

# CITY OF PALMETTO, GEORGIA



## *ANNUAL FINANCIAL REPORT*

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared by  
City Administrator's Office  
Cynthia Hanson  
*City Clerk*  
Palmetto City Hall  
CITY OF PALMETTO, GEORGIA



CITY OF PALMETTO, GEORGIA

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

ORGANIZATION CHART

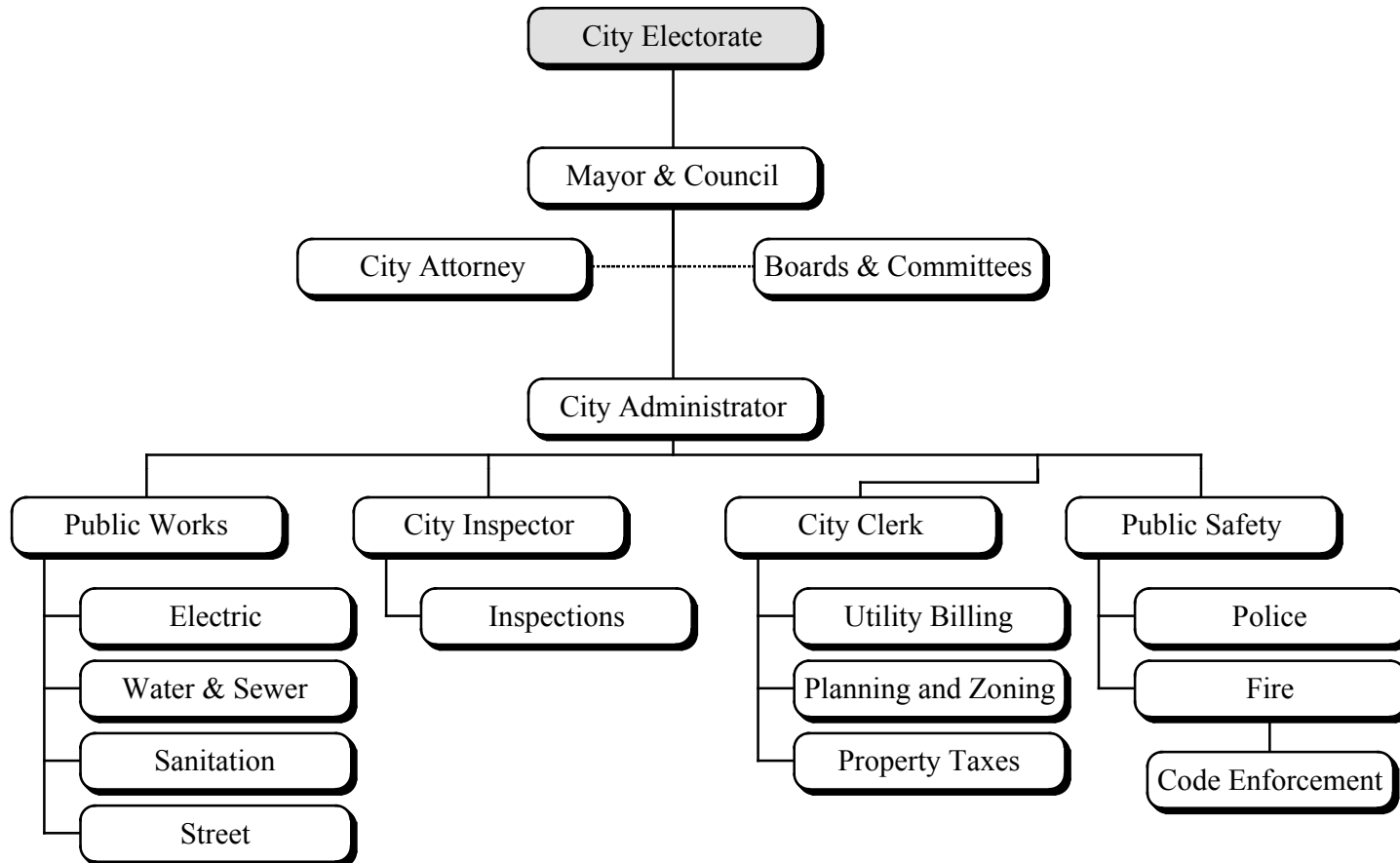
LISTING OF CITY OFFICIALS

TABLE OF CONTENTS

LETTER OF TRANSMITTAL

# City of Palmetto, Georgia

## Organizational Chart



**CITY OF PALMETTO, GEORGIA  
CITY OFFICIALS  
2021**

MAYOR

*J. Clark Boddie*

CITY COUNCIL

*Deon Arnold*

*Tara Miller*

*Laura Mullis*

*Nathan Slaton*

*Teresa Thomas-Smith*

*Patty O'Hara Willey*

CITY CLERK

*Cynthia Hanson*

CHIEF OF POLICE

*Bryan Hergesell*

FIRE CHIEF

*Henry Argo*

CITY RECORDER

*Russell Ross*

*H. Clay Collins*

BUILDING INSPECTOR

*Leonard Thompson*

*Charles Abbott Associates*

CITY PLANNER

*The Collaborative Firm*

CITY ATTORNEYS

*McNally, Fox, Grant & Davenport*

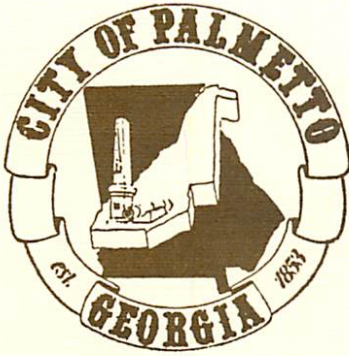
CITY AUDITORS

*Post CPAs, LLC*

# CITY OF PALMETTO, GEORGIA

## Table of Contents

<b>INTRODUCTORY SECTION</b>	
Title Page	1
Organization Chart	2
Listing of City Officials	3
Table of Contents	4
Letter of Transmittal	5-8
<b>FINANCIAL SECTION</b>	
Title Page - Financial Section	9
Independent Auditors' Report	10-12
Management's Discussion and Analysis	13-18
<u>Basic Financial Statements</u>	
Government-wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet - Governmental Funds	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	24
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	25
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Net Fund Position- Proprietary Funds	27-28
Statement of Cash Flows - Proprietary Funds	29
Notes to the Financial Statements	30-49
<u>Required Supplementary Information</u>	
Schedule of Changes in the City's Net Position Liability and Related Ratios	50
Schedule of City Contributions	51
Title Page - Individual Fund Statements and Schedules	52
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet, Non-Major Governmental Funds	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Non-Major Governmental Funds	54
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Budget to Actual	
Electric Fund	55
Water and Sewer Fund	56
Sanitation Fund	57
T SPLOST Fund	58
Non-Major Governmental Funds	59
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Source	60
Schedule by Function and Activity	61
Schedule of Change by Function and Activity	62
<u>Compliance Section</u>	
Independent Auditors' Report on Special 1 Percent Sales and Use Tax	63
Schedule of Projects Constructed with Special Sales Tax Proceeds	64
Independent Auditors' Report on Internal Control	64-66



# 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, 2021, 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 inquiries on many potential commercial developments for this area, and its current logo invites you to "Come Grow With Us."

## Major Initiatives

### FOR THE YEAR

Phillips-Van Heusen (PVH Corporation) has opened its 1.2 million square foot facility at 8500 Tatum Road. It will employ over 600 employees and be served by Palmetto power.

A second building at Palmetto Logistics Park has opened and is operated by DHL. The facility is over 1 million square feet and employs 300 people. The City of Palmetto also supplies power to the facility, as well as Drive Medical at that location.

Plans for Building #3 at Palmetto Logistics Park are under way and should start in the upcoming months.

### FOR THE FUTURE

A planned unit development called Palmetto Downs is under review for 8193 Wilkerson Mill Road. The plans call for both single family homes, multi family, and apartments. All together 841 units will be built in the Palmetto Downs community.

## 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 Palmetto City Clerk Cindy Hanson, and the entire staff at City Hall, 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 Bryan Hergesell 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

February 13, 2023



CITY OF PALMETTO, GEORGIA

FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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, 2021, and the related notes to the financial statements, which collectively comprise the City of Palmetto, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmetto, Georgia, as of June 30, 2021, 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.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Palmetto, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Palmetto, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 13–18 and 55–59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Palmetto, Georgia's basic financial statements. The accompanying combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, on our consideration of the City of Palmetto, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

purpose of that report is solely 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 the effectiveness of the City of Palmetto, Georgia's 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, Georgia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "PCPAS".

City of Palmetto, Georgia  
February 13, 2023

## **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, 2021. 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 more than \$27 million.
- The government's total net position increased by \$2.7 million.
- As of the close of the current fiscal year, the City of Palmetto's governmental funds reported combined ending net position of \$8 million, an increase of \$1.3 in comparison with the prior year.
- The City of Palmetto's total liabilities and deferred inflows decreased by \$57 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 19 & 20) 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 21-29) 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 30-49 of this report.

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

	<u>June 30, 2021</u>			<u>June 30, 2020</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 1,192,244	\$ 6,904,249	\$ 8,096,493	\$ 711,720	\$ 6,921,988	\$ 7,633,708
Grants and Contributions	2,299,417	-	2,299,417	2,057,766	600,000	2,657,766
General Revenues:						
Property Taxes	1,745,217	-	1,745,217	1,324,437	-	1,324,437
Other Taxes	566,041	-	566,041	537,312	-	537,312
Other	92,321	-	92,321	37,825	-	37,825
Total Revenues	<u>5,895,240</u>	<u>6,904,249</u>	<u>12,799,489</u>	<u>4,669,060</u>	<u>7,521,988</u>	<u>12,191,048</u>
<b>Expenses:</b>						
General Government	1,126,653	-	1,126,653	860,799	-	860,799
Public Safety	2,568,831	-	2,568,831	2,693,326	-	2,693,326
Street	774,357	-	774,357	659,958	-	659,958
Community Services	130,053	-	130,053	140,847	-	140,847
Interest on Long-Term Debt	-	141,687	141,687	-	142,273	142,273
Electric	-	3,386,582	3,386,582	-	3,117,023	3,117,023
Water and Sewer	-	1,684,594	1,684,594	-	2,022,424	2,022,424
Sanitation	-	251,964	251,964	-	229,948	229,948
Total Expenses	<u>4,599,894</u>	<u>5,464,827</u>	<u>10,064,721</u>	<u>4,354,930</u>	<u>5,511,668</u>	<u>9,866,598</u>
Increase (Decrease) in Net Position Before Transfers and contributions	1,295,346	1,439,422	2,734,768	314,130	2,010,320	2,324,450
Transfers and Contributions	-	-	-	-	-	-
Increase in Net Position	1,295,346	1,439,422	2,734,768	314,130	2,010,320	2,324,450
Net Position, July 1	6,710,373	17,768,955	24,479,328	6,396,243	15,758,635	22,154,878
Net Position, June 30	<u>\$ 8,005,719</u>	<u>\$ 19,208,377</u>	<u>\$ 27,214,096</u>	<u>\$ 6,710,373</u>	<u>\$ 17,768,955</u>	<u>\$ 24,479,328</u>



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

	<u>June 30, 2021</u>			<u>June 30, 2020</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,192,244	\$ 6,904,249	\$ 8,096,493	\$ 711,720	\$ 6,921,988	\$ 7,633,708
Grants and Contributions	2,299,417	-	2,299,417	2,057,766	600,000	2,657,766
General Revenues:						
Property Taxes	1,745,217	-	1,745,217	1,324,437	-	1,324,437
Other Taxes	566,041	-	566,041	537,312	-	537,312
Other	92,321	-	92,321	37,825	-	37,825
Total Revenues	<u>5,895,240</u>	<u>6,904,249</u>	<u>12,799,489</u>	<u>4,669,060</u>	<u>7,521,988</u>	<u>12,191,048</u>
Expenses:						
General Government	1,126,653	-	1,126,653	860,799	-	860,799
Public Safety	2,568,831	-	2,568,831	2,693,326	-	2,693,326
Street	774,357	-	774,357	659,958	-	659,958
Community Services	130,053	-	130,053	140,847	-	140,847
Interest on Long-Term Debt	-	141,687	141,687	-	142,273	142,273
Electric	-	3,386,582	3,386,582	-	3,117,023	3,117,023
Water and Sewer	-	1,684,594	1,684,594	-	2,022,424	2,022,424
Sanitation	-	251,964	251,964	-	229,948	229,948
Total Expenses	<u>4,599,894</u>	<u>5,464,827</u>	<u>10,064,721</u>	<u>4,354,930</u>	<u>5,511,668</u>	<u>9,866,598</u>
Increase (Decrease) in Net Position Before Transfers and contributions Transfers and Contributions	1,295,346	1,439,422	2,734,768	314,130	2,010,320	2,324,450
Increase in Net Position	1,295,346	1,439,422	2,734,768	314,130	2,010,320	2,324,450
Net Position, July 1	6,710,373	17,768,955	24,479,328	6,396,243	15,758,635	22,154,878
Net Position, June 30	<u>\$ 8,005,719</u>	<u>\$ 19,208,377</u>	<u>\$ 27,214,096</u>	<u>\$ 6,710,373</u>	<u>\$ 17,768,955</u>	<u>\$ 24,479,328</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 \$2.58 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 \$1.3 million.

**Business-type activities:** Business-type activities increased the City of Palmetto's net position by \$1.4 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 \$192,305 and the unassigned fund balance was \$607,264. The Confiscated Fund had \$2,018 unrestricted fund balance at year end. SPLOST had a restricted balance of \$121,937 while TSPLOST had a restricted balance of \$1.9 million. At June 30, 2021, the governmental funds of City of Palmetto reported a combined fund balance of \$3.03 million, an increase of \$495 thousand over the prior year.

**General Fund Budgetary Highlights:** Overall revenues were below the budgeted amount 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 \$1.76 million. This represents an increase of \$326 thousand 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, 2021, totals \$20.8 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 38 and 46 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	-	4,110,860	4,110,860
Buildings and Improvements	3,125,796	623,713	3,749,509
Distribution System	-	23,894,857	23,894,857
Vehicles, Equipment, and Furniture	2,599,550	663,306	3,262,856
Infrastructure	4,229,705	-	4,229,705
Total	\$ 10,437,730	\$ 29,299,403	\$ 39,737,133

**Long-term Debt.** As of June 30, 2021 the City of Palmetto had long term bonded debt outstanding of \$3.29 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 40-41 and a note from MEAG acquired

during the fiscal year ended June 30, 2019 with a remaining balance of \$889,000.

The City of Palmetto's total debt decreased by \$733,300 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 \$20.46 million.

Additional information regarding the City of Palmetto's long-term debt can be found in Note 5 on pages 40-41 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, 2022**

**Governmental Activities:** Tax revenue is expected to be about \$2.52 million in 2022 which is about \$255 thousand more than actual for 2021. Fines and forfeitures are budgeted to be \$106,500 which is less than the actual in 2021 of \$160.5 thousand. Overall governmental revenues are budgeted to increase by \$1.6 million compared to the budgeted amount for 2021 and \$1.1 million more than the actual four 2021. Expenditures overall are budgeted to increase by \$2.1 million over the budgeted for 2021.

**Business - type Activities:** The budget for 2021 for the Electric Fund anticipates revenue of \$5.3 million which is in about \$214 thousand lower than the actual received in 2021. Anticipated expenditures are \$4.8 million which includes about \$757 thousand for capital outlay. This is \$682 thousand more than the actual expended in 2021.

The Water and Sewer Fund is budgeted for total revenues of \$2.6 million, an increase of \$648 thousand over actual 2021 revenues. Expenses are budgeted to be \$4.28 million including debt service requirements of \$1.1 million and capital outlay of \$1.2 million.

The Sanitation Fund is expected to perform similarly to 2021.

### **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, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash on Hand and In Banks	\$ 2,543,698	\$ 2,626,152	\$ 5,169,850
Ad Valorem Taxes Receivable	476,938	-	476,938
Local Option Sales Taxes Receivable	139,044	-	139,044
Alcoholic Beverage Taxes Receivable	7,017	-	7,017
Franchise Taxes Receivable	5,466	-	5,466
Police Fines Receivable	108,310	-	108,310
CDBG Receivable	-	-	-
Prepaid Assets	158,667	37,002	195,669
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	-	818,074	818,074
Inventories	33,835	372,294	406,129
Restricted Assets:			
Temporarily Restricted			
Cash	195,527	-	195,527
Total Current Assets	<u>3,668,502</u>	<u>3,853,522</u>	<u>7,522,024</u>
Non-Current Assets:			
Capital Assets Not Being Depreciated			
Land and Improvements	482,679	6,667	489,346
Construction In Progress	-	4,110,860	4,110,860
Capital Assets Being Depreciated			
Capital Assets (net of Accumulated Depreciation)	4,478,392	16,320,103	20,798,495
Total Non-current Assets	<u>4,961,071</u>	<u>20,437,630</u>	<u>25,398,701</u>
Total Assets	<u>8,629,573</u>	<u>24,291,152</u>	<u>32,920,725</u>
Deferred Outflows			
Related to Pensions	159,386	49,822	209,208
Related to Bond Refinancing	-	221,931	221,931
Total Deferred Outflows	<u>159,386</u>	<u>271,753</u>	<u>431,139</u>
Total Assets and Deferred Outflows	<u>8,788,959</u>	<u>24,562,905</u>	<u>33,351,864</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>			
<b>LIABILITIES</b>			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	-	296,806	296,806
Accrued Liabilities and Payroll Taxes	205,807	38,307	244,114
Accrued Sales Taxes Payable	-	9,173	9,173
Accrued Compensated Absences	81,783	14,353	96,136
Utility Deposits	-	730,938	730,938
Inspector Deposit-Developments	11,963	-	11,963
MEAG Note Payable	-	99,858	99,858
Revenue Bonds Payable	-	682,031	682,031
Accrued Bond Interest Payable	-	40,078	40,078
Deposits in Uncleared Cases	6,020	-	6,020
Total Current Liabilities (Payable from Current Assets):	<u>305,573</u>	<u>1,911,544</u>	<u>2,217,117</u>
Noncurrent Liabilities			
Compensated Absences	9,087	1,537	10,624
MEAG Note Payable	-	788,876	788,876
Revenue Bonds Payable	-	2,546,710	2,546,710
Net Pension Liability	395,041	89,247	484,288
Total Noncurrent Liabilities	<u>404,128</u>	<u>3,426,370</u>	<u>3,830,498</u>
Total Liabilities	<u>709,701</u>	<u>5,337,914</u>	<u>6,047,615</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows Related to Pensions	73,539	16,614	90,153
Total Liabilities and Deferred Inflows	<u>783,240</u>	<u>5,354,528</u>	<u>6,137,768</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,961,071	17,430,820	22,391,891
Restricted for:			
Capital Projects	2,082,146	-	2,082,146
Trees	147,160	-	147,160
Unrestricted	815,342	1,777,557	2,592,899
Total Net Position	<u>\$ 8,005,719</u>	<u>\$ 19,208,377</u>	<u>\$ 27,214,096</u>

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	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
<b>Functions/Programs</b>							
<b>Primary Government</b>							
Governmental activities:							
General Government	\$ 1,126,653	\$ 677,336	\$ -	\$ 2,198,853	\$ 1,749,536	\$ -	\$ 1,749,536
Public Safety	2,568,831	160,573	-	-	(2,408,258)	-	(2,408,258)
Street	774,357	354,155	-	100,564	(319,638)	-	(319,638)
Special Services	130,053	180	-	-	(129,873)	-	(129,873)
Total governmental activities	<u>4,599,894</u>	<u>1,192,244</u>	<u>-</u>	<u>2,299,417</u>	<u>(1,108,233)</u>	<u>-</u>	<u>(1,108,233)</u>
Business activities:							
Electric Utilities	3,386,582	4,526,133	-	-	-	1,139,551	1,139,551
Water and Sewer Utilities	1,826,281	2,009,191	-	-	-	182,910	182,910
Sanitation Utilities	251,964	368,925	-	-	-	116,961	116,961
Total Business-type Activities	<u>5,464,827</u>	<u>6,904,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,439,422</u>	<u>1,439,422</u>
Total primary government	<u>\$ 10,064,721</u>	<u>\$ 8,096,493</u>	<u>\$ -</u>	<u>\$ 2,299,417</u>	<u>(1,108,233)</u>	<u>1,439,422</u>	<u>331,189</u>
General Revenues:							
Ad Valorem Tax					1,600,985	-	1,600,985
Motor Vehicle Tax					144,232	-	144,232
Franchise Tax					57,273	-	57,273
Insurance Premium Tax					359,635	-	359,635
Beer/Wine/Liquor Tax					104,654	-	104,654
Transfer Tax					16,947	-	16,947
Intangible Tax					27,532	-	27,532
Miscellaneous					91,599	-	91,599
Confiscations					722	-	722
Total General Revenues and Transfers					<u>2,403,579</u>	<u>-</u>	<u>2,403,579</u>
Change in Net Position					1,295,346	1,439,422	2,734,768
Net Position Beginning					6,710,373	17,768,955	24,479,328
Net Position Ending					<u>\$ 8,005,719</u>	<u>\$ 19,208,377</u>	<u>\$ 27,214,096</u>

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

CITY OF PALMETTO, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General	T SPLOST	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash on Hand and In Banks	\$ 520,244	1,911,842	\$ 111,612	\$ 2,543,698
LMIG Cash	48,367	-	-	48,367
Tree Bank Cash	147,160	-	-	147,160
Ad Valorem Taxes Receivable	476,938	-	-	476,938
Local Option Sales Taxes Receivable	120,681	-	18,363	139,044
Alcoholic Beverage Taxes Receivable	7,017	-	-	7,017
Franchise Taxes Receivable	5,466	-	-	5,466
Police Fines Receivable	108,310	-	-	108,310
Prepaid Items	158,667	-	-	158,667
Inventories	33,835	-	-	33,835
Total Assets	<u>1,626,685</u>	<u>1,911,842</u>	<u>129,975</u>	<u>3,668,502</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts Payable, Accrued Salaries, and Taxes Payable	205,807	-	-	205,807
Compensated Time Off	81,783	-	-	81,783
Uncleared Cases	-	-	6,020	6,020
Inspector Deposit - Developments	11,963	-	-	11,963
Total Liabilities	<u>299,553</u>	<u>-</u>	<u>6,020</u>	<u>305,573</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Ad Valorem Tax Revenue	<u>333,857</u>	<u>-</u>	<u>-</u>	<u>333,857</u>
Fund Balance				
Nonspendable				
Prepaid Items	158,667	-	-	158,667
Inventories	33,835	-	-	33,835
Restricted for:				
Capital Projects	48,367	1,911,842	121,937	2,082,146
Trees	147,160	-	-	147,160
Unassigned	605,246	-	2,018	607,264
Total Fund Balance	<u>993,275</u>	<u>1,911,842</u>	<u>123,955</u>	<u>3,029,072</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,626,685</u>	<u>\$ 1,911,842</u>	<u>\$ 129,975</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets of \$10,437,730 net of accumulated depreciation of \$5,476,659 are not financial resources and, therefore, are not reported in the funds.				4,961,071
Accrued compensated absences considered long-term do not require the use of current resources and therefore not recorded in the governmental funds.				(9,087)
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				(309,194)
Deferred ad valorem taxes are not available to pay current-period expenditures and, therefore, are deferred in the funds.				<u>333,857</u>
Net Position of Governmental Activities				<u>\$ 8,005,719</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, 2021

	General	T SPLOST	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes:				
Ad Valorem Tax	\$ 1,557,465	\$ -	\$ -	\$ 1,557,465
Motor Vehicle Tax	144,232	-	-	144,232
Franchise Tax	57,273	-	-	57,273
Insurance Premium Tax	359,635	-	-	359,635
Beer, Wine, Liquor Tax	104,654	-	-	104,654
Transfer Taxes	16,947	-	-	16,947
Intangibles Taxes	27,532	-	-	27,532
Total Taxes	<u>2,267,738</u>	<u>-</u>	<u>-</u>	<u>2,267,738</u>
Licenses and Permits:				
Business Licenses	76,484	-	-	76,484
Building & Other Permits	600,852	-	-	600,852
Total Licenses and Permits	<u>677,336</u>	<u>-</u>	<u>-</u>	<u>677,336</u>
Intergovernmental Revenues:				
Intergovernmental L.O.S.T. Taxes	1,301,615	818,945	78,293	2,198,853
LMIG Grant	21,748	-	-	21,748
Fulton County Community Development Grant	78,816	-	-	78,816
Total Intergovernmental Revenues	<u>1,402,179</u>	<u>818,945</u>	<u>78,293</u>	<u>2,299,417</u>
Fines, Forfeitures, and Court Technologies :				
Police	160,573	-	-	160,573
Miscellaneous:				
Landfill Tipping Fees	354,155	-	-	354,155
Senior Center Transportation	180	-	-	180
Community Center and Train Depot	1,175	-	-	1,175
Cemetery Lot Sales	510	-	-	510
Other Miscellaneous	89,914	-	-	89,914
Confiscations	-	-	722	722
Total Miscellaneous	<u>445,934</u>	<u>-</u>	<u>722</u>	<u>446,656</u>
Total Revenues	<u>4,953,760</u>	<u>818,945</u>	<u>79,015</u>	<u>5,851,720</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, 2021

	General	T SPLOST	Other Governmental Funds	Totals
<b>Expenditures:</b>				
Current:				
Administrative	\$ 1,120,179	\$ -	\$ 3,544	\$ 1,123,723
Police	1,298,515	-	-	1,298,515
Fire Department	1,109,314	-	-	1,109,314
Street	412,544	-	-	412,544
Special Services	19,706	-	-	19,706
Total Current Expenditures	<u>3,960,258</u>	<u>-</u>	<u>3,544</u>	<u>3,963,802</u>
Capital Outlay:				
Administrative	-	-	-	-
Police	108,216	-	-	108,216
Fire Department	28,018	-	40,874	68,892
Street	884,334	329,100	-	1,213,434
Special Services	1,708	-	-	1,708
Total Capital Outlay	<u>1,022,276</u>	<u>329,100</u>	<u>40,874</u>	<u>1,392,250</u>
Total Expenditures	<u>4,982,534</u>	<u>329,100</u>	<u>44,418</u>	<u>5,356,052</u>
Excess (Deficit) of Revenues Over Expenditures Before	<u>(28,774)</u>	<u>489,845</u>	<u>34,597</u>	<u>495,668</u>
Net Change in Fund Balance	(28,774)	489,845	34,597	495,668
Fund Balance Beginning	<u>1,022,049</u>	<u>1,421,997</u>	<u>89,358</u>	<u>2,533,404</u>
Fund Balance Ending	<u>\$ 993,275</u>	<u>\$ 1,911,842</u>	<u>\$ 123,955</u>	<u>\$ 3,029,072</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, 2021

Net change in fund balances - total governmental funds:	\$ 495,668
Amounts reported for governmental activities in the statements of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$1,125,643 exceeded depreciation of \$424,491	701,152
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	(9,087)
Change in net pension liability and related deferred inflows and outflows of resources	53,041
Long-term compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which long-term compensated absences increased during the year.	11,052
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>43,520</u>
Change in Net Position of Government Activities	<u><u>\$ 1,295,346</u></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, 2021

	Budget		Actual	Variance- Positive (Negative)
	Original	Revised		
<b>Revenues:</b>				
Taxes	2,019,500	2,019,500	2,267,738	\$ 248,238
Licenses and Permits	343,300	343,300	677,336	334,036
Intergovernmental Revenues	2,475,000	2,475,000	1,402,179	(1,072,821)
Fines and Forfeitures	106,500	106,500	160,573	54,073
Special Services	30,350	30,350	1,355	(28,995)
Miscellaneous Revenue	370,500	370,500	444,579	74,079
Total Revenues	<u>5,345,150</u>	<u>5,345,150</u>	<u>4,953,760</u>	<u>(391,390)</u>
<b>Expenditures:</b>				
Administrative	1,223,958	1,223,958	1,120,179	103,779
Police Department	1,514,152	1,514,152	1,298,515	215,637
Fire/Emergency Medical Department	1,146,908	1,146,908	1,109,314	37,594
Street Department	568,449	568,449	412,544	155,905
Special Services	68,800	68,800	19,706	49,094
Capital Outlay	1,963,032	1,963,032	1,022,276	940,756
Total Expenditures	<u>6,485,299</u>	<u>6,485,299</u>	<u>4,982,534</u>	<u>1,502,765</u>
Net Change in Fund Balance	(1,140,149)	(1,140,149)	(28,774)	1,111,375
Fund Balance at Beginning of Year	<u>1,022,049</u>	<u>1,022,049</u>	<u>1,022,049</u>	<u>-</u>
Fund Balance at End of Year	<u>(118,100)</u>	<u>\$ (118,100)</u>	<u>\$ 993,275</u>	<u>\$ 1,111,375</u>

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

CITY OF PALMETTO, GEORGIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash in Banks	\$ 1,653,691	\$ 207,608	\$ 764,853	\$ 2,626,152
Prepaid Expenses	13,818	23,184	-	37,002
Utility Accounts Receivable (Net of Allowance for Uncollectibles)	522,513	234,240	61,321	818,074
Inventories	333,679	38,615	-	372,294
Total Current Assets	<u>2,523,701</u>	<u>503,647</u>	<u>826,174</u>	<u>3,853,522</u>
Noncurrent Assets:				
Capital Assets Not Being Depreciated:				
Land	6,667	-	-	6,667
Construction In Progress	-	4,110,860	-	4,110,860
Capital Assets Being Depreciated:				
Buildings	66,032	1,850	-	67,882
Utility Distribution System	4,565,200	19,329,657	-	23,894,857
Water Tanks	-	555,831	-	555,831
Machinery, Vehicles, and Equipment	375,836	287,470	-	663,306
Total	5,013,735	24,285,668	-	29,299,403
Less: Accumulated Depreciation	(1,697,871)	(7,163,902)	-	(8,861,773)
Total Capital Assets	<u>3,315,864</u>	<u>17,121,766</u>	<u>-</u>	<u>20,437,630</u>
Total Noncurrent Assets	<u>3,315,864</u>	<u>17,121,766</u>	<u>-</u>	<u>20,437,630</u>
Total Assets	<u>5,839,565</u>	<u>17,625,413</u>	<u>826,174</u>	<u>24,291,152</u>
Deferred Outflows				
Related to Pension	30,004	19,818	-	49,822
Related to Bond Refinancing	-	221,931	-	221,931
Total Deferred Outflows	<u>30,004</u>	<u>241,749</u>	<u>-</u>	<u>271,753</u>
Total Assets and Deferred Outflows	<u>5,869,569</u>	<u>17,867,162</u>	<u>826,174</u>	<u>24,562,905</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Current Liabilities (Payable from Current Assets):				
Accounts Payable	258,539	38,267	-	296,806
Accrued Payroll and Payroll Taxes	13,348	24,959	-	38,307
Sales Tax Payable	9,173	-	-	9,173
Accrued Compensated Absences	9,153	5,200	-	14,353
Utility Deposits	680,289	49,640	1,009	730,938
MEAG Note Payable	99,858	-	-	99,858
Revenue Bonds Payable	-	682,031	-	682,031
Total Current Liabilities (Payable from Current Assets):	<u>1,070,360</u>	<u>800,097</u>	<u>1,009</u>	<u>1,871,466</u>
Current Liabilities Payable from Restricted Assets:				
Accrued Bond Interest Payable	-	40,078	-	40,078
Total Current Liabilities (Payable from Restricted Assets)	<u>-</u>	<u>40,078</u>	<u>-</u>	<u>40,078</u>
Total Current Liabilities	<u>1,070,360</u>	<u>840,175</u>	<u>1,009</u>	<u>1,911,544</u>
Noncurrent Liabilities				
Compensated Absences	1,017	520	-	1,537
MEAG Note Payable	788,876	-	-	788,876
Revenue Bonds Payable	-	2,546,710	-	2,546,710
Net Pension Liability	40,128	49,119	-	89,247
Total Non-Current Liabilities	<u>830,021</u>	<u>2,596,349</u>	<u>-</u>	<u>3,426,370</u>
Total Liabilities	<u>1,900,381</u>	<u>3,436,524</u>	<u>1,009</u>	<u>5,337,914</u>
Deferred Inflow Related to Pension	7,470	9,144	-	16,614
Total Liabilities and Deferred Inflows	<u>1,907,851</u>	<u>3,445,668</u>	<u>1,009</u>	<u>5,354,528</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,315,864	14,114,956	-	17,430,820
Unrestricted	645,854	306,538	825,165	1,777,557
Total Net Position	<u>3,961,718</u>	<u>\$ 14,421,494</u>	<u>825,165</u>	<u>\$ 19,208,377</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, 2021

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
<b>Operating Revenues:</b>				
Sales of Utilities	\$ 4,151,802	\$ 1,883,761	\$ -	\$ 6,035,563
Sanitation Charges	-	-	354,294	354,294
Penalties	76,054	44,838	13,581	134,473
Service, Cut on, and Permit Fees	175,765	-	-	175,765
Miscellaneous	122,512	66,778	1,050	190,340
Total Operating Revenue	<u>4,526,133</u>	<u>1,995,377</u>	<u>368,925</u>	<u>6,890,435</u>
<b>Operating Expenses:</b>				
Purchase of Utilities	2,733,821	121,042	-	2,854,863
Sewer Treatment	-	525,014	-	525,014
Salaries	124,573	211,114	-	335,687
Payroll Taxes	9,378	16,272	-	25,650
Retirement	4,655	4,782	-	9,437
Insurance (Group)	65,708	81,708	-	147,416
Training	13,294	3,231	-	16,525
Uniforms	3,790	6,134	-	9,924
Insurance - Vehicles and Equipment	3,715	249	-	3,964
Insurance - Other	8,212	1,022	-	9,234
Georgia Public Web	1,554	-	-	1,554
Professional Fees	70,135	5,810	-	75,945
Miscellaneous Administrative Expenses	44,753	8,736	-	53,489
Office Supplies	-	138	-	138
Depreciation Expense	102,233	437,845	-	540,078
Contracted Services	-	-	251,964	251,964
Repairs and Maintenance:				
Buildings	2,459	3,645	-	6,104
Distribution System	68,629	154,853	-	223,482
Equipment	1,235	4,459	-	5,694
Vehicles	6,048	2,179	-	8,227
Gas and Oil	2,803	5,308	-	8,111
Supplies	64,116	70,901	-	135,017
Telephone	2,805	6,032	-	8,837
Utilities	1,527	4,174	-	5,701
Miscellaneous Operating Expense	12,604	9,946	-	22,550
Total Operating Expenses	<u>3,348,047</u>	<u>1,684,594</u>	<u>251,964</u>	<u>5,284,605</u>
Operating Income	<u>1,178,086</u>	<u>310,783</u>	<u>116,961</u>	<u>1,605,830</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, 2021

	Electric Fund	Water and Sewer Fund	Sanitation Fund	Total
<b>Nonoperating Revenues (Expenses):</b>				
Interest to MEAG	\$ (38,535)	\$ -	\$ -	\$ (38,535)
Bond Interest	-	(141,687)	-	(141,687)
Total Nonoperating Revenues (Expenses)	<u>(24,721)</u>	<u>(141,687)</u>	<u>-</u>	<u>(180,222)</u>
Transfers In (Out)	<u>(750,000)</u>	<u>750,000</u>	<u>-</u>	<u>-</u>
Change in Net Position	403,365	919,096	116,961	1,439,422
Net Position, Beginning of Year	<u>3,558,353</u>	<u>13,502,398</u>	<u>708,204</u>	<u>17,768,955</u>
Net Position, End of Year	<u>\$ 3,961,718</u>	<u>\$ 14,421,494</u>	<u>\$ 825,165</u>	<u>\$ 19,208,377</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, 2021

	Electric Fund	Water & Sewer Fund	Sanitation Fund	Total
Increase (Decrease) in Cash:				
Cash Provided by (Used in) Operating Activities:				
Receipts from Customers	\$ 4,586,834	\$ 2,003,167	\$ 368,820	\$ 6,958,821
Payments to Providers	(3,183,778)	(956,351)	(251,964)	(4,392,093)
Payments to Employees	(124,573)	(211,114)	-	(335,687)
Net Cash Provided by (Used in) Operating Activities	<u>1,278,483</u>	<u>835,702</u>	<u>116,856</u>	<u>2,231,041</u>
Cash Flows from Non-Capital Financing Activities:				
Transferred from (to) Other Funds	(750,000)	750,000	-	-
Net Cash Flows from Non-Capital Financing Activities:	<u>(750,000)</u>	<u>750,000</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Cash Paid for Additions to Property, Plant and Equipment	(314,278)	(725,696)	-	(1,039,974)
Principal Paid on MEAG Loan	(95,960)	-	-	(95,960)
Interest Paid to MEAG	(38,535)	-	-	(38,535)
Principal Paid on Bond Indebtedness	-	(637,312)	-	(637,312)
Interest Paid on Bond Indebtedness	-	(141,687)	-	(141,687)
Net Cash Flows from Capital and Related Financing Activities	<u>(448,773)</u>	<u>(1,504,695)</u>	<u>-</u>	<u>(1,953,468)</u>
Net Increase (Decrease) in Cash	79,710	81,007	116,856	277,573
Cash at Beginning of Year	<u>1,573,981</u>	<u>126,601</u>	<u>647,997</u>	<u>2,348,579</u>
Cash at End of Year	<u>\$ 1,653,691</u>	<u>\$ 207,608</u>	<u>\$ 764,853</u>	<u>\$ 2,626,152</u>
Classified As:				
Cash on Hand and in Banks	1,653,691	207,608	764,853	2,626,152
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	<u>1,178,086</u>	<u>310,783</u>	<u>116,961</u>	<u>1,605,830</u>
Adjustments Not Affecting Cash:				
Depreciation and Amortization	102,233	437,845	-	540,078
(Increase) Decrease in Accounts Receivable	14,757	8,475	(255)	22,977
(Increase) Decrease in Inventory	3,907	11,461	-	15,368
(Increase) Decrease in Prepaid Expenses	709	(1,014)	-	(305)
(Increase) Decrease in Deferred Outflow of Resources	4,333	74,511	-	78,844
Increase (Decrease) in Accounts Payable	32,729	38,267	-	70,996
Increase (Decrease) in Accrued Liabilities	(82,136)	(15,111)	-	(97,247)
Increase (Decrease) in Utility Deposits	45,944	(685)	150	45,409
Increase (Decrease) in Deferred Inflows of Resources	(13,614)	(17,210)	-	(30,824)
Increase (Decrease) in Net Pension Liability	(8,465)	(11,620)	-	(20,085)
Total Adjustments	<u>100,397</u>	<u>524,919</u>	<u>(105)</u>	<u>625,211</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,278,483</u>	<u>\$ 835,702</u>	<u>\$ 116,856</u>	<u>\$ 2,231,041</u>

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

# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

### **(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, 2021, 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, 2021

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.

The **TSPLOST Fund** accounts for the Transportation Special Local Option Sales Tax activity.

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, 2021

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, 2021. 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, 2021

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 (20) 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 \$106,760 compared to \$98,278 in the previous year which represents an increase of \$8,482. 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, 2021 the City had outstanding bonds of \$3,228,741 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, 2021

### 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	\$ 158,667
Inventories	33,835
Total	<u>\$ 192,502</u>

- Restricted - The following fund balances are restricted for:

<u>General Fund</u>	
Capital Projects	\$ 48,367
Trees	\$ 147,160
<u>T SPLOST</u>	
Capital Projects	\$ 1,911,842
<u>SPLOST Fund</u>	
Capital Projects	121,937
Total	<u>\$ 2,229,306</u>

- Unassigned – The following fund balances are unassigned:

<u>General Fund</u>	
Unassigned	\$ 605,246
<u>Confiscated Fund</u>	
Unassigned	2,018
	<u>\$ 607,264</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, 2021

### (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	\$	1,125,643
Depreciation expense		(424,491)
Net adjustment to increase changes in fund balances total government funds to arrive at changes in net position of governmental activities		\$ 701,152

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	\$	43,520
--	----	--------

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	498,069	
Net pension liability - current	(395,041)	103,028
Deferred outflows prior	(351,845)	
Deferred outflows current	159,386	(192,459)
Deferred inflows prior (restated)	216,011	
Deferred inflows current	(73,539)	142,472
		\$ 53,041

# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

### **(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 \$5,365,377 and a bank balance of \$5,976,805. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,726,805 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, 2021.

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, 2021

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	\$ 5,365,377	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, 2021 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, 2021

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, 2021 the following allowances and receivable balances existed:

Fund	Receivable	Allowance	Net
Electric	\$678,944	\$156,431	\$522,513
Water & Sewer	324,454	90,214	234,240
Sanitation	115,715	54,394	61,321
Total	\$1,119,113	\$301,039	\$818,074

### C. Capital Assets

Governmental activities as of June 30, 2021:

Asset Class	Balance 6/30/2020	Increases	Decreases	Balance 6/30/2021
<u>Capital assets not being depreciated:</u>				
Land	\$ 482,679	\$ -	\$ -	\$ 482,679
<u>Capital assets being depreciated:</u>				
Building	3,117,813	7,983	-	3,125,796
Furniture	113,320	5,024	-	118,344
Machinery, Equipment, & Vehicles	2,356,644	124,562	-	2,481,206
Infrastructure	3,241,631	988,074	-	4,229,705
Total capital assets being depreciated	8,829,408	1,125,643	-	9,955,051
Less accumulated depreciation for:				
Buildings	2,121,622	135,700	-	2,257,322
Furniture	100,190	3,424	-	103,614
Machinery, Equipment, & Vehicles	1,797,915	137,518	-	1,935,433
Infrastructure	1,032,441	147,849	-	1,180,290
Total accumulated depreciation	5,052,168	424,491	-	5,476,659
Total capital assets being depreciated, net	3,777,240	701,152	-	4,478,392
Government activities capital assets, net	\$ 4,259,919	\$ 701,152	\$ -	\$ 4,961,071

# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

### Business Funds

Asset Class	Balance 6/30/2020	Increases	Decreases	Balance 6/30/2021
<u>Capital assets not being depreciated:</u>				
Land	\$ 6,667	\$ -	\$ -	\$ 6,667
Construction In Progress	3,882,752	228,108	-	4,110,860
Total capital assets not being depreciated	<u>3,889,419</u>	<u>228,108</u>	<u>-</u>	<u>4,117,527</u>
<u>Capital assets being depreciated:</u>				
Buildings	67,882	-	-	67,882
Machinery, Vehicles, and Equipment	628,470	34,836	-	663,306
Water Tanks	336,195	219,636	-	555,831
Distribution System	23,323,078	293,245	-	23,616,323
Total capital assets being depreciated	<u>24,355,625</u>	<u>547,717</u>	<u>-</u>	<u>24,903,342</u>
Less accumulated depreciation for:				
Buildings *	56,907	2,331	-	59,238
Machinery, Vehicles, and Equipment	477,097	35,987	-	513,084
Water Tanks	220,875	17,999	-	238,874
Distribution system	7,559,528	491,049	-	8,050,577
Total accumulated depreciation	<u>8,314,407</u>	<u>547,366</u>	<u>-</u>	<u>8,861,773</u>
Total capital assets being depreciated, net	<u>16,041,218</u>	<u>351</u>	<u>-</u>	<u>16,041,569</u>
Business type activities capital assets, net	<u>\$ 19,930,637</u>	<u>\$ 228,459</u>	<u>\$ -</u>	<u>\$ 20,159,096</u>

\* Includes correction from prior year of (\$6,717) for beginning balance

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

Governmental Activities	
Administration	\$ 12,433
Police	77,444
Fire	51,043
Streets	173,224
Special Services	110,347
Total depreciation expense-governmental activities	<u>424,491</u>
Business-type activities:	
Electric	102,233
Water and Sewer	437,845
Total depreciation expense-business-type activities	<u>\$ 540,078</u>



# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

### D. Long - Term Liabilities

The following is a summary of bond transactions of the City for the year ended June 30, 2021:

	Water & Sewer Revenue
Bonds Payable June 30, 2020	\$ 3,866,053
Bonds Issued	-
Bonds Retired	637,312
Bonds Payable June 30, 2021	\$ 3,228,741

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, 2021 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
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	399,536	4,550	404,086
Total	\$ 3,228,741	\$ 199,239	\$ 3,427,980

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, 2021

Pmt Date	Principal Payment	Actual New Debt	Deferred Refunding	Net New Debt	Effective Interest	Stated Interest	Deferred Refunding Amortization
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	399,536	-	837	(837)	5,387	4,550	837
	<u>3,228,741</u>				<u>421,170</u>	<u>199,239</u>	<u>221,931</u>

The amount of deferred outflows recognized during the year was \$51,410.

On March 6, 2021 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, 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>888,735</u>	<u>197,633</u>	<u>1,086,446</u>

The following is a summary of compensated absences for governmental activities of the City for the year ended June 30, 2021:

Compensated Absences	Governmental Activities
Compensated Absences July 1, 2020	\$ 110,519
Absences Accrued	79,818
Absences (Used)	(99,467)
Compensated Absences Payable June 30, 2021	<u>\$ 90,870</u>
Due Within One Year	<u>\$ 81,783</u>

# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

The following is a summary of compensated absences for business-type activities of the City for the year ended June 30, 2021:

<u>Compensated Absences</u>	<u>Business-Type Activities</u>
Compensated Absences July 1, 2020	\$ 18,537
Absences Accrued	14,237
Absences (Used)	(16,884)
Compensated Absences Payable June 30, 2021	<u>\$ 15,890</u>
Due Within One Year	<u>\$ 14,353</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 \$750,000 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, 2021

*Employees Covered by Benefit Term.* At the January 1, 2021 valuation date the following employees were covered by the benefit terms:

Active participants	49
Inactive vested participants	33
Retired participants and beneficiary	29
Total covered by plan	111

*Funding Policy.* The City’s plan is non-contributory, under this plan and the City’s policy is to contribute 100% of an actuarially determined rate; the current rate is 9.24% 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, 2021.

*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 2.25% and include cost of living rate of 3.00%.
- 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 2021 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 January 1, 2021 are summarized in the following table:

Asset Class	Allocation	Rate of Return
Domestic Equity	45.00%	6.41%
International Equity	20.00%	7.05%
Domestic Fixed Income	20.00%	1.15%
Real Estate	10.00%	4.50%
Fixed Income Global	5.00%	1.25%
Cash	0.00%	
Total	100.00%	

# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

- The mortality and economic actuarial assumptions used in the January 1, 2021 valuation were based upon the results of an actuarial experience for the period January 1, 2010 to June 30, 2021 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, 2019	\$ 4,304,453	\$ 3,697,052	\$ 607,401
Changes for the year:			
Service cost	97,545		\$ 97,545
Interest	317,647		\$ 317,647
Difference between expected and actual experience	(19,349)		\$ (19,349)
Contributions - employer		173,236	\$ (173,236)
Contributions - employee		-	\$ -
Net investment income		357,261	\$ (357,261)
Benefit payments. Including refunds of employee contributions	(189,846)	(189,846)	\$ -
Administrative expense	-	(11,541)	11,541
Other	-	-	-
Net changes	205,997	329,110	(123,113)
Balances at September 30, 2020	\$ 4,510,450	\$ 4,026,162	\$ 484,288

*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	Current Discount Rate	1% Increase
	6.375%	7.375%	8.375%
City's Net Pension Liability	\$ 1,042,021	\$ 484,288	\$ 19,472

# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*  
 For the year ended June 30, 2021 the City recognized pension expense of \$110,533. At June 30, 2021 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	\$ 98,098	\$ (43,832)
Changes in assumptions	97,296	-
Net difference between projected and actual earnings on pension plan investments	-	(46,321)
Total	\$ 195,394	\$ (90,153)
	\$ (13,814)	

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

2023	44,212
2024	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](http://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, 2021

### 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
---	-------

### 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, 2021

- 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, 2021. No provisions have been made in the financial statements for the year ended June 30, 2021 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, 2021

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, 2021 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 February 13, 2023.

#### **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 2021. The minimum purchase requirements are based upon the Authority's system output.

# CITY OF PALMETTO, GEORGIA

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

### **(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 Eight Fiscal Years

	Fiscal Year Ending June 30,						
	2021	2020	2019	2018	2017	2016	2015
<b><u>Total Pension Liability</u></b>							
Service cost	97,545	\$ 110,033	117,367	125,379	\$ 107,906	\$ 144,922	130,260
Interest	317,647	289,168	264,342	255,759	260,703	237,418	220,560
Difference between expected and actual experience	(19,349)	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	(189,846)	(184,740)	(192,450)	(175,056)	(172,944)	(166,505)	(134,017)
<b>Net change in total pension liability</b>	<b>205,997</b>	<b>466,544</b>	<b>334,496</b>	<b>115,765</b>	<b>(62,735)</b>	<b>303,670</b>	<b>233,763</b>
<b>Total pension liability - beginning</b>	<b>4,304,453</b>	<b>3,837,909</b>	<b>3,503,413</b>	<b>3,387,648</b>	<b>3,450,383</b>	<b>3,146,713</b>	<b>2,912,950</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 4,510,450</b>	<b>\$ 4,304,453</b>	<b>\$ 3,837,909</b>	<b>\$ 3,503,413</b>	<b>\$ 3,387,648</b>	<b>\$ 3,450,383</b>	<b>\$ 3,146,713</b>
<b><u>Plan Fiduciary Net Position</u></b>							
Contributions - employer	173,236	133,586	147,272	200,281	177,422	204,467	185,511
Contributions - employee	-	-	-	-	-	-	-
Net investment income	357,261	108,398	332,975	441,362	295,093	28,681	260,364
Benefit payments including refunds of employee contributions	(189,846)	(184,740)	(192,450)	(175,056)	(172,944)	(166,505)	(134,017)
Administrative expense	(11,541)	(11,422)	(12,204)	(12,902)	(7,297)	(8,040)	(6,385)
<b>Net change in fiduciary net position</b>	<b>329,110</b>	<b>45,822</b>	<b>275,593</b>	<b>453,685</b>	<b>292,274</b>	<b>58,603</b>	<b>305,473</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,697,052</b>	<b>3,651,230</b>	<b>3,375,637</b>	<b>2,921,952</b>	<b>2,629,678</b>	<b>2,571,075</b>	<b>2,265,602</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>4,026,162</b>	<b>3,697,052</b>	<b>3,651,230</b>	<b>3,375,637</b>	<b>2,921,952</b>	<b>2,629,678</b>	<b>2,571,075</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 484,288</b>	<b>\$ 607,401</b>	<b>\$ 186,679</b>	<b>\$ 127,776</b>	<b>\$ 465,696</b>	<b>\$ 820,705</b>	<b>\$ 575,638</b>
Plan's fiduciary net position as a percentage of the total pension liability	89.26%	85.89%	95.14%	96.35%	86.25%	76.21%	81.71%
Covered employee payroll	1,804,895	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	26.83%	31.01%	9.19%	6.12%	22.09%	42.97%	29.50%

Note - Previous two years not available

CITY OF PALMETTO, GEORGIA

Schedule of Pension Contributions  
Required Supplemental Information  
Last Eight Fiscal Years

	Fiscal Year End June 30,						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 177,656	\$ 156,684	\$ 144,635	\$ 164,222	\$ 164,222	191,070	187,130
Contributions in relation to the actuarially determined contribution	101,885	143,627	144,635	164,222	177,422	192,323	187,130
Contributions deficiency (excess)	75,771	13,057	-	-	(13,200)	(1,253)	-
Covered - employee payroll	1,804,895	1,958,645	2,030,399	2,086,713	2,108,590	1,910,171	1,951,303
Contributions as a percentage of covered employee payroll	5.64%	7.33%	7.12%	7.87%	7.66%	9.84%	9.59%

*Note - Previous two years not available*



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, 2021

	<u>SPLOST Fund</u>	<u>Confiscated Fund</u>	<u>Total Non-Major Governmental</u>
<b>ASSETS</b>			
Cash on Hand and in Banks	\$ 109,594	\$ 2,018	\$ 111,612
Local Option Sales Tax Receivable	18,363	-	18,363
Total Assets	<u>127,957</u>	<u>2,018</u>	<u>129,975</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	6,020	-	6,020
Fund Balances			
Restricted for:			
Capital Projects Financed with SPLOST	121,937	-	121,937
Unrestricted	-	2,018	2,018
Total Fund Balnce	<u>121,937</u>	<u>2,018</u>	<u>123,955</u>
Total Liabilities and Fund Balance	<u>\$ 127,957</u>	<u>\$ 2,018</u>	<u>\$ 129,975</u>

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2021

	<u>SPLOST Fund</u>	<u>Confiscated Fund</u>	<u>Total Non-Major Governmental</u>
<b>Revenues:</b>			
Intergovernmental SPLOST Taxes	\$ 78,293	\$ -	\$ 78,293
Interest Income	-	-	-
Confiscated Funds	-	722	722
	<u>78,293</u>	<u>722</u>	<u>79,015</u>
Total Revenues			
<b>Expenditures:</b>			
Current			
Administrative	3,544	-	3,544
Fire	-	-	-
Police	-	-	-
Capital Outlays	40,874	-	40,874
	<u>44,418</u>	<u>-</u>	<u>44,418</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	<u>33,875</u>	<u>722</u>	<u>34,597</u>
<b>Other Financing (Uses)</b>			
Transfers In (Out)	-	-	-
Net Change in Fund Balances	33,875	722	34,597
Fund Balance at Beginning of Year	<u>88,062</u>	<u>1,296</u>	<u>89,358</u>
Fund Balance at End of Year	<u>\$ 121,937</u>	<u>\$ 2,018</u>	<u>\$ 123,955</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, 2021 and 2020

	2021			2020		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
<b>Operating Revenues:</b>						
Sale of Utilities	\$ 4,871,359	\$ 4,151,802	\$ (719,557)	\$ 4,799,278	\$ 4,226,292	\$ (572,986)
Cut On and Permit Fees	-	-	-	-	38,500	38,500
Penalties	100,000	76,054	(23,946)	100,000	83,715	(16,285)
Service Fees	40,000	175,765	135,765	30,000	105	(29,895)
Miscellaneous	5,250	122,512	117,262	6,250	38,337	32,087
<b>Total Operating Revenue</b>	<b>5,016,609</b>	<b>4,526,133</b>	<b>(490,476)</b>	<b>4,935,528</b>	<b>4,386,949</b>	<b>(548,579)</b>
<b>Operating Expenses:</b>						
<b>Personnel Services:</b>						
Salaries	290,650	124,573	166,077	282,146	133,563	148,583
Payroll Taxes	15,000	9,378	5,622	15,000	10,136	4,864
Retirement	15,000	4,655	10,345	15,000	22,100	(7,100)
Insurance (Group and Worker's Compensation)	56,000	65,708	(9,708)	56,000	45,156	10,844
Training Expense	12,000	13,294	(1,294)	12,000	8,529	3,471
Uniforms	6,000	3,790	2,210	6,000	4,486	1,514
<b>Total Personal Services</b>	<b>394,650</b>	<b>221,398</b>	<b>173,252</b>	<b>386,146</b>	<b>223,970</b>	<b>162,176</b>
<b>Administrative Expenses:</b>						
Insurance - Vehicles and Equipment	4,500	3,715	785	4,500	3,675	825
Insurance - Other	7,500	8,212	(712)	7,000	8,093	(1,093)
Miscellaneous	32,000	44,753	(12,753)	46,000	13,022	32,978
Office Supplies	500	-	500	500	(1,025)	1,525
Georgia Public Web	2,000	1,554	446	2,000	1,712	288
Professional Fees and Contracted Services	73,200	70,135	3,065	50,000	55,104	(5,104)
<b>Total Administrative Expenses</b>	<b>119,700</b>	<b>128,369</b>	<b>(8,669)</b>	<b>110,000</b>	<b>80,581</b>	<b>29,419</b>
Depreciation Expense	100,000	102,233	(2,233)	100,000	82,118	17,882
<b>Other Operating Expenses:</b>						
Purchase of Utilities	2,600,000	2,733,821	(133,821)	2,600,000	2,557,958	42,042
<b>Repairs and Maintenance:</b>						
Buildings	4,000	2,459	1,541	4,000	1,033	2,967
Distribution System	300,000	68,629	231,371	300,000	5,171	294,829
Equipment	15,000	1,235	13,765	50,000	29,888	20,112
Vehicles	20,000	6,048	13,952	20,000	19,038	962
Equipment Rental	2,000	2,000	-	2,000	-	2,000
Gas and Oil	4,000	2,803	1,197	5,000	2,733	2,267
Miscellaneous Operating Expenses	16,000	12,604	3,396	19,000	28,919	(9,919)
Supplies	65,000	64,116	884	70,000	40,227	29,773
Telephone	3,000	2,805	195	4,500	2,461	2,039
Utilities	2,000	1,527	473	2,000	1,632	368
<b>Total Other Operating Expenses</b>	<b>3,031,000</b>	<b>2,896,047</b>	<b>134,953</b>	<b>3,076,500</b>	<b>2,689,060</b>	<b>387,440</b>
<b>Total Expenses</b>	<b>3,645,350</b>	<b>3,348,047</b>	<b>297,303</b>	<b>3,672,646</b>	<b>3,075,729</b>	<b>596,917</b>
<b>Operating Income (Loss)</b>	<b>1,371,259</b>	<b>1,178,086</b>	<b>(193,173)</b>	<b>1,262,882</b>	<b>1,311,220</b>	<b>48,338</b>
<b>Nonoperating Revenues (Expenses):</b>						
Interest to MEAG	-	(38,535)	(38,535)	(12,500)	(41,294)	28,794
Miscellaneous	3,000	13,814	10,814	(3,000)	15,221	(18,221)
MEAG Telecom Contribution	16,000	-	(16,000)	600,000	600,000	-
Transferred to Water and Sewer Fund	-	(750,000)	(750,000)	(1,000,000)	(1,000,000)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>19,000</b>	<b>(774,721)</b>	<b>(793,721)</b>	<b>(415,500)</b>	<b>(426,073)</b>	<b>10,573</b>
<b>Change in Net Position</b>	<b>1,390,259</b>	<b>403,365</b>	<b>(986,894)</b>	<b>847,382</b>	<b>885,147</b>	<b>37,765</b>
Net Position at Beginning of Year	3,558,353	3,558,353	-	2,673,206	2,673,206	-
Prior Period Adjustment	-	-	-	-	-	-
<b>Net Position at End of Year</b>	<b>\$ 4,948,612</b>	<b>\$ 3,961,718</b>	<b>\$ (986,894)</b>	<b>\$ 3,520,588</b>	<b>\$ 3,558,353</b>	<b>\$ 37,765</b>



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, 2021 and 2020

	2021			2020		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
<b>Operating Revenues:</b>						
Sale of Utilities	\$ 1,990,949	\$ 1,789,461	\$ (201,488)	\$ 2,128,567	\$ 1,874,190	\$ (254,377)
Water and Sewer Taps	442,800	94,300	(348,500)	442,800	261,000	(181,800)
Penalties	55,000	44,838	(10,162)	65,000	43,185	(21,815)
Miscellaneous	1,000	66,778	65,778	1,000	250	(750)
Total Operating Revenues	<u>2,489,749</u>	<u>1,995,377</u>	<u>(494,372)</u>	<u>2,637,367</u>	<u>2,178,625</u>	<u>(458,742)</u>
<b>Operating Expenses:</b>						
<b>Personnel Services:</b>						
Salaries	297,652	211,114	86,538	288,900	213,178	75,722
Payroll Taxes	17,000	16,272	728	15,000	15,764	(764)
Retirement	15,000	4,782	10,218	15,000	34,067	(19,067)
Insurance (Group and Worker's Compensation)	75,000	81,708	(6,708)	65,000	73,782	(8,782)
Training Expenses	4,000	3,231	769	4,000	2,553	1,447
Uniforms	5,000	6,134	(1,134)	5,000	5,646	(646)
Total Personal Services	<u>413,652</u>	<u>323,241</u>	<u>90,411</u>	<u>392,900</u>	<u>344,990</u>	<u>47,910</u>
<b>Administrative Expenses:</b>						
Insurance - Vehicles and Equipment	5,500	249	5,251	5,500	3,416	2,084
Insurance - Other	17,000	1,022	15,978	15,000	16,294	(1,294)
Miscellaneous	29,000	8,736	20,264	14,000	22,249	(8,249)
Professional Fees	300,000	5,810	294,190	250,000	227,313	22,687
Office Supplies	1,200	138	1,062	1,200	38	1,162
Total Administrative Expenses	<u>352,700</u>	<u>15,955</u>	<u>336,745</u>	<u>285,700</u>	<u>269,310</u>	<u>16,390</u>
Depreciation Expense	450,000	437,845	12,155	450,000	451,903	(1,903)
<b>Other Operating Expenses:</b>						
Water Purchases	60,000	121,042	(61,042)	100,000	20,359	79,641
Sewer Treatment	500,000	525,014	(25,014)	500,000	537,554	(37,554)
Equipment Rental	10,000	-	10,000	10,000	705	9,295
Gas and Oil	10,000	5,308	4,692	10,000	3,844	6,156
Miscellaneous Operating Expense	26,000	9,946	16,054	25,700	21,610	4,090
<b>Repairs and Maintenance:</b>						
Buildings	100,000	3,645	96,355	100,000	4,667	95,333
Distribution - Water and Sewer Systems	326,000	154,853	171,147	700,000	271,601	428,399
Equipment	20,000	4,459	15,541	20,000	4,471	15,529
Vehicles	5,000	2,179	2,821	5,000	4,367	633
Supplies	95,000	70,901	24,099	95,000	71,317	23,683
Telephone	13,000	6,032	6,968	12,000	12,446	(446)
Utilities	4,000	4,174	(174)	4,000	3,280	720
Total Other Operating Expenses	<u>1,169,000</u>	<u>907,553</u>	<u>261,447</u>	<u>1,581,700</u>	<u>956,221</u>	<u>625,479</u>
<b>Total Expenses</b>	<u>2,385,352</u>	<u>1,684,594</u>	<u>700,758</u>	<u>2,710,300</u>	<u>2,022,424</u>	<u>687,876</u>
<b>Operating Income (Loss)</b>	<u>104,397</u>	<u>310,783</u>	<u>206,386</u>	<u>(72,933)</u>	<u>156,201</u>	<u>229,134</u>
<b>Nonoperating Revenues (Expenses):</b>						
Bond Interest	(82,544)	(141,687)	(224,231)	(114,596)	(142,273)	(27,677)
Contribution from MEAG	-	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-	-
Transferred from Electric Fund	-	750,000	750,000	1,000,000	1,000,000	-
Transferred to General Fund	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(82,544)</u>	<u>608,313</u>	<u>525,769</u>	<u>885,404</u>	<u>857,727</u>	<u>(27,677)</u>
<b>Change in Net Position</b>	<u>21,853</u>	<u>919,096</u>	<u>732,155</u>	<u>812,471</u>	<u>1,013,928</u>	<u>201,457</u>
<b>Net Position at Beginning of Year</b>	<u>13,502,398</u>	<u>13,502,398</u>	<u>-</u>	<u>12,488,470</u>	<u>12,488,470</u>	<u>-</u>
<b>Net Position at End of Year</b>	<u>\$ 13,524,251</u>	<u>\$ 14,421,494</u>	<u>\$ 732,155</u>	<u>\$ 13,300,941</u>	<u>\$ 13,502,398</u>	<u>\$ 201,457</u>

CITY OF PALMETTO, GEORGIA

SANITATION FUND

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

For the Fiscal Years Ended June 30, 2021 and 2020

	2021			2020		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
<b>Operating Revenues:</b>						
Sanitation Charges	\$ 400,402	\$ 354,294	(46,108)	\$ 377,508	\$ 327,248	(50,260)
Penalties	20,000	13,581	(6,419)	20,000	13,215	(6,785)
Miscellaneous	2,000	1,050	(950)	2,000	730	(1,270)
Total Operating Revenue	<u>422,402</u>	<u>368,925</u>	<u>(53,477)</u>	<u>399,508</u>	<u>341,193</u>	<u>(58,315)</u>
<b>Operating Expenses:</b>						
Contracted Services - Garbage	260,000	251,964	8,036	319,333	224,754	94,579
Other Operating Expenses	2,000	-	2,000	2,000	5,194	(3,194)
Total Operating Expenses	<u>262,000</u>	<u>251,964</u>	<u>10,036</u>	<u>321,333</u>	<u>229,948</u>	<u>91,385</u>
Change in Net Position	160,402	116,961	(43,441)	78,175	111,245	33,070
Net Position at Beginning of Year	<u>708,204</u>	<u>708,204</u>	<u>-</u>	<u>596,959</u>	<u>596,959</u>	<u>-</u>
Net Position at End of Year	<u>\$ 868,606</u>	<u>\$ 825,165</u>	<u>\$ (43,441)</u>	<u>\$ 675,134</u>	<u>\$ 708,204</u>	<u>\$ 33,070</u>

CITY OF PALMETTO, GEORGIA

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

Year Ended June 30, 2021  
With Comparative Actual Amounts for Year Ended June 30, 2020

T-SPLOST

	Budgeted	2021 Actual	Variance- Positive (Negative)	Budgeted	2020 Actual	Variance- Positive (Negative)
<b>Revenues:</b>						
Intergovernmental	\$ 700,000	\$ 818,945	\$ 118,945	\$ 650,000	\$ 752,063	\$ 102,063
State and Federal Confiscations	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Total Revenues	<u>700,000</u>	<u>818,945</u>	<u>118,945</u>	<u>650,000</u>	<u>752,063</u>	<u>102,063</u>
<b>Expenditures:</b>						
Current						
Administrative	-	-	-	-	-	-
Capital Outlays	1,500,000	329,100	1,170,900	150,000	149,643	357
Administrative	-	-	-	-	-	-
Total Expenditures	<u>1,500,000</u>	<u>329,100</u>	<u>1,170,900</u>	<u>150,000</u>	<u>149,643</u>	<u>357</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(800,000)</u>	<u>489,845</u>	<u>(1,051,955)</u>	<u>500,000</u>	<u>602,420</u>	<u>101,706</u>
<b>Other Financing (Uses)</b>						
Transfers Out	-	-	-	-	-	-
Net Change in Fund Balances	(800,000)	489,845	(1,051,955)	650,000	602,420	47,580
Fund Balance at Beginning of Year	<u>1,421,997</u>	<u>1,421,997</u>	<u>-</u>	<u>819,577</u>	<u>819,577</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 621,997</u>	<u>\$ 1,911,842</u>	<u>\$ 1,289,845</u>	<u>\$1,319,577</u>	<u>\$ 1,421,997</u>	<u>\$ 102,420</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, 2021  
 With Comparative Actual Amounts for Year Ended June 30, 2020

	SPLOST Fund		Variance- Positive (Negative)	2020 Actual	Confiscated Fund		Variance- Positive (Negative)	2020 Actual	2020 Total Non-Major Governmental
	2021 Budgeted	2021 Actual			2021 Budgeted	2021 Actual			
<b>Revenues:</b>									
Intergovernmental	\$ 60,000	\$ 78,293	\$ 18,293	\$ 52,278	\$ -	\$ -	\$ -	\$ -	\$ 78,293
State and Federal Confiscations	-	-	-	-	-	722	-	3,681	722
Interest Income	-	-	-	-	-	-	-	-	-
Total Revenues	<u>60,000</u>	<u>78,293</u>	<u>18,293</u>	<u>52,278</u>	<u>-</u>	<u>722</u>	<u>-</u>	<u>3,681</u>	<u>79,015</u>
<b>Expenditures:</b>									
Current									
Administrative	-	3,544	(3,544)	-	-	-	-	-	3,544
Fire				2,052					
Police									
Debt Service									
Principal									
Interest									
Capital Outlays	36,942	40,874	(3,932)	31,178	-	-	-	2,210	40,874
Administrative	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>36,942</u>	<u>44,418</u>	<u>(7,476)</u>	<u>33,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,210</u>	<u>44,418</u>
Excess (Deficiency) of Revenues over Expenditures	<u>23,058</u>	<u>33,875</u>	<u>25,769</u>	<u>19,048</u>	<u>-</u>	<u>722</u>	<u>-</u>	<u>1,471</u>	<u>34,597</u>
<b>Other Financing (Uses)</b>									
Transfers Out	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	23,058	33,875	10,817	19,048	-	722	-	1,471	34,597
Fund Balance at Beginning of Year	<u>88,062</u>	<u>88,062</u>	<u>67,797</u>	<u>69,014</u>	<u>(175)</u>	<u>1,296</u>	<u>2,105</u>	<u>(175)</u>	<u>89,358</u>
Fund Balance at End of Year	<u>\$ 111,120</u>	<u>\$ 121,937</u>	<u>10,817</u>	<u>\$ 88,062</u>	<u>\$ (175)</u>	<u>\$ 2,018</u>	<u>\$ 2,105</u>	<u>\$ 1,296</u>	<u>\$ 123,955</u>

# CITY OF PALMETTO, GEORGIA

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

June 30, 2021

### **Governmental Funds Capital Assets:**

Land	\$	482,679
Buildings and Improvements		3,125,796
Furniture and Fixtures		118,324
Vehicles and Equipment		2,481,206
Infrastructure		<u>4,229,725</u>
	\$	<u><u>10,437,730</u></u>

### **Investment in Governmental Funds Capital Assets by Source:**

General Fund	\$	9,273,541
Special Revenue Funds		<u>1,164,189</u>
Total Investment in Capital Assets	\$	<u><u>10,437,730</u></u>

CITY OF PALMETTO, GEORGIA

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2021

Function and Activity	Total June 30, 2021	Land	Buildings & Improvements	Furniture & Fixtures	Vehicles & Equipment	Infrastructure
Administrative	\$ 607,659	\$ 26,681	348,798	44,736	187,444	-
Police Department	1,508,320	60,000	606,178	23,363	818,779	-
Fire Department	1,528,787	232,660	188,391	29,192	1,078,544	-
Street Department	4,595,735	39,466	-	7,475	319,069	4,229,725
Special Services	<u>2,197,229</u>	<u>123,872</u>	<u>1,982,429</u>	<u>13,558</u>	<u>77,370</u>	<u>-</u>
Total Capital Assets Allocated to Functions	\$ <u><u>10,437,730</u></u>	\$ <u><u>482,679</u></u>	\$ <u><u>3,125,796</u></u>	\$ <u><u>118,324</u></u>	\$ <u><u>2,481,206</u></u>	\$ <u><u>4,229,725</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, 2021

Function and Activity	Governmental Funds Capital Assets 6/30/2020	Additions	Deductions	Governmental Funds Capital Assets 6/30/2021
Administrative	\$ 607,659	\$ -	\$ -	\$ 607,659
Police Department	1,431,967	76,353	-	1,508,320
Fire Department	1,502,054	26,733	-	1,528,787
Street Department	3,574,886	1,020,849	-	4,595,735
Special Services	<u>2,195,521</u>	<u>1,708</u>	<u>-</u>	<u>2,197,229</u>
Total Capital Assets	<u>\$ 9,312,087</u>	<u>\$ 1,125,643</u>	<u>\$ -</u>	<u>\$ 10,437,730</u>

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



MEMBERS  
American Institute of CPAs  
Georgia Society of CPAs

ESTABLISHED 1968

## **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, 2021, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon February 13, 2023.

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, 2021, 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.

A handwritten signature in black ink, appearing to read "DLP", is positioned above the date and location of the report.

Marietta, Georgia  
February 13, 2023

**Post CPAs, LLC - Certified Public Accountants**

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

postcpas.com



**City of Palmetto, Georgia**  
 Schedule of Projects Constructed  
 With Special Sales Tax Proceeds  
 Year Ended June 30, 2021

SPLOST Number	Project	Original	Revised	Expenditures		Total	Estimated Percentage of Completion
		Estimated Cost	Estimated Cost	Prior Years	Current Year		
3	Public Safety	405,475	330,924	330,924	-	330,924	100%
4	Public Safety	8,525	370,000	33,230	34,854	68,084	18%
	Totals	<u>\$ 414,000</u>	<u>\$ 700,924</u>	<u>\$ 364,154</u>	<u>\$ 34,854</u>	<u>\$ 399,008</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, 2021, 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 February 13, 2023.

**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 is 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  
February 13, 2023