,959</u>	<u>596,959</u>	<u>-</u>	<u>478,848</u>	<u>478,848</u>	<u>-</u>
Net Position at End of Year	<u>\$ 675,134</u>	<u>\$ 708,204</u>	<u>\$ 33,070</u>	<u>\$ 520,852</u>	<u>\$ 596,959</u>	<u>\$ 76,107</u>

CITY OF PALMETTO, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2019

T-SPLOST

	Budgeted	2020 Actual	Variance- Positive (Negative)	Budgeted	2019 Actual	Variance- Positive (Negative)
Revenues:						
Intergovernmental	\$ 650,000	\$ 752,063	\$ 102,063	\$ 700,000	\$ 777,206	\$ 77,206
State and Federal Confiscations	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Total Revenues	<u>650,000</u>	<u>752,063</u>	<u>102,063</u>	<u>700,000</u>	<u>777,206</u>	<u>77,206</u>
Expenditures:						
Current						
Administrative	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital Outlays	-	149,643	(149,643)	860,000	804,857	55,143
Administrative	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>149,643</u>	<u>(149,643)</u>	<u>860,000</u>	<u>804,857</u>	<u>55,143</u>
Excess (Deficiency) of Revenues over Expenditures	<u>650,000</u>	<u>602,420</u>	<u>251,706</u>	<u>(160,000)</u>	<u>(27,651)</u>	<u>22,063</u>
Other Financing (Uses)						
Transfers Out	-	-	-	-	-	-
Net Change in Fund Balances	650,000	602,420	251,706	(160,000)	(27,651)	22,063
Fund Balance at Beginning of Year	<u>819,577</u>	<u>819,577</u>	<u>-</u>	<u>847,228</u>	<u>847,228</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,469,577</u>	<u>\$ 1,421,997</u>	<u>\$ (47,580)</u>	<u>\$ 687,228</u>	<u>\$ 819,577</u>	<u>\$ 132,349</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, 2020
 With Comparative Actual Amounts for Year Ended June 30, 2019

	SPLOST Fund 2020 Budgeted	2020 Actual	Variance- Positive (Negative)	2019 Actual	Confiscated Fund 2020 Budgeted	2020 Actual	Variance- Positive (Negative)	2019 Actual	2020 Total Non-Major Governmental
Revenues:									
Intergovernmental	\$ 325,000	\$ 52,278	\$ (272,722)	\$ 47,635	\$ -	\$ -	\$ -	\$ -	\$ 52,278
State and Federal Confiscations	-	-	-	-	-	3,681	-	-	3,681
Interest Income	-	-	-	-	-	-	-	-	-
Total Revenues	<u>325,000</u>	<u>52,278</u>	<u>(272,722)</u>	<u>47,635</u>	<u>-</u>	<u>3,681</u>	<u>-</u>	<u>-</u>	<u>55,959</u>
Expenditures:									
Current									
Administrative	-	-	-	-	-	-	-	-	-
Fire	2,000	2,052	(52)	1,893	-	-	-	-	2,052
Police	-	-	-	-	2,300	2,210	90	2,280	2,210
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital Outlays	60,000	31,178	28,822	58,159	-	-	-	-	31,178
Administrative	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>62,000</u>	<u>33,230</u>	<u>28,770</u>	<u>60,052</u>	<u>2,300</u>	<u>2,210</u>	<u>90</u>	<u>2,280</u>	<u>35,440</u>
Excess (Deficiency) of Revenues over Expenditures	<u>263,000</u>	<u>19,048</u>	<u>(301,492)</u>	<u>(12,417)</u>	<u>(2,300)</u>	<u>1,471</u>	<u>(90)</u>	<u>(2,280)</u>	<u>20,519</u>
Other Financing (Uses)									
Transfers Out	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	<u>263,000</u>	<u>19,048</u>	<u>(243,952)</u>	<u>(12,417)</u>	<u>(2,300)</u>	<u>1,471</u>	<u>(90)</u>	<u>(2,280)</u>	<u>20,519</u>
Fund Balance at Beginning of Year	<u>69,014</u>	<u>69,014</u>	<u>67,797</u>	<u>81,431</u>	<u>(175)</u>	<u>(175)</u>	<u>2,105</u>	<u>2,105</u>	<u>68,839</u>
Fund Balance at End of Year	<u>\$ 332,014</u>	<u>\$ 88,062</u>	<u>(243,952)</u>	<u>\$ 69,014</u>	<u>\$ (2,475)</u>	<u>\$ 1,296</u>	<u>\$ 2,015</u>	<u>\$ (175)</u>	<u>\$ 89,358</u>

CITY OF PALMETTO, GEORGIA

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

June 30, 2020

Governmental Funds Capital Assets:

Land	\$	482,679
Buildings and Improvements		3,117,813
Furniture and Fixtures		113,320
Vehicles and Equipment		2,356,644
Infrastructure		<u>3,241,631</u>
	\$	<u>9,312,087</u>

Investment in Governmental Funds Capital Assets by Source:

General Fund	\$	8,185,096
Special Revenue Funds		<u>1,126,991</u>
Total Investment in Capital Assets	\$	<u>9,312,087</u>

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2020

Function and Activity	Total June 30, 2020	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	\$ 607,659	\$ 26,681	348,798	44,736	187,444	
Police Department	1,431,967	60,000	606,178	23,363	742,426	
Fire Department	1,502,054	232,660	180,408	25,876	1,063,110	
Street Department	3,574,886	39,466	-	7,475	286,314	3,241,631
Special Services	<u>2,195,521</u>	<u>123,872</u>	<u>1,982,429</u>	<u>11,870</u>	<u>77,350</u>	
Total Capital Assets Allocated to Functions	\$ <u><u>9,312,087</u></u>	\$ <u><u>482,679</u></u>	\$ <u><u>3,117,813</u></u>	\$ <u><u>113,320</u></u>	\$ <u><u>2,356,644</u></u>	\$ <u><u>3,241,631</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, 2020

Function and Activity	Governmental Funds Capital Assets 7/1/2019	Additions	Deductions	Governmental Funds Capital Assets 6/30/2020
Administrative	\$ 607,659	\$ -	\$ -	\$ 607,659
Police Department	1,382,661	49,306	-	1,431,967
Fire Department	1,456,786	45,268	-	1,502,054
Street Department	3,292,284	282,602	-	3,574,886
Special Services	2,195,521	-	-	2,195,521
Total Capital Assets	\$ 8,934,911	\$ 377,176	\$ -	\$ 9,312,087

Daniel L. Post, CPA
Daniel L. Post, Jr., CPA
Samantha W. Maxwell, CPA
James C. Castle, CPA
Renee C. Clark, CPA



MEMBERS
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**Independent Auditors' Report on
Special 1 Percent Sales and Use Tax**

Honorable J. Clark Boddie, Mayor
and Members of the City Council
City of Palmetto
Palmetto, Georgia

We have audited the accompanying financial statements of the City of Palmetto, Georgia, as of and for the year ended June 30, 2020, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon May 5 2022. These financial statements are the responsibility of the City of Palmetto's management. Our responsibility is to express an opinion on these financial statements based on our audit.

As required by the Official Code of Georgia Annotated (OCGA), Section 48-8-121, our Audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by OCGA, Sections 48-8-110 and 48-8-111. The accompanying Schedule of Special Purpose Local Option Sales Tax ("Schedule") lists each identified project and contains the information required by OCGA, Section 48-8-121. The Schedule is not intended to be a complete presentation of the City's assets, liabilities, revenues and expenses.

In our opinion this Schedule presents fairly, in all material respects, the original estimated cost of each project, expenditures incurred and the estimated percentage of completion of each project through June 30, 2020, the end of the fiscal year covered by this audit, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of those within the City, the regulatory agency with which the report is being filed, and is not intended to be and should not be used by anyone other than these specified parties.

Marietta, Georgia
May 5, 2022

Post CPAs, LLC - Certified Public Accountants

3475 Dallas Highway, Suite 125 • Marietta, Georgia 30064 • Office: (678) 290-5100 • Fax: (678) 290-3307

City of Palmetto, Georgia
 Schedule of Projects Constructed
 With Special Sales Tax Proceeds
 Year Ended June 30, 2020

SPLOST Number	Project	Original	Revised	Expenditures		Total	Estimated Percentage of Completion
		Estimated Cost	Estimated Cost	Prior Years	Current Year		
3	Public Safety	405,475	405,475	330,924	-	330,924	82%
4	Public Safety	370,000	N/A	-	33,230	33,230	9%
	Totals	<u>\$ 775,475</u>	<u>\$ 405,475</u>	<u>\$ 330,924</u>	<u>\$ 33,230</u>	<u>\$ 364,154</u>	

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable J. Clark Boddie, Mayor
and Members of the City Council
City of Palmetto
Palmetto, Georgia

We have audited, in accordance with the 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, the 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, 2020, and the related notes to the financial statements, which collectively comprise the City of Palmetto Georgia's basic financial statements and have issued our report thereon dated May 5, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Palmetto, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Palmetto, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Palmetto, Georgia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Palmetto Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be the initials 'PJA' with a long horizontal stroke extending to the right.

Marietta, Georgia
May 5, 2022