

CATOOSA COUNTY, GEORGIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

For the Year Ended September 30, 2011

JOHNSON, HICKEY & MURCHISON, P.C.

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Chattanooga, Tennessee

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners Catoosa County, Georgia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catoosa County, Georgia, as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Catoosa County, Georgia. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Catoosa County Health Department, which represent 23%, 100%, and 78%, respectively, of the assets, positive net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Catoosa County Health Department, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catoosa County, Georgia, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of Catoosa County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catoosa County, Georgia's financial statements as a whole. The combining nonmajor fund financial statements, agency funds financial statement, and financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the County's financial statements. The financial information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Johnson, Niskey & Menckem, P.C.

March 29, 2012

Catoosa County, Georgia
Management's Discussion and Analysis
For the Year Ended September 30, 2011

Management's discussion and analysis provides an objective and easily readable analysis of the Government's financial activities. The analysis provides summary financial information for Catoosa County and should be read in conjunction with the Government's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government's basic financial statements comprise three components; (1) *Government-wide financial statements*, (2) *Fund financial statements*, and (3) *Notes to the financial statements*. The *Government-wide financial statements* present an overall picture of the Government's financial position and results of operations. The *Fund financial statements* present financial information for the Government's major funds. The *Notes to the financial statements* provide additional information concerning the Government's finances that are not disclosed in the Government-wide or Fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The *Government-wide financial statements* are the Statement of Net Assets and the Statement of Activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net assets of governmental activities and business-type activities and the change in net assets. Governmental Activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, fines, and charges for services. Business-type activities are supported by charges to the users of those activities.

The Statement of Net Assets presents information on all assets and liabilities of the Government, with the difference between assets and liabilities reported as net assets. Net assets are reported in three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. Assets, liabilities, and net assets are reported for all Governmental activities separate from the assets, liabilities and net assets of Business-type activities. In addition, assets, liabilities, and net assets are reported for the Catoosa County Health Department and the Catoosa County Development Authority, which are considered component units of the Government.

The Statement of Activities presents information on all revenues and expenses of the Government and the change in net assets. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the Government. To assist in understanding the Government's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the Government include public safety, judicial, public works, health and welfare, culture and recreation, and general government services. Business-type activities financed by user charges include storm water and solid waste collections. Again, expenses and revenues of the component units are reported separately from the primary Government's financial information.

Fund financial statements present financial information for governmental funds, proprietary funds, and fiduciary funds. These statements provide financial information for the major funds of Catoosa County. Governmental fund financial statements provide information on the current assets and

liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The statement of fiduciary net assets provides information concerning assets held in trust by the Government on behalf of others.

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all governmental funds. A schedule of revenues, expenditures, and changes in fund balances – budget and actual, is provided as required supplementary information for the Government’s General Fund. For the proprietary funds a statement of net assets; a statement of revenues, expenses, and changes in fund net assets; and a statement of cash flows are presented. A statement of fiduciary net assets is presented for the Government’s agency funds. *Fund financial statements* provide more detailed information about the Government’s activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

The *Government-wide financial statements* and the *Fund financial statements* provide different pictures of the Government. The *Government-wide financial statements* provide an overall picture of the Government’s financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the Government’s overall financial health and how the Government paid for the various activities, or functions, provided by the Government. All assets including land, buildings, equipment and infrastructure (which include storm water systems, roads, bridges, traffic signals, etc.) are reported in the Statement of Net Assets. All liabilities, including principal outstanding on bonds, capital leases, and future employee benefits obligated but not paid by the Government are reported in the Statement of Net Assets. Transactions between the different functions of the Government, however, have been eliminated in order to avoid a duplication of the revenues and expenses. The *Fund financial statements* provide a picture of the major funds and a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures, and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *Fund financial statements* to the *Government-wide financial statements*, reconciliation is provided from the *Fund financial statements* to the *Government-wide financial statements*.

The *Notes to the financial statements* provide additional detail concerning the financial activities and financial balances of the Government. Additional information about the accounting practices of the Government; investments of the Government, long-term debt, and the pension plan are some of the items included in the Notes. The notes to the financial statements can be found on pages 13 to 41 of this report.

FINANCIAL HIGHLIGHTS

Catoosa County’s total assets exceeded total liabilities by \$516.9 million (net assets). Total net assets for governmental activities were \$520.9 million; total net assets for business-type activities were a deficit in the amount of \$4.0 million.

**CATOOSA COUNTY, GEORGIA
NET ASSETS**

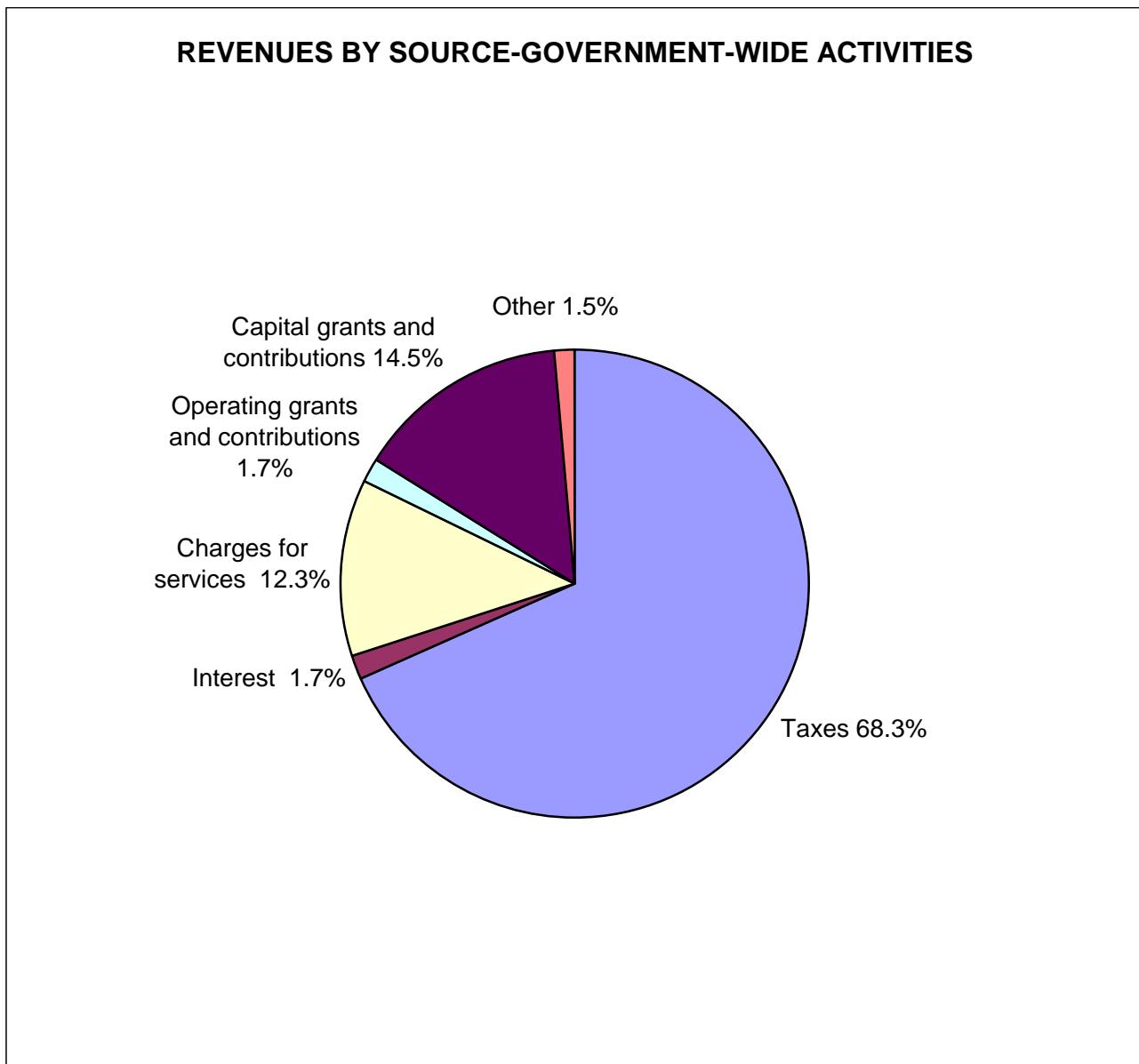
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 38.0	\$ 32.4	\$ (0.9)	\$ -	\$ 37.1	\$ 32.4
Capital Assets	<u>492.0</u>	<u>503.0</u>	<u>4.7</u>	<u>3.3</u>	<u>496.7</u>	<u>506.3</u>
Total Assets	<u>530.0</u>	<u>535.4</u>	<u>3.8</u>	<u>3.3</u>	<u>533.8</u>	<u>538.7</u>
Long-term Liabilities	1.1	1.5	7.0	7.2	8.1	8.7
Other Liabilities	<u>8.0</u>	<u>6.8</u>	<u>0.8</u>	<u>0.3</u>	<u>8.8</u>	<u>7.1</u>
Total Liabilities	<u>9.1</u>	<u>8.3</u>	<u>7.8</u>	<u>7.5</u>	<u>16.9</u>	<u>15.8</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	490.5	500.7	4.7	3.3	495.2	504.0
Restricted	18.4	15.5	-	-	18.4	15.5
Unrestricted	<u>12.0</u>	<u>10.9</u>	<u>(8.7)</u>	<u>(7.5)</u>	<u>3.3</u>	<u>3.4</u>
Total Net Assets	<u>\$ 520.9</u>	<u>\$ 527.1</u>	<u>\$ (4.0)</u>	<u>\$ (4.2)</u>	<u>\$ 516.9</u>	<u>\$ 522.9</u>

As a whole, the Government's financial position declined during Fiscal 2011. Total net assets decreased by \$6.0 million, a negative of \$6.2 million from governmental activities and a decrease to the deficit of \$215 thousand from business-type activities. The decrease in the assets of \$4.9 million is primarily due to a decrease in capital assets of \$9.6 million partially offset by an increase in current and other assets of \$4.7 million. The decrease in capital assets is the result of an increase in depreciation and reclassifications of \$13.1 million partially offset by an increase for capital additions of \$3.5 million. The increase in current and other assets is the result of an increase in the receivable from other governmental entities of \$4.6 million mainly FEMA/GEMA, an increase in restricted for specific use (SPLOST) of \$3.0 million, other taxes receivable \$72 thousand and prepaid expenses \$65 thousand; the increase was partially offset by a decrease in cash and cash equivalents of \$3.1 million due to funding the debris removal from the tornado. Governmental liabilities increased \$1.1 million with an increase of \$1.5 million in accounts payable \$378 thousand for the line of credit to fund the Development Authority Costco Project and \$166 thousand in deferred revenue; the increase was partially offset by a decrease in other current liabilities of \$357 thousand and a decrease in long-term liabilities of \$604 thousand. Net capital assets in the amount of \$495.2 million comprised the bulk of the net assets of the County. This includes land, buildings, equipment, capital improvements, infrastructure as well as assets currently under construction. Restricted net assets in the amount of \$18.4 million are comprised of \$18.2 million for SPLOST, \$263 thousand for Public Safety which includes Confiscated Assets Fund and J.C.S.A. Fund and \$6 thousand for Multiple Grant Fund and Library Grant Fund. The unrestricted net assets of \$3.3 million is composed of a positive balance of \$12.0 million in governmental activities, mainly the General Fund reserve balance, and a negative of \$8.7 million in the business-type activities due to the negative fund equity in the Solid Waste Management Authority as a result of accrued landfill post closure care costs in the amount of \$7.3 million and a liability of \$1.4 million for the construction of the landfill gas to energy project.

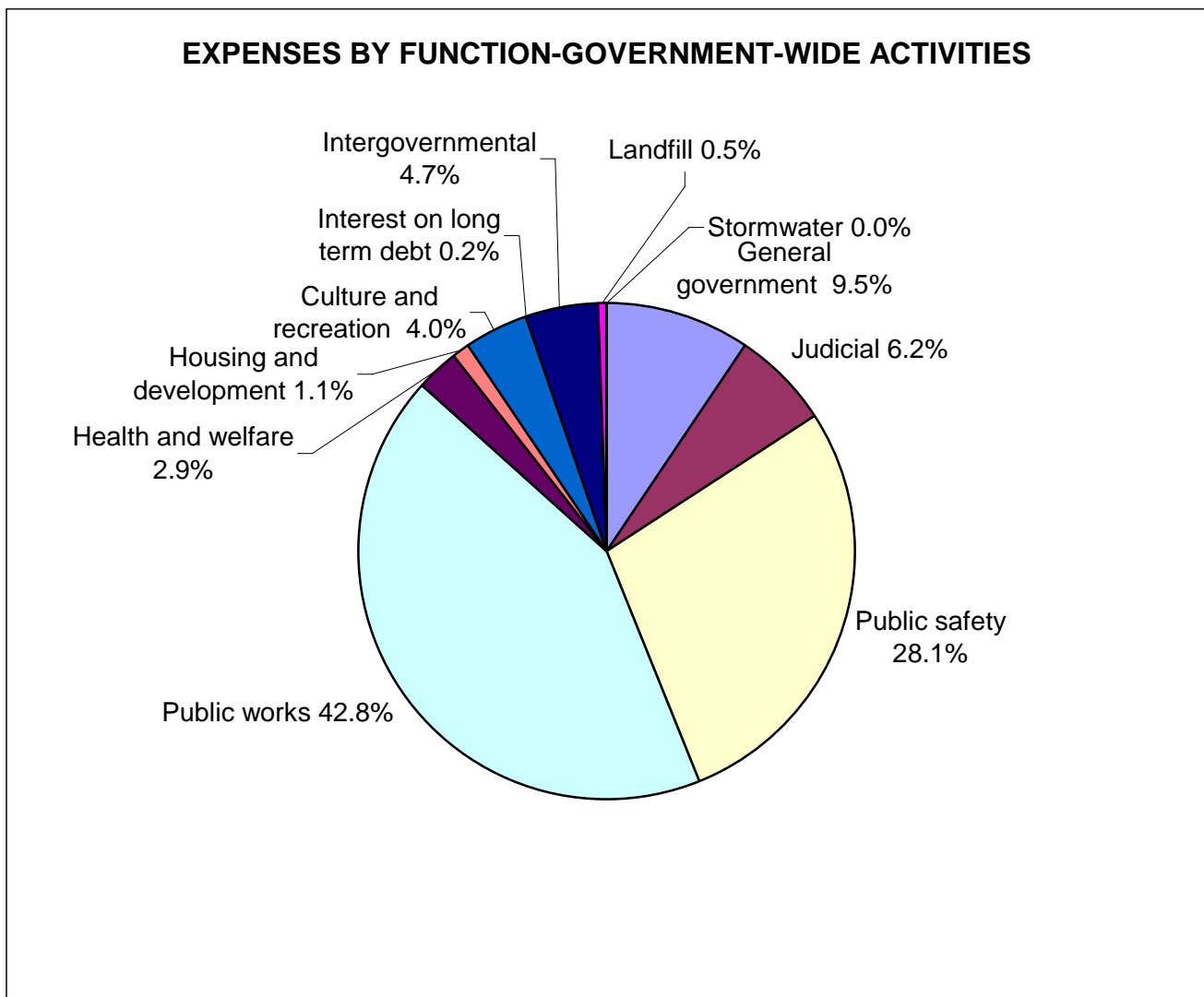
(\$ in Millions)
Fiscal Years 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5.0	\$ 5.4	\$ 0.1	\$ 0.2	\$ 5.1	\$ 5.6
Operating grants and contributions	0.7	5.5	-	-	0.7	5.5
Capital grants and contributions	5.9	0.1	0.1	-	6.0	0.1
General revenues:						
Property taxes	9.0	9.0	-	-	9.0	9.0
Special local option sales tax	9.2	8.6	-	-	9.2	8.6
Local option sales tax	6.5	6.0	-	-	6.5	6.0
Insurance premium tax	2.1	2.2	-	-	2.1	2.2
Federal payments in lieu of taxes	0.5	0.4	-	-	0.5	0.4
Other taxes	0.6	0.6	-	-	0.6	0.6
Franchise fees	0.3	0.3	-	-	0.3	0.3
Interest	0.7	0.5	-	-	0.7	0.5
Other	0.4	-	0.2	0.2	0.6	0.2
Total revenues	40.9	38.6	0.4	0.4	41.3	39.0
Expenses:						
General government	4.5	3.8	-	-	4.5	3.8
Judicial	2.9	2.9	-	-	2.9	2.9
Public safety	13.3	16.5	-	-	13.3	16.5
Public works	20.3	14.8	-	-	20.3	14.8
Health and welfare	1.4	1.5	-	-	1.4	1.5
Housing and development	0.5	0.5	-	-	0.5	0.5
Culture and recreation	1.9	1.7	-	-	1.9	1.7
Interest on long term debt	0.1	0.1	-	-	0.1	0.1
Intergovernmental	2.2	3.4	-	-	2.2	3.4
Landfill	-	-	0.2	0.2	0.2	0.2
Storm water	-	-	-	0.1	-	0.1
Total expenses	47.1	45.2	0.2	0.3	47.3	45.5
Change in net assets before transfers	(6.2)	(6.6)	0.2	0.1	(6.0)	(6.5)
Transfers	-	(0.4)	-	0.4	-	-
Change in net assets	(6.2)	(7.0)	0.2	0.5	(6.0)	(6.5)
Beginning net assets	527.1	534.9	(4.2)	(4.7)	522.9	530.2
Prior period adjustment	-	(0.8)	-	-	-	(0.8)
Ending net assets	\$ 520.9	\$ 527.1	\$ (4.0)	\$ (4.2)	\$ 516.9	\$ 522.9

Total government-wide revenues for 2011 were \$41.3 million, an increase of \$2.3 million from \$39.0 million in 2010. The increase was the result of an increase in capital grants and contributions of \$5.9 million mainly due to the FEMA/GEMA grant for tornado recovery, special local option sales tax \$668 thousand, local option sales tax \$467 thousand, interest \$171 thousand and other revenue \$418 thousand, which included \$302 thousand insurance proceeds for tornado loss. The increases were partially offset by reductions in operating grants and contributions of \$4.8 million mainly due to the completion of the communications grant in 2010 and charges for services \$447 thousand. The revenues are distributed by the following sources: \$28.2 million in taxes, \$5.1 million in charges for services, \$6.7 million in grants and contributions, \$657 thousand in interest earnings and \$638 thousand other. Of this amount \$40.9 million was in governmental activities and \$456 thousand was in business type activities. The chart below shows graphically the distribution of government-wide revenues by source.



Government-wide expenses were \$47.3 million for 2011, an increase of \$1.8 million from \$45.5 million for 2010. The increase was the result of an increase in public works of \$5.5 million and general government \$708 thousand. The increases were partially offset by reductions in public safety \$3.2 million, intergovernmental \$1.2 million. The increase in public works was due to an increase in grant expenditures (FEMA/GEMA) of \$5.1 million resulting from the tornado, \$203 thousand in salaries and benefits, \$95 thousand equipment repairs, \$34 thousand road materials and \$25 thousand gasoline/diesel. The increase in general government was mainly the result of the \$702 thousand loss due to tornado damage which represents the 15% of the expenditures not covered by FEMA/GEMA grant recovery. The decrease in public safety was due to a reduction in grant fund expenditures of \$3.7 million due to the competition of the communications grant in 2010, this reduction was partially off-set by increases in Fire and Rescue and additional depreciation due to adding additional facilities and equipment. The decrease in intergovernmental was due to a reduction in SPLOST fund expenditures on capital projects. Of the total expenses, \$47.1 million were for government activities and \$243 thousand for business-type activities. The following chart shows graphically further detail of government-wide expenses by function.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Major Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues in the governmental funds were \$40.4 million, an increase of \$1.9 million from \$38.5 million in 2010. The increase was the result of increases in special local option sales tax project revenues \$919 thousand, capital project grants \$792 thousand, local option sales and other taxes \$472 thousand. The increases were partially offset by reductions in fines, fees and forfeitures \$215 thousand and intergovernmental \$79 thousand.

Expenditures in the governmental funds were \$37.6 million, an increase of \$678 thousand from \$36.9 million in 2010. The increase in governmental expenditures attributable to increases in capital project grants \$1.2 million and general fund \$1.3 million. The increases were partially offset by reductions in SPLOST capital projects \$1.5 million and other governmental funds \$296 thousand. The increase in the general fund was due to increases in general government \$704 thousand, the result of the \$702 thousand loss for tornado damage, public works \$363 thousand due to increases in labor and benefits, equipment repairs, road materials and gasoline/diesel, public safety \$115 thousand, judicial \$76 thousand, debt service interest \$46 thousand.

Other financing sources and uses generated a favorable fund balance of \$1.1 million due to insurance proceeds of \$1.0 million and proceeds from sale of assets of \$56 thousand.

As the County completed the year, its governmental funds reported a combined fund balance of \$30.4 million an increase of \$3.9 million from \$26.5 million in 2010. The General Fund, which is the chief operating fund of the County, increased \$871 thousand, SPLOST Capital Projects Fund increased \$2.9 million, Capital Projects Grant Fund decreased \$13 thousand and Other Governmental Funds increased \$218 thousand.

Major Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Operating revenues in business type activities were \$316 thousand, a decrease of \$44 thousand from \$360 thousand in 2010. The decrease was due to a reduction in user fees of \$64 thousand partially offset by an increase in other revenue of \$20 thousand. The increase in other revenue was the result of a decrease in the accrued post closure care liability for Site #1 and Site #2 of the Landfill, which occurs with the passage of time.

Operating expenses in business-type activities were \$242 thousand, a decrease of \$19 thousand from \$261 thousand in 2010. The decrease is due to a reduction in operating cost of \$31 thousand in public works storm water maintenance partially offset by an increase of \$12 thousand associated with maintenance of the solid waste landfill.

Other income from an intergovernmental capital grant in the amount of \$139 thousand was received as partial funding of the landfill gas to electricity project.

Transfers in from other funds in the amount of \$2 thousand were needed to fund public works storm water maintenance.

The proprietary funds reported an improvement in net assets of \$215 thousand for the period ended 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Commissioners was required to amend the budget three times to account for supplemental funding and to meet changing governmental expenses and needs which arose during the fiscal year. Even after these adjustments, actual revenues exceeded budgeted revenues by \$397 thousand; budgeted expenditures exceeded actual expenditures by \$428 thousand and budgeted other financing sources exceeded actual financing sources by \$46 thousand.

The excess of actual revenues over budgeted revenues were primarily due to the following revenue categories where actual revenue exceeded budgeted: taxes \$127 thousand, charges for services \$31 thousand, intergovernmental \$62 thousand, fines, fees and forfeitures \$92 thousand, investment earnings \$36 thousand and other \$49 thousand. The excess of actual revenues over budgeted revenues were fairly distributed over all sources with no major variances.

The excess of budgeted expenditures over actual expenditures were primarily due to the following expenditure categories where budgeted exceeded actual: judicial \$57 thousand, general government \$170 thousand, public safety \$101 thousand, health and welfare \$11 thousand, housing and development \$12 thousand and culture and recreation \$77 thousand. The favorable variances were fairly distributed over all functions as the effort continues to control expenditures during these current economic times.

The excess of actual proceeds from sale of assets under other financing sources exceeded budgeted revenue \$46 thousand.

General fund operations for 2011 resulted in a fund balance of \$11.9 million, an increase of \$871 thousand from \$11.0 million in 2010.

CAPITAL ASSETS ACTIVITY

Investment in capital assets, net of accumulated depreciation, for both governmental and business-type activities, *Primary Government*, decreased \$9,526,691. Beginning balance was \$506,254,779, plus current year additions of \$3,580,141, less current year depreciation of \$12,437,472, less net

dispositions / reclassifications of \$669,360, resulted in an ending balance of \$496,728,088. The land reclassification of \$259 thousand from Buildings was an allocation of the value of the land remaining after the lose of the DFAC's Building. The CIP includes expenditures for construction in process on the Landfill Gas to Energy Project \$1.5 million, Lakeview Drive culverts \$358 thousand and Mineral Avenue extension \$53 thousand. The site improvement in the amount of \$24 thousand was for the purchase and installation of a bi-directional amplifier system located at the Sheriff's Office. The additions to infrastructure in the amount of \$109 thousand were for Storm Water Projects in Cinderella Hills Subdivision \$86 thousand and on Alan Drive \$23 thousand. The building additions in the amount of \$604 thousand were for the Lakeview Fire Station \$367 thousand, the rebuild of the Planning and Zoning Building \$218 thousand and the replacement of the HVAC Unit at the Colonnade \$19 thousand. The vehicles purchases in the amount of \$523 thousand was for cars in the Sheriff Department \$311 thousand, buses for Public Transportation \$123 thousand and trucks for Public Works \$58 thousand. The equipment purchases in the amount of \$394 thousand included Jaws of Life and various fire and safety equipment for the Catoosa County Fire and Rescue \$158 thousand, tractors for Public Works \$129 thousand, GIS upgrade \$30 thousand, video camera and computer equipment for the Sheriff's Office \$31 thousand, modify radio frequency for Public Transportation \$21 thousand, mower for Recreation \$8 thousand and other computer equipment \$17 thousand. Most capital additions were funded by Capital Project Grants, SPLOST, J.C.S.A. or Confiscated Asset Funds. Additional information on the County's capital assets can be found in Note (5) on pages 27 to 29 of this report.

A summary of activity in capital assets, net of depreciation, of the primary government for the year ended September 30, 2011, is as follows:

	Beginning Balance	Additions	Depreciation	Dispositions /Reclass	Ending Balance
Land	\$ 5,949,358	\$ -	\$ -	\$ 258,928	\$ 6,208,286
CIP	705,085	1,925,156	-	(680,306)	1,949,935
Land Improvements	3,059,263	23,917	195,570	-	2,887,610
Infrastructure	462,664,639	109,235	10,356,209	-	452,417,665
Buildings	27,546,491	604,533	500,652	(247,982)	27,402,390
Equipment, vehicles, furniture & fixtures	6,329,943	917,300	1,385,041	-	5,862,202
	\$ 506,254,779	\$ 3,580,141	\$ 12,437,472	\$ (669,360)	\$ 496,728,088

THE GOVERNMENT'S DEBT

The capital lease obligations represent the balance remaining for the lease financing for the construction of the new administration building \$1,361,111 and lease purchase of the sheriff's vehicles \$143,979. The post closure obligations are \$2,146,042 for Site #1 and \$5,118,310 for Site #2 which is The Georgia Environmental Protection Division estimate of the future liability for the next twenty-two to twenty-eight years respectively. The compensated absences represent the cumulative and vesting for unpaid employee vacation and sick leave. Additional information on the county's debt can be found in Note (6) on pages 30 to 34 of this report.

A summary of activity in long-term debt of the primary government for the year ended September 30, 2011, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital lease obligations	\$ 2,228,085	\$ -	\$ (722,995)	\$ 1,505,090
Landfill closure / Postclosure obligation	7,469,995	-	(205,643)	7,264,352
Compensated absences	355,979	17,329	-	373,308
	<u>\$ 10,054,059</u>	<u>\$ 17,329</u>	<u>\$ (928,638)</u>	<u>\$ 9,142,750</u>

STATUS OF THE CATOOSA COUNTY ECONOMY

Economic activity in Catoosa County during the year reflected national and regional trends. Retail sales taxes for the fiscal year 2011 improved \$1.1 million, or 7.8% from fiscal year 2010. Due to current economic conditions and lack of available credit, construction activity is down and due to property reassessments and other property losses the net M&O digest is down 3.6% for 2011 over 2010.

REQUESTS FOR INFORMATION

This report was prepared by the Finance Department of Catoosa County and is designed to present a general overview of the County's accountability. Questions concerning this report or requests for additional information can be obtained by contacting the Chief Financial Officer at carl.henson@catoosa.com or at the following address and telephone number:

Catoosa County Government
Finance Department
800 Lafayette Street
Ringgold, Ga. 30736
706-965-2500

The Catoosa County Health Department, a component unit of Catoosa County, issues separately audited financial statements. Requests for additional information may be directed to:

Catoosa County Health Department
Finance Office
P.O. Box 609
Lafayette, Ga. 30728
706-638-5577

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents -				
Available	\$ 6,745,742	\$ -	\$ 6,745,742	\$ 757,435
Restricted for specific use	18,447,109	-	18,447,109	-
Due from other funds	908,619	(908,619)	-	-
Due from other governmental entities	10,456,225	-	10,456,225	156,948
Property taxes receivable	284,622	-	284,622	-
Other taxes receivable	793,074	-	793,074	-
Prepaid expenses	290,298	-	290,298	-
Prepaid supplies	46,134	-	46,134	1,655
Loan costs	-	-	-	747
Land and other nondepreciable assets	4,874,696	3,283,525	8,158,221	2,160,989
Other capital assets, net of accumulated depreciation	<u>487,163,752</u>	<u>1,406,115</u>	<u>488,569,867</u>	<u>724,416</u>
Total assets	<u>\$ 530,010,271</u>	<u>\$ 3,781,021</u>	<u>\$ 533,791,292</u>	<u>\$ 3,802,190</u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	\$ 2,136,294	\$ 506,985	\$ 2,643,279	\$ 16,383
Line of credit	4,877,740	-	4,877,740	-
Due to heirs, litigants and others	54,068	-	54,068	-
Due to other governments	-	-	-	5,196,726
Deferred revenue	205,096	-	205,096	-
Long-term liabilities -				
Due within one year	769,083	280,344	1,049,427	1,766,503
Due in more than one year	<u>1,109,315</u>	<u>6,984,008</u>	<u>8,093,323</u>	<u>79,919</u>
Total liabilities	<u>9,151,596</u>	<u>7,771,337</u>	<u>16,922,933</u>	<u>7,059,531</u>
Net assets (deficit) :				
Invested in capital assets, net of related debt	490,451,941	4,689,640	495,141,581	1,097,731
Restricted for -				
SPLOST capital projects	18,177,423	-	18,177,423	-
Public safety	263,401	-	263,401	-
Family health and welfare	6,285	-	6,285	-
Unrestricted	<u>11,959,625</u>	<u>(8,679,956)</u>	<u>3,279,669</u>	<u>(4,355,072)</u>
Total net assets	<u>520,858,675</u>	<u>(3,990,316)</u>	<u>516,868,359</u>	<u>(3,257,341)</u>
Total liabilities and net assets	<u>\$ 530,010,271</u>	<u>\$ 3,781,021</u>	<u>\$ 533,791,292</u>	<u>\$ 3,802,190</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
Judicial	\$ 2,942,373	\$ 1,657,975	\$ 49,859	\$ -	\$ (1,234,539)	\$ -	\$ (1,234,539)	\$ -
General government	4,514,745	804,249	38,964	3,524	(3,668,008)	-	(3,668,008)	-
Public safety	13,255,579	1,810,451	65,901	42,328	(11,336,899)	-	(11,336,899)	-
Public works	20,248,776	-	-	5,718,327	(14,530,449)	-	(14,530,449)	-
Health and welfare	1,371,221	51,913	385,886	126,086	(807,336)	-	(807,336)	-
Housing and development	507,085	187,057	-	-	(320,028)	-	(320,028)	-
Culture and recreation	1,920,725	500,363	110,870	-	(1,309,492)	-	(1,309,492)	-
Intergovernmental	2,232,394	-	-	-	(2,232,394)	-	(2,232,394)	-
Interest	133,303	-	-	-	(133,303)	-	(133,303)	-
Total governmental activities	47,126,201	5,012,008	651,480	5,890,265	(35,572,448)	-	(35,572,448)	-
Business-type activities:								
Landfill services	179,002	89,453	-	139,208	-	49,659	49,659	-
Stormwater management	63,700	21,282	-	-	-	(42,418)	(42,418)	-
Total business-type activities	242,702	110,735	-	139,208	-	7,241	7,241	-
Total primary government	47,368,903	5,122,743	651,480	6,029,473	(35,572,448)	7,241	(35,565,207)	-
COMPONENT UNITS:								
Development Authority	242,186	162,568	-	296,865	-	-	-	217,247
Health Department	1,402,899	637,037	466,122	-	-	-	-	(299,740)
Total component units	\$ 1,645,085	\$ 799,605	\$ 466,122	\$ 296,865	-	-	-	(82,493)
GENERAL REVENUES:								
Property taxes					9,045,647	-	9,045,647	-
Special local option sales tax					9,222,538	-	9,222,538	-
Local option sales tax					6,461,279	-	6,461,279	-
Insurance premium tax					2,102,273	-	2,102,273	-
Federal payments in lieu of taxes					455,541	-	455,541	-
Other taxes					632,488	-	632,488	-
Franchise fees					316,542	-	316,542	-
Interest					656,651	-	656,651	7,309
Gain on disposal of capital assets					106,116	-	106,116	-
Insurance proceeds					301,578	-	301,578	-
Other					24,594	205,644	230,238	506,456
Total general revenues					29,325,247	205,644	29,530,891	513,765
TRANSFERS					(2,152)	2,152	-	-
Change in net assets					(6,249,353)	215,037	(6,034,316)	431,272
NET ASSETS:								
Beginning					527,108,028	(4,205,353)	522,902,675	(3,688,613)
Ending					\$ 520,858,675	\$ (3,990,316)	\$ 516,868,359	\$ (3,257,341)

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	SPLOST Capital Projects	Capital Projects Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 8,124,260	\$ 17,055,136	\$ 13,455	\$ -	\$ 25,192,851
Due from other governmental entities	10,456,225	-	-	-	10,456,225
Due from other funds	989,529	523,368	313,351	479,117	2,305,365
Property taxes receivable	284,622	-	-	-	284,622
Other taxes receivable	2,626	790,448	-	-	793,074
Prepaid expenses	290,298	-	-	-	290,298
Prepaid supplies	46,134	-	-	-	46,134
Total assets	\$ 20,193,694	\$ 18,368,952	\$ 326,806	\$ 479,117	\$ 39,368,569
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 1,801,184	\$ 110,619	\$ 213,393	\$ 11,097	\$ 2,136,293
Line of credit	4,877,740	-	-	-	4,877,740
Due to heirs, litigants and others	54,068	-	-	-	54,068
Due to other funds	1,315,836	80,910	-	-	1,396,746
Deferred tax revenue	247,295	-	-	-	247,295
Other deferred revenue	-	-	96,529	108,567	205,096
Total liabilities	8,296,123	191,529	309,922	119,664	8,917,238
Fund balances:					
Nonspendable -					
Prepaid items	336,432	-	-	-	336,432
Restricted for -					
SPLOST projects	-	18,177,423	-	-	18,177,423
Capital projects	-	-	16,884	-	16,884
Committed for -					
Public safety	-	-	-	358,734	358,734
Health and welfare	-	-	-	6,285	6,285
Unassigned	11,561,139	-	-	(5,566)	11,555,573
Total fund balances	11,897,571	18,177,423	16,884	359,453	30,451,331
Total liabilities and fund balances	\$ 20,193,694	\$ 18,368,952	\$ 326,806	\$ 479,117	\$ 39,368,569

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Differences in amounts reported for governmental activities
in the statement of net assets on page 1:

Fund balances - total governmental funds	\$ 30,451,330
--	---------------

Amounts reported for governmental activities in
the statement of net assets are different
because:

Certain revenues will be collected after year- end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	247,295
--	---------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	492,038,448
---	-------------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,878,398)</u>
	<u>\$520,858,675</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Fund	SPLOST Capital Projects	Capital Projects Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 18,158,285	\$ 9,222,538	\$ -	\$ -	\$ 27,380,823
Licenses and franchises	333,902	-	-	-	333,902
Charges for services	337,342	-	-	1,010,243	1,347,585
Intergovernmental	892,073	446,526	5,443,739	302,606	7,084,944
Fines, fees and forfeitures	2,512,073	-	-	268,175	2,780,248
Investment earnings	274,474	381,915	262	-	656,651
Other	836,957	-	-	-	836,957
Total revenues	23,345,106	10,050,979	5,444,001	1,581,024	40,421,110
EXPENDITURES:					
Current -					
Judicial	2,900,475	-	-	-	2,900,475
General government	4,163,117	-	172,582	-	4,335,699
Public safety	10,349,584	4,161	426,818	1,230,591	12,011,154
Public works	2,380,481	2,530,432	4,883,985	-	9,794,898
Health and welfare	1,092,481	-	195	181,426	1,274,102
Housing and development	473,973	-	9,775	-	483,748
Culture and recreation	1,590,951	24,437	-	108,769	1,724,157
Intergovernmental	-	2,232,394	-	-	2,232,394
Capital outlay	-	1,587,709	341,861	35,324	1,964,894
Debt service -					
Principal	-	722,995	-	-	722,995
Interest	52,262	81,041	-	-	133,303
Total expenditures	23,003,324	7,183,169	5,835,216	1,556,110	37,577,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	341,782	2,867,810	(391,215)	24,914	2,843,291
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	55,600	-	-	-	55,600
Insurance proceeds	669,361	-	378,604	-	1,047,965
Transfers from other funds	-	-	-	193,428	193,428
Transfers to other funds	(195,580)	-	-	-	(195,580)
NET CHANGE IN FUND BALANCES	871,163	2,867,810	(12,611)	218,342	3,944,704
FUND BALANCES:					
Beginning	11,026,408	15,309,613	29,495	141,111	26,506,627
Ending	\$ 11,897,571	\$ 18,177,423	\$ 16,884	\$ 359,453	\$ 30,451,331

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2011

Differences in amounts reported for governmental activities
in the statement of activities on page 2:

Net change in fund balances - total governmental funds	\$ 3,944,704
--	--------------

Amounts reported for governmental activities in
the statement of activities are different
because:

Capital outlay reported as expenditures in the governmental funds are reported as capital assets in the statement of activities.	2,065,753
--	-----------

Depreciation expense on governmental capital assets are included in the statement of activities.	(12,346,312)
--	--------------

Long-term liabilities in the statement of net assets include an estimated liability for compensated absences. These are planned to be liquidated with future resources; therefore, the increase or decrease in the liability does not affect expenditures in the governmental funds.	(17,329)
--	----------

Insurance proceeds for capital assets destroyed provide current financial resources to governmental funds, but only the gain on disposition is reported in the statement of activities.	(695,871)
---	-----------

Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.	76,707
--	--------

Repayment of long-term debt and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>722,995</u>
---	----------------

\$ (6,249,353)

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	<u>Business-Type Activities</u>		
	<u>Major Fund</u>	<u>Nonmajor Fund</u>	
	<u>Solid Waste Management Authority</u>	<u>Public Works Authority</u>	<u>Total</u>
<u>ASSETS</u>			
CAPITAL ASSETS:			
Land	1,738,360	30,777	1,769,137
Construction in progress	1,514,388	-	1,514,388
Land improvements	6,374,955	750,715	7,125,670
Buildings	40,465	-	40,465
Equipment and vehicles	21,984	25,220	47,204
	9,690,152	806,712	10,496,864
Less accumulated depreciation	5,441,327	365,897	5,807,224
Net capital assets	4,248,825	440,815	4,689,640
Total assets	\$ 4,248,825	\$ 440,815	\$ 4,689,640
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 506,917	\$ 68	\$ 506,985
Due to other funds	908,619	-	908,619
Accrued closure and postclosure care costs	280,344	-	280,344
Total current liabilities	1,695,880	68	1,695,948
LONG-TERM LIABILITIES:			
Accrued postclosure care costs	6,984,008	-	6,984,008
	6,984,008	-	6,984,008
Total liabilities	8,679,888	68	8,679,956
NET ASSETS:			
Invested in capital assets	4,248,825	440,815	4,689,640
Unrestricted	(8,679,888)	(68)	(8,679,956)
	(4,431,063)	440,747	(3,990,316)
Total liabilities and net assets	\$ 4,248,825	\$ 440,815	\$ 4,689,640

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Business-Type Activities</u>		
	<u>Major Fund</u>	<u>Nonmajor Fund</u>	
	<u>Solid Waste Management Authority</u>	<u>Public Works Authority</u>	<u>Total</u>
OPERATING REVENUES:			
User fees	\$ 89,453	\$ 21,282	\$ 110,735
Other	<u>205,644</u>	<u>-</u>	<u>205,644</u>
Total revenues	<u>295,097</u>	<u>21,282</u>	<u>316,379</u>
OPERATING EXPENSES:			
Depreciation	50,661	40,498	91,159
General operating expenses	<u>128,341</u>	<u>23,202</u>	<u>151,543</u>
Total expenses	<u>179,002</u>	<u>63,700</u>	<u>242,702</u>
OPERATING (INCOME) LOSS	116,095	(42,418)	73,677
OTHER INCOME:			
Intergovernmental capital grant	139,208	-	139,208
TRANSFERS:			
Transfers from other funds	<u>-</u>	<u>2,152</u>	<u>2,152</u>
CHANGE IN NET ASSETS	255,303	(40,266)	215,037
NET ASSETS:			
Beginning	<u>(4,686,366)</u>	<u>481,013</u>	<u>(4,205,353)</u>
Ending	<u>\$ (4,431,063)</u>	<u>\$ 440,747</u>	<u>\$ (3,990,316)</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Business-Type Activities</u>		
	<u>Major Fund</u>	<u>Nonmajor Fund</u>	
	<u>Solid Waste Management Authority</u>	<u>Public Works Authority</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user fees	\$ 89,453	\$ 21,282	\$ 110,735
Payments to suppliers for goods or services	<u>(113,392)</u>	<u>(23,434)</u>	<u>(136,826)</u>
Net cash used by operating activities	<u>(23,939)</u>	<u>(2,152)</u>	<u>(26,091)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(1,023,888)	-	(1,023,888)
Proceeds from capital grant	139,208	-	139,208
Transfers from other funds	-	2,152	2,152
Loan from other funds	<u>908,619</u>	<u>-</u>	<u>908,619</u>
Net cash provided by capital and related financing activities	<u>23,939</u>	<u>2,152</u>	<u>26,091</u>
NET CHANGE IN CASH	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS			
Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 116,095	\$ (42,418)	\$ 73,677
Adjustments to reconcile operating income (loss) to net cash used by operating activities -			
Depreciation	50,661	40,498	91,159
Net change in operating liabilities	<u>(190,695)</u>	<u>(232)</u>	<u>(190,927)</u>
Net cash used by operating activities	<u>\$ (23,939)</u>	<u>\$ (2,152)</u>	<u>\$ (26,091)</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	\$ (1,514,388)	\$ -	\$ (1,514,388)
Invoice included in accounts payable	<u>490,500</u>	<u>-</u>	<u>490,500</u>
Cash paid	<u>\$ (1,023,888)</u>	<u>\$ -</u>	<u>\$ (1,023,888)</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2011

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 1,644,221</u>
 Total assets	 <u>\$ 1,644,221</u>
 LIABILITIES:	
Due to heirs, litigants, and others	\$ 915,538
Due to other governmental entities	<u>728,683</u>
 Total liabilities	 <u>\$ 1,644,221</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET ASSETS
COMPONENT UNITS
SEPTEMBER 30, 2011

	Catoosa County Development Authority September 30, 2011	Catoosa County Health Department June 30, 2011	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 33,587	\$ 723,848	\$ 757,435
Due from other governments	-	156,948	156,948
Inventory	-	1,655	1,655
Loan costs	747	-	747
Land and other depreciable assets	2,160,989	-	2,160,989
Other capital assets, net of accumulated depreciation	<u>724,416</u>	<u>-</u>	<u>724,416</u>
 Total assets	 <u>\$ 2,919,739</u>	 <u>\$ 882,451</u>	 <u>\$ 3,802,190</u>

LIABILITIES AND NET ASSETS

Liabilities:

Notes payable	\$ 1,787,674	\$ -	\$ 1,787,674
Accounts payable and accrued expenses	13,547	2,836	16,383
Due to other governments	5,164,875	31,851	5,196,726
Liability for compensated absences	<u>-</u>	<u>58,748</u>	<u>58,748</u>
 Total liabilities	 <u>6,966,096</u>	 <u>93,435</u>	 <u>7,059,531</u>

Net assets:

Invested in capital assets, net of related debt	1,097,731	-	1,097,731
Unrestricted	<u>(5,144,088)</u>	<u>789,016</u>	<u>(4,355,072)</u>
 Total net assets	 <u>(4,046,357)</u>	 <u>789,016</u>	 <u>(3,257,341)</u>
 Total liabilities and net assets	 <u>\$ 2,919,739</u>	 <u>\$ 882,451</u>	 <u>\$ 3,802,190</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Catoosa County Development Authority</u>	<u>Catoosa County Health Department</u>	<u>Total</u>
Catoosa County Development Authority:						
Development Authority operations	\$ 242,186	\$ 162,568	\$ 296,865	\$ 217,247	\$ -	\$ 217,247
Catoosa County Health Department:						
Health Department operations	1,402,899	637,037	466,122	-	(299,740)	(299,740)
Total component units	<u>\$ 1,645,085</u>	<u>\$ 799,605</u>	<u>\$ 762,987</u>	<u>217,247</u>	<u>(299,740)</u>	<u>(82,493)</u>
GENERAL REVENUES:						
				-	486,175	486,175
Intergovernmental funding				51	7,258	7,309
Interest				-	20,281	20,281
Other						
Total general revenues				<u>51</u>	<u>513,714</u>	<u>513,765</u>
Change in net assets				217,298	213,974	431,272
NET ASSETS:						
Beginning				(4,263,655)	575,042	(3,688,613)
Ending				<u>\$ (4,046,357)</u>	<u>\$ 789,016</u>	<u>\$ (3,257,341)</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization -

Catoosa County, Georgia (the County) was organized by Georgia Acts of 1853. The County is governed by a five-member Board of Commissioners, with day-to-day operations vested in an appointed county manager.

The accounting policies of the County conform to generally accepted accounting principles applicable to local governments. The more significant accounting policies of the County are summarized below.

Reporting Entity -

The accompanying financial statements include all funds of Catoosa County, Georgia (the primary government).

The County's financial statements include the financial statements (the only ones available) of the Catoosa County Solid Waste Management Authority and the Catoosa County Public Works Authority. These entities are reported as blended component units, as they provide services to the County and its citizens and are governed by boards controlled by members of the Board of Commissioners. The rates for user charges and debt authorizations are subject to approval by the Catoosa County Board of Commissioners. The Authorities are reported as enterprise funds.

The discretely presented component units include organizations which are legally separate from the primary government. They are considered component units because a majority of their boards are appointed by the County or because there is a financial benefit/burden relationship with the County. Discretely presented component units are as follows:

The Catoosa County Development Authority and the Development Authority of Catoosa County (which had no assets and no activity during the current year) were created by legislative act in the State of Georgia. The Boards of the two Authorities are the same, and are appointed by the County Board of Commissioners which must approve Authority debt for which the Board is ultimately responsible. The purpose of the development authorities is to develop industry in the County by assisting in the purchase and financing of property through bond issues and other debt. These component units operate as enterprise funds. The financial statements included in the County's basic financial statements are the only complete financial statements available for the component units.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Reporting Entity (continued) -

The Catoosa County Health Department was created by legislative act in the State of Georgia and provides health care services and education to County residents. The Catoosa County Board of Health, the governing authority of the Health Department, is composed of seven members, three of whom are appointed by the County Board of Commissioners and one of whom is the chief executive officer of the Board of Commissioners.

The Catoosa County Health Department issues separately audited financial statements. Copies of these financial statements may be obtained from the Catoosa County Health Department, Ringgold, Georgia. In its separately audited financial statements, the Catoosa County Health Department is reported as a general fund. The Health Department's fiscal year end is June 30.

The following organizations have separately selected governing bodies, and are legally separate and fiscally independent from the County. Therefore, they are not considered component units of Catoosa County and are excluded from the accompanying financial statements -

Catoosa County Board of Education
Catoosa County Department of Family
and Children's Services
Catoosa Utility District

Basis of Presentation -

The County presents government-wide as well as fund level financial statements with activities at both levels categorized as either governmental or business-type. The government-wide statements of net assets and activities have eliminated internal balances and transfers between the activities of the governmental funds, which were presented separately in the fund financial statements. Transfers between governmental activities and business-type activities of the primary government are separately stated on the government-wide statement of net assets. As further discussed in Note 3, cash balances held by agency funds for governmental activities of the primary government are eliminated in the government-wide statement of net assets and in the fund financial statements.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation (continued) -

The government-wide statement of activities reflects both the gross and net cost of functional categories which are otherwise supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues are those directly associated with the function and include revenues from fines and forfeitures, licenses and permit fees, and charges for services. Operating and capital grants and contributions are limited to the funding of a specific operating expense or capital acquisition.

At the fund level, major funds are presented separately while nonmajor funds are combined into a single column. Major funds are determined based on their percentage of assets, liabilities, revenues or expenditures compared to the total of the same for all governmental funds, and on their percentage of the same for the total of all governmental and proprietary funds, as applicable. The general fund, the capital projects grant fund, and the SPLOST capital projects fund are reported as major governmental funds. The Solid Waste Management Authority is a major enterprise fund.

Basis of Accounting -

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred. The government-wide financial statements report information on all of the nonfiduciary activities of the County as a whole.

The fund-level financial statements of the governmental funds, consisting of the general fund, special revenue funds, and capital projects funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are susceptible to accrual, which is defined as being both measurable, meaning that the amount of the transaction can be determined, and available, meaning

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting (continued) -

collectible within the current period or soon enough thereafter (generally defined as within 60 days) to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property and other taxes, federal and state grants, other state funds, interest income and charges for services. Expenditures are generally recognized when the liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay and other employee amounts which are expected to be liquidated with future resources.

Since the governmental funds statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following the applicable fund statement which reconciles the adjustments necessary to convert the fund financial statements to the governmental activities column of the government-wide presentation.

All business-type activities, including the primary government proprietary funds, use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the liability is incurred. For its proprietary funds and business-type activities, the County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before December 5, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County does not apply FASB pronouncements issued after December 5, 1989. Operating revenues of proprietary funds are those revenues that result from the activities of the fund, such as charges for services. All other revenue is considered nonoperating revenue and includes grants, investment earnings, and gain on the sale of capital assets. Likewise, operating expenses are those expenses related to the principal activity of the fund, such as depreciation. Nonoperating expenses include all other expenses not considered operating, such as interest expense.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting (continued) -

Agency funds are custodial in nature, as they receive and disburse receipts for other funds and other entities. The County's agency funds are presented using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the County's policy to first use restricted resources and then unrestricted resources as needed.

Fund Accounting -

The accounts of the County are organized on the basis of funds, which are considered separate accounting entities. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Amounts reported in the fund financial statements as due to or due from other funds are eliminated upon preparation of the government-wide statement of net assets. The various funds are grouped into fund types as follows:

Governmental Funds:

General Fund -

The general fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund, or those for which it is considered fiscally responsible to be accounted for in a separate fund.

Special Revenue Funds -

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds -

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets not financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Accounting (continued) -

Proprietary Funds:

Enterprise Funds -

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and therefore funded primarily through user charges.

Internal Service Funds -

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds:

Trust and Agency Funds -

Trust and agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Non-current governmental assets/liabilities:

The County eliminates the presentation of account groups, but provides for these records to be maintained and incorporated into the governmental activities section of the government-wide financial statements.

The County maintains the following funds:

General fund

Special revenue funds -

Confiscated Assets Fund, which accounts for revenues and expenditures associated with currency forfeitures and drug fines and restitution.

Emergency 911 Fund, which accounts for revenues and expenditures associated with the operation of a County 911 emergency service.

Multiple Grant Fund, which accounts for revenues and expenditures from certain grants.

JCSA Fund, which accounts for specific revenues and expenditures associated with the operation of the County jail.

State Library Fund, which accounts for specific revenues and expenditures of the County library.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Accounting (continued) -

Special revenue funds (continued) -

DATE Program Fund, which accounts for revenues and expenditures associated with drug awareness.

Salary Reimbursement United States Treasury, which accounts for specific revenues and expenditures associated with a program to work with at-risk youth.

Catoosa County Health Department (a discretely presented component unit), which provides health care services and health education to the residents of Catoosa County. In its separately issued financial statements, the Health Department is reported as a general fund.

Capital projects funds -

SPLOST Capital Projects Fund, which accounts for the acquisition of assets, and other specific projects, with proceeds from the special local option sales tax.

Capital projects grant fund, which accounts for acquisition of assets with proceeds from state or federal grants.

Proprietary funds -

Enterprise funds:

Public Works Authority (a blended component unit), which accounts for the operation of stormwater management.

Solid Waste Management Authority (a blended component unit), which accounts for the operation of the disposal of solid waste.

Development Authority of Catoosa County and Catoosa County Development Authority (discretely presented component units), which account for aid and assistance in the promotion and establishment of new business and recreation within the County.

Fiduciary funds -

Agency funds:

Tax Commissioner, which accounts for receipts and disbursements of property and other taxes.

Clerk of Superior Court, which accounts for receipts and disbursements of the Clerk's office, primarily court costs, fines and settlements.

Magistrate Court, which accounts for receipts and disbursements of the Magistrate Court, primarily court costs, fines and settlements.

Probate Judge, which accounts for receipts and disbursements of the Probate Judge office, primarily traffic fines and marriage license fees.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Accounting (continued) -

Sheriff, which accounts for receipts and disbursements of the Sheriff's Department, primarily cash bonds.

Fund Equity -

Fund equity at the governmental fund level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund balance - Generally fund balance represents the difference between assets and liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows?

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Board of Commissioners through the adoption of a resolution. The Board also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by Board action to be used for specific purposes, but are neither restricted or committed

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Equity (continued) -

Unassigned - Fund balances are reported as unassigned when the residual amount does not meet any of the above criteria. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for expenditure, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balances in the following order: committed, assigned, unassigned.

Net assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balances section above. All other net assets are reported as unrestricted.

Budget and budgetary control -

Although no budget to actual statements are presented in the basic financial statements, the County provides, for information purposes, its budget requirements and process. Annual revenue estimates and expenditure appropriations, on the modified accrual basis of accounting, are prepared for all governmental funds, with the exception of the capital projects funds, for which no annual appropriation is required and none is adopted. The projects accounted for in the capital projects funds are subject to budgetary control on a project basis. Providing budgetary information on an annual basis does not provide meaningful information because projects extend over more than one reporting period. Although a budget is not required for proprietary fund types, the County adopts a budget on the accrual basis of accounting for its primary government proprietary funds.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budget and budgetary control (continued) -

The proposed budget is reviewed by the Board of Commissioners for determination of the property tax levy. The current tax levy, along with other required information, is filed in the Office of the Clerk of the Superior Court and published in the local newspaper with notice of public hearings to obtain taxpayer comments. The budget is legally enacted through adoption at a subsequent public hearing as required by law.

Expenditures may not legally exceed budgeted appropriations at the department level. Budgetary integration is employed as a management tool during the fiscal year. As needed during the year, the County finance manager is authorized to amend line items, with the exception of salaries, within a department. Approval by the Board of Commissioners is required for amendments to salary line items, or department or fund totals. The budget was amended within the above guidelines for the year ended September 30, 2011.

Receivables -

Receivables are reported at the outstanding principal amount. The County uses the direct write-off method to account for bad debts, which produces no material differences from the allowance method. Individual accounts are written off when they are determined to be uncollectible.

Capital Assets -

For the fund financial statements, capital assets of governmental funds are recorded as expenditures at the time of purchase. For its proprietary funds and for governmental funds at the government-wide presentation, the County capitalizes long-lived assets with an original cost of \$1,000 or more. Such assets are recorded at cost.

For its proprietary funds and for its governmental funds at the government-wide presentation, depreciation of property and equipment is provided over the estimated useful lives of individual assets by the straight-line method. Estimated lives are as follows: equipment, 3 to 7 years; buildings, 25 to 75 years; land improvements, 10 to 27 years; infrastructure, 40 to 60 years.

Public domain (infrastructure) assets, which include roads, streets, curbs, gutters, sidewalks, etc., are recorded in the funds as expenditures at the time of purchase, and as capital assets in the government-wide financial statements. Infrastructure assets acquired prior to July 1, 1979, are not reported in these financial statements.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Notes payable -

Notes payable reported in governmental funds are expected to be liquidated with expendable, available resources.

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 County.

Prepaid expenses -

Prepaid expenses consist of certain payments which reflect costs applicable to future periods. In governmental funds, these types of costs are recorded as expenditures during the term of the benefit period, rather than when paid.

Discounts/premiums/issuance costs -

In governmental funds, at the fund-level presentation, these types of transactions are recognized as revenue when received or as expenditures in the period in which incurred.

In proprietary funds, and at the government-wide presentation for governmental activities, these types of transactions are deferred and amortized over the benefit or payment period.

Cash equivalents -

For purposes of these financial statements, the County considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

(2) CASH AND INVESTMENTS:

The County reports its cash and other investments under the provisions of governmental auditing standards. At September 30, 2011, the primary government had no investments, and its cash on deposit was in demand deposit accounts.

Interest Rate Risk - As a means of limiting its exposure to losses resulting from rising interest rates, the County's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The County's investments experienced no significant fluctuations in fair value during the year.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(2) CASH AND INVESTMENTS (Continued):

Custodial Credit Risk - The County's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 110% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance, by collateral held by the County's agent in the County's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the County may participate. The County's policy is to limit its investments to certificates of deposit and savings and money market accounts with local banks and Georgia Fund 1, a combined state and local government investment pool.

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool that follows Standard and Poor's criteria for AAA rated money market funds. The State of Georgia Office of Treasury and Fiscal Services is the oversight agency for the Fund, which is operated in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940, and is considered to be a 2a-7-like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share.

Credit Risk - The County's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS:

Most interfund receivable and payable balances are attributable to unsettled balances for charges between funds, and are expected to be paid within one year.

General fund payables to other governmental funds result from revenues received for these funds being held in a general fund cash account until an expenditure need arises. The balances in the confiscated assets and JCSA funds are not expected to be repaid within one year. It is anticipated that the balance in the other funds will be repaid within one year.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (Continued):

The general fund receivable from the SPLOST capital project fund results from the general fund disbursing funds for a project which was determined to be a SPLOST project. It is anticipated that the balance will be repaid within one year

Payables from the agency funds to other funds consist of taxes, fines and forfeitures, and fees collected by the agency funds on behalf of other funds. At September 30, 2011, payables from agency funds to other funds were \$199,597, and have been eliminated and reported as cash and cash equivalents in the fund for which the revenue was collected.

Interfund receivables and payables at September 30, 2011, consist of the following -

Amounts receivable to the general fund from the following funds -

Major governmental fund -	
SPLOST capital projects	\$ 80,910
Major enterprise funds -	
Solid waste	\$ 908,619

Amounts payable from the general fund to the following funds -

Major governmental fund -	
SPLOST capital projects	\$ 523,368
Capital projects	\$ 313,351

Nonmajor governmental funds -

Confiscated assets	\$ 28,629
JCSA	\$ 234,772
Multiple grant	\$ 118,899
State grant for public library	\$ 1,284
DATE program	\$ 95,533

The purpose of transfers are to allocate revenues from the fund that collects them to the fund that expends the resources based on the budgetary operations of the County.

Transfers for the 2011 year were as follows -

From general fund to Public Works Authority	\$ 2,152
From general fund to Emergency 911 fund	\$ 122,256
From general fund to DATE program	\$ 71,172

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (Continued):

In addition to the receivables and payables between the various funds of the primary government, the general fund advanced the Development Authority \$5,164,875, for the purpose of land development, and other expenses, for industrial revenue projects. It is anticipated that the repayment of \$4,877,740 of the payable to the County will be funded by intergovernmental revenues to the Development Authority by the County and the cities of Fort Oglethorpe and Ringgold, which is expected to be generated by an increase in property and sales tax collections, or from the subsequent (2014) Special Local Option Sales Tax cycle. The remaining \$287,135 is scheduled to be repaid from the proceeds of a balloon payment to the Development Authority by the lessee's exercise of the option to purchase the property in April, 2013.

(4) TAX ANTICIPATION NOTE:

In June, 2010, the County negotiated a tax anticipation note with Northwest Georgia Bank in the amount of \$4,500,000, which matured on December 31, 2010. The purpose of this note was to fund the expenses of the Catoosa County Development Authority for land development for an industrial revenue project, and is expected to be paid as payments are received from the Development Authority for its payable to the County, as discussed in Note 3.

The note is expected to mature annually on December 31, and is eligible for renegotiation at maturity. The note was renewed in February, 2011, and increased to \$4,877,740 for additional expenses incurred on the project, and matured on December 31, 2011. Subsequent to December 31, 2011, the note was renewed at a variable annual rate of 70% of the prime rate, not to be adjusted below an annual rate of 3.25%.

A summary of changes in the note is as follows -

<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
<u>\$4,500,000</u>	<u>\$4,877,740</u>	<u>\$4,500,000</u>	<u>\$4,877,740</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(5) CAPITAL ASSETS:

Governmental activities

A summary of changes in capital assets and accumulated depreciation for governmental activities is as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclass- ifications</u>	<u>Ending</u>
Nondepreciable capital assets -				
Land	\$ 4,180,221	\$ -	\$ 258,928	\$ 4,439,149
Construction in Progress	<u>705,085</u>	<u>410,768</u>	<u>(680,306)</u>	<u>435,547</u>
	<u>\$ 4,885,306</u>	<u>\$ 410,768</u>	<u>\$ (421,378)</u>	<u>\$ 4,874,696</u>
Depreciable capital assets -				
Land improvements	\$ 2,103,883	\$ 23,917	\$ -	\$ 2,127,800
Infrastructure	757,374,815	109,235	-	757,484,050
Buildings	33,139,782	604,533	(455,801)	33,288,514
Equipment, vehicles, furniture and fixtures	<u>16,898,346</u>	<u>917,300</u>	<u>(754,490)</u>	<u>17,061,156</u>
	<u>809,516,826</u>	<u>1,654,985</u>	<u>(1,210,291)</u>	<u>809,961,520</u>
Less accumulated depreciation -				
Land improvements	527,496	109,136	-	636,632
Infrastructure	294,710,176	10,356,209	-	305,066,385
Buildings	5,593,291	500,652	(207,819)	5,886,124
Equipment, vehicles, furniture and fixtures	<u>10,582,802</u>	<u>1,380,315</u>	<u>(754,490)</u>	<u>11,208,627</u>
	<u>311,413,765</u>	<u>12,346,312</u>	<u>(962,309)</u>	<u>322,797,768</u>
Depreciable capital assets, net	<u>\$498,103,061</u>	<u>\$ (10,691,327)</u>	<u>\$ (247,982)</u>	<u>\$487,163,752</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(5) CAPITAL ASSETS (Continued):

Governmental activities (continued)

Depreciation expense for governmental activities is charged to functions as follows -

General government	\$ 179,046
Judicial	47,878
Public safety	1,305,501
Public works	10,462,382
Health and welfare	115,449
Culture and recreation	204,901
Housing and development	31,155
	<hr/>
Total	<u>\$12,346,312</u>

Capital assets acquired during the year ended September 30, 2011, with monies from the confiscated assets fund amounted to \$10,279.

Business-type activities

A summary of changes in capital assets and accumulated depreciation for the business-type activities is as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclass- ifications</u>	<u>Ending</u>
Nondepreciable capital assets -				
Land	\$ 1,769,137	\$ -	\$ -	\$ 1,769,137
Construction in Progress	<hr/> -	<hr/> 1,514,388	<hr/> -	<hr/> 1,514,388
	<u>\$ 1,769,137</u>	<u>\$ 1,514,388</u>	<u>\$ -</u>	<u>\$ 3,283,525</u>
 Depreciable capital assets -				
Land improvements	\$ 7,125,670	\$ -	\$ -	\$ 7,125,670
Buildings	40,465	-	-	40,465
Equipment and vehicles	<hr/> 47,204	<hr/> -	<hr/> -	<hr/> 47,204
	<hr/> 7,213,339	<hr/> -	<hr/> -	<hr/> 7,213,339
 Less accumulated depreciation -				
Land improvements	5,642,795	86,433	-	5,729,228
Buildings	40,465	-	-	40,465
Equipment and vehicles	<hr/> 32,805	<hr/> 4,726	<hr/> -	<hr/> 37,531
	<hr/> 5,716,065	<hr/> 91,159	<hr/> -	<hr/> 5,807,224
 Depreciable capital assets, net	 <u>\$ 1,497,274</u>	 <u>\$ (91,159)</u>	 <u>\$ -</u>	 <u>\$ 1,406,115</u>

Depreciation expense for the business-type activities totaled \$91,159.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(5) CAPITAL ASSETS (Continued):

Component Units

A summary of changes in capital assets and accumulated depreciation for the Catoosa County Development Authority is as follows -

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclass- ifications</u>	<u>Ending</u>
Nondepreciable capital assets -				
Land	\$ 2,160,989	\$ -	\$ -	\$ 2,160,989
Depreciable capital assets -				
Buildings	\$ 1,285,542	\$ -	\$ -	\$ 1,285,542
Less accumulated depreciation -				
Buildings	519,629	41,497	-	561,126
Depreciable capital assets, net	\$ 765,913	\$ (41,497)	\$ -	\$ 724,416

Depreciation expense for the component unit totaled \$41,497.

The Catoosa County Development Authority owns three buildings which have been leased to a commercial entity through April, 2013, with options to purchase at any time. During the year ended September 30, 2011, these buildings were occupied at a rate of \$13,547.33 per month. Minimum rental income relative to this lease are as follows -

For the year ending September 30, 2012	\$ 162,568
2013	<u>94,831</u>
	<u>\$ 257,399</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(6) LONG-TERM DEBT:

Governmental activities

Debt for governmental activities reported in the government-wide statement of net assets represents amounts not expected to be paid with expendable, available resources, and consists of the following -

Capital lease obligations recorded in the government-wide statement of net assets consist of the following -

Lease financed with SunTrust Leasing, for construction of a building in the amount of \$2,000,000 under a lease purchase agreement, payable in variable monthly payments, including interest at 3.85%, through October, 2015	\$1,361,111
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Lease financed with Regions Bank, for vehicles in the amount of \$250,000 under a lease purchase agreement, payable in monthly payments of \$16,788, including interest at 3.9%, through October, 2013	<u>143,979</u>
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\$1,505,090

Maturities of lease obligations are as follows -

	<u>Gross Payments</u>	<u>Imputed Interest</u>	<u>Net Present Value</u>
For the year ending			
September 30, 2012	\$ 447,005	\$ 51,230	\$ 395,775
2013	434,171	35,925	398,246
2014	370,975	21,016	349,959
2015	341,354	8,021	333,333
2016	<u>27,956</u>	<u>179</u>	<u>27,777</u>
	<u>\$1,621,461</u>	<u>\$ 116,371</u>	<u>\$1,505,090</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(6) LONG-TERM DEBT (Continued):

Governmental activities (continued)

The gross amount of governmental activities assets recorded under existing capital leases in the government-wide statement of net assets is \$2,228,085. Of this amount, \$1,694,444 is for building leases, \$329,598 represents equipment, and \$204,043 represents vehicles. Accumulated depreciation of assets acquired under capital leases is recorded at \$694,305.

A summary of changes in long-term debt for governmental activities is as follows -

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Capital lease obligations	\$2,228,085	\$ -	\$ (722,995)	\$1,505,090
Compensated absences	<u>355,979</u>	<u>17,329</u>	<u>-</u>	<u>373,308</u>
	<u>\$2,584,064</u>	<u>\$ 17,329</u>	<u>\$ (722,995)</u>	<u>\$1,878,398</u>

Presentation of long-term debt of governmental activities in the government-wide statement of net assets is as follows -

Due within one year -

Capital lease obligations	\$ 395,775
Compensated absences	<u>373,308</u>

769,083

Due in more than one year 1,109,315

\$1,878,398

The resources of the general fund have been used in prior years to liquidate the balance of the compensated absences.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(6) LONG-TERM DEBT (Continued):

Business-type activities

As discussed in Note 13, the Solid Waste Management Authority has an estimated liability for postclosure care costs in the amount of \$7,264,352. Maturities of the estimated landfill obligation are as follows -

For the year ending September 30, 2012	\$280,344
2013	280,344
2014	280,344
2015	280,344
2016	280,344
2017-2021	1,401,721
2022-2026	1,401,721
2027-2031	1,401,721
2032-2036	1,109,079
2037-2039	<u>548,390</u>
	<u>\$7,264,352</u>

A summary of changes in long-term debt for business-type activities is as follows -

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Landfill postclosure	<u>\$7,469,995</u>	<u>\$ -</u>	<u>\$ (205,643)</u>	<u>\$7,264,352</u>

Presentation of long-term debt of business-type activities in the government-wide statement of net assets is as follows -

Due within one year	\$ 280,344
Due within more than one year	<u>6,984,008</u>
	<u>\$7,264,352</u>

As further addressed in Note 16, it is anticipated that a portion of the landfill postclosure liability will be liquidated with general government resources.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(6) LONG-TERM DEBT (Continued):

Component Units

Notes payable of the Catoosa County Development Authority consist of the following -

Note to Wells Fargo Bank, original borrowings of \$142,750, to provide financing for an industrial revenue project, payable in monthly installments of \$519, including interest at 4.82%, through March, 2013, secured by real estate	\$ 28,661
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Note to Wells Fargo Bank, original borrowings of \$1,025,900, to provide financing for an industrial revenue project, payable in monthly installments of \$3,734, including interest at 4.82%, through March, 2013, secured by real estate	205,895
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Note to Northwest Georgia Bank, original borrowings of \$1,840,000, to provide financing for an industrial revenue project, payable in monthly interest installments at 2.275% with principal and remaining interest due December, 2011 secured by real estate	<u>1,553,118</u>
--	------------------

\$1,787,674

Future maturities are as follows -

For the year ending September 30, 2012	\$1,707,755
2013	<u>79,919</u>

\$1,787,674

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(6) LONG-TERM DEBT (Continued):

Component Units (continued)

Estimate of future interest requirements are as follows -

For the year ending September 30, 2012	\$ 19,432
2013	<u>1,128</u>
	<u>\$ 20,560</u>

A summary of changes in long-term debt for component units is as follows -

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Notes payable	<u>\$2,222,234</u>	<u>\$ -</u>	<u>\$ (434,560)</u>	<u>\$1,787,674</u>
Notes payable -				
Due within one year				\$1,707,755
Due within more than one year				<u>79,919</u>
				<u>\$1,787,674</u>

The \$1,553,118 note due December, 2011 was renewed in February, 2012, in the amount of \$1,425,118 at 70% of prime, with a minimum rate of 3.25%. Interest only is due beginning in March, 2012, with the outstanding balance payable in full on January 1, 2013.

(7) TAXES:

Property taxes are levied for the calendar year on October 20 and are delinquent after December 20 of each year. Property taxes attach as an enforceable lien on property as of the levy date.

The County is required by state law to reduce the property tax levy by the amount of local option sales tax collections for the previous calendar year.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(8) CONTINGENCY:

The County has a contract with the Hospital Authority of Walker, Dade and Catoosa Counties (the "Authority") to assure that medical care and hospitalization is provided to indigent individuals. Walker County and Dade County are also parties to the same contract.

The Authority owns or leases certain hospital buildings and related facilities (the "Hospital"), including, but not limited to Hutcheson Medical Center. Hutcheson Medical Center, Inc., ("HMC") a nonprofit corporation organize and existing under the laws of the State of Georgia currently leases from the Authority and operates the Hospital.

The Authority in order to obtain additional funding for the operation and maintenance of the Hospital entered into a line of credit note (the "Note") with Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System, a hospital authority organized under the Tennessee Hospital Authority Law. The line of credit may not exceed \$20,000,000 in principal with loan proceeds being paid to Hutcheson Medical Center, Inc. The Authority agreed to execute and deliver to the holder a Deed to Secure Debt and Security Agreement (the "Security Deed") to which it shall grant security title to its interest in certain real estate (the "Property") on which the Hospital is located as security for repayment of the Note. In order to assist the Authority in obtaining the necessary funding provided under the Note, the Board of Commissioners of Catoosa County, along with the sole Commissioner of Walker County, Georgia, has guaranteed the line of credit in the event of an unsecured default by the Hospital Authority. Each of the Counties separately agreed to pay the Authority, or its assigns, an amount equal to one-half of the principal and interest then due and payable on the note with a maximum liability of \$10,000,000 each.

To the extent necessary to honor its obligations the County shall levy an annual tax on taxable property located within the boundaries of Catoosa for the purpose of providing medical care or hospitalization for the indigent sick and others entitled to the use of the Hospital, at such rate or rates, within the limits now prescribed or such higher limits as may hereafter be prescribed by the Hospital Authorities Law, as may be necessary to make the payments called for by the Agreement.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(9) EMPLOYEE RETIREMENT PLANS:

Primary Government -

The Catoosa County Pension Plan is a defined contribution pension plan established by the County to provide benefits at retirement age to full-time, permanent employees of the County. This plan is administered by trustees appointed by the Board of Commissioners. Participation in the plan is elective, subject to certain eligibility requirements. At September 30, 2011, there were approximately 300 participants in the plan. Participants are required to contribute 3% of covered salary, and the County is required to contribute 7%.

For the year ended September 30, 2011, employer and employee contributions were \$562,048 and \$240,875, respectively. Plan provisions and contribution requirements are established and may be amended by the Catoosa County Board of Commissioners.

Catoosa County Development Authority -

The Catoosa County Development Authority has no employees and, therefore, no pension plan.

Catoosa County Health Department -

All permanent personnel of the Health Department are covered by the Employee's Retirement System of Georgia (ERS), a cost-sharing, multiple-employer retirement system administered by the State of Georgia for the benefit of public employees. Complete pension disclosures are in the Health Department's separately issued financial statements. Actuarially determined employer contribution requirements were met for the year ended June 30, 2009, the latest year for which an actuarial study has been completed. Condensed disclosures for the Health Department's defined benefit plan are as follows:

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Annual Pension Cost</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 281,206	100%	\$ 281,206	\$ -
6/30/08	\$ 286,256	100%	\$ 286,256	\$ -
6/30/07	\$ 270,141	100%	\$ 270,141	\$ -

(10) CONDUIT DEBT:

The Catoosa County Development Authority has special limited obligations related to various projects that represent conduit debt obligations. Conduit debt obligations are limited-obligation bonds or similar instruments issued by a governmental unit to provide capital financing for a third

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(10) CONDUIT DEBT (Continued):

party that is not part of the reporting entity. Debt proceeds are typically used to finance development of industry, hospital, or environmental facilities within the governmental unit's jurisdiction that are transferred to the third party by sale or lease. The governmental unit has no obligation for the debt beyond the resources received from the third party by sale or lease. The obligations issued by the Development Authority do not constitute an indebtedness or pledge of the faith and credit of the Development Authority or the County.

A summary of conduit debt obligations is as follows -

	<u>Original Issue or Draws to Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding 9/30/2011</u>
Mohawk Carpet	<u>\$ 6,500,000</u>	Variable	<u>\$ 6,500,000</u>

(11) LITIGATION:

The County is currently the defendant in certain legal actions which are being vigorously defended. It is the opinion of management and legal counsel that these proceedings will not have a material effect on the financial position of the County.

(12) COMMITMENTS:

The County has construction commitments totaling \$6,232,104. As of September 30, 2011, the remaining balance on these commitments totaled \$628,710.

(13) LANDFILL CLOSURE AND POSTCLOSURE CARE COST:

Catoosa County operates the S.R. 151 Municipal Solid Waste Landfill. This facility is permitted for operation by the Georgia Department of Natural Resources Environmental Protection Division, which specifies the requirements for its design, operation, closure and postclosure care.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(13) LANDFILL CLOSURE AND POSTCLOSURE CARE COST (Continued):

Site 1 ceased operation in July, 1998. The certificate of closure was issued, and the thirty year postclosure care period began on July 15, 2003. The current estimate of postclosure care cost is approximately \$97,547 per year. A liability of \$2,146,042 represents 100% of the estimated postclosure care costs for Site 1.

Site 2 ceased operation in October, 2004. The certificate of closure was issued on July 10, 2008, and the thirty year postclosure care period began approximately one year later. The current estimate of postclosure care cost is approximately \$182,796 per year. A liability of \$5,118,310 represents 100% of the estimated postclosure care costs for Site 2.

The above estimates are based on what it would cost to perform postclosure care in 2011. Because of the potential for change, due to inflation, technology, or laws and regulations, actual costs may be higher, when the costs are actually incurred.

The County has complied with Environmental Protection Agency rules regarding financial assurance relative to projected closure and postclosure care costs.

(14) RISK FINANCING ACTIVITIES:

It is the policy of the County to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability and property and casualty, with a \$25,000 deductible per claim. Settled claims have not exceeded commercial coverage in the past three fiscal years. Deductibles for which the County was responsible were \$222, \$49,159, and \$11,758 for the fiscal years ended September 30, 2011, 2010, and 2009, respectively.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, Catoosa County became a member of the Association of County Commissioners of Georgia Workers' Compensation Self Insurance Fund. The effective date of membership was January 1, 1989. The liability of the fund to the employees of any employer (Catoosa County) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(14) RISK FINANCING ACTIVITIES (Continued):

As a member of the Fund, the County is jointly and severally liable for the liabilities of the Fund. The County pays an annual premium to the Fund, based on the estimated payrolls in various job classifications. Based on the overall incidence of claims during the year, the Fund either distributes a dividend if the claims history has been better than expected, or assesses additional premiums if the claims history has been much worse than expected. The County participates in these dividends or assessments on a pro-rata basis, based on the County's actual payrolls as a percentage of the total payrolls in the Fund.

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 and demanding compensation thereto, although such suits, other proceedings, allegations or demands may 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.

(15) COMPENSATED ABSENCES:

The County has a policy of compensated annual vacation/personal leave from 6 to 40 days based upon years of service. The leave is cumulative and vesting, to a maximum of 320 hours, and any unused leave is payable upon the employee's termination, resignation, retirement, death, or request.

The County has a policy of compensated sick leave of 48 hours per year. The leave is cumulative and vesting, to a maximum of 160 hours, and any unused leave is payable upon termination, resignation, retirement or death. Any unused leave may be payable, under specific circumstances, upon request of the employee.

An estimated liability, in the amount of \$373,308, for unpaid vacation and sick leave is recorded in the government-wide financial statements. There is no liability for business-type activities. None of the government activities liability is recorded in the fund financial statements, because any payments, even those which would be paid in the next twelve months, if susceptible to a reasonable estimate, are expected to be liquidated with future resources.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(15) COMPENSATED ABSENCES (Continued:

The Catoosa County Health Department provides for vacation and sick leave, with specific vesting options. Complete disclosures are in the Health Department's separately issued financial statements. An estimated liability, in the amount of \$58,748, for unpaid vacation and sick leave is reported in the component units and government-wide statements of net assets.

(16) DEFICIT FUND EQUITY:

At September 30, 2011, the Solid Waste Management Authority has a net assets deficit in the amount of \$4,431,063, resulting primarily from the liability for landfill postclosure care costs.

As discussed in Note 13, the Authority has a liability of approximately \$7.3 million to fund the estimated postclosure care costs. Effective with the fiscal year ending September 30, 2012, the Solid Waste Management Authority has placed equipment in service which generates electricity from the methane generated by the landfill. The anticipated revenue from the sale of electricity is expected to fund a portion of the liability for postclosure care costs. It is anticipated that the County general government will fund the remaining balance.

As of September 30, 2011, the Emergency 911 Fund and State Grant for Library Fund have fund balance deficits in the amount of \$5,017 and \$549, respectively. These are expected to be positive balances within the subsequent year.

(17) JOINT VENTURE:

Under Georgia law, the County, in conjunction with other cities and counties in the eleven county northwest Georgia area, is a member of the Coosa Valley Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended September 30, 2011, the County paid approximately \$51,000 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(17) JOINT VENTURE (Continued):

official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from -

Coosa Valley Regional Development Center
P. O. Box 1793
Rome, Georgia 30162-1793

(18) SUBSEQUENT EVENTS:

Management has evaluated subsequent events through March 29, 2012, the date which this financial statement was available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	
TAXES:				
Property taxes -				
Real property	\$ 7,843,169	\$ 7,843,169	\$ 7,858,620	\$ 15,451
Vehicle ad valorem	672,979	672,979	756,493	83,514
Mobile home ad valorem	56,227	49,899	49,900	1
Railroad ad valorem	-	2,518	2,519	1
Heavy duty equipment	15,639	2,839	2,845	6
Timber	92	92	286	194
Penalties and interest	280,000	324,000	324,788	788
	8,868,106	8,895,496	8,995,451	99,955
Other taxes -				
Intangible recording	150,000	150,000	177,988	27,988
Malt beverage	300,000	325,000	325,258	258
Local option sales tax	6,131,421	6,430,250	6,461,279	31,029
Insurance premium tax	2,161,559	2,135,033	2,102,273	(32,760)
Financial institutions	70,000	96,000	96,036	36
	8,812,980	9,136,283	9,162,834	26,551
	17,681,086	18,031,779	18,158,285	126,506
LICENSES AND FRANCHISES:				
Malt beverage licenses	5,700	4,050	4,050	-
Business licenses	12,000	11,660	11,660	-
Other licenses	-	1,650	1,650	-
Cable television franchises	328,000	316,500	316,542	42
	345,700	333,860	333,902	42
CHARGES FOR CURRENT SERVICES:				
Recreation fees	70,000	70,000	98,050	28,050
Concession income	85,000	63,895	63,895	-
Zoning fees	50,000	27,805	27,805	-
Inspection fees	125,000	145,050	147,592	2,542
	330,000	306,750	337,342	30,592
INTERGOVERNMENTAL:				
State revenue -				
Boarding State prisoners	120,000	109,010	109,011	1
Real estate transfer tax	32,000	32,000	33,206	1,206
State grants	30,000	24,000	33,413	9,413
	182,000	165,010	175,630	10,620

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	
Other revenue -				
Federal financial assistance:				
Transportation grants	\$ 203,479	\$ 203,479	\$ 206,475	\$ 2,996
Juvenile services grant	2,000	2,000	4,568	2,568
Federal payments in lieu of taxes	432,000	432,000	455,541	23,541
Salary reimbursement	30,000	27,307	49,859	22,552
	<u>667,479</u>	<u>664,786</u>	<u>716,443</u>	<u>51,657</u>
	<u>849,479</u>	<u>829,796</u>	<u>892,073</u>	<u>62,277</u>
FINES, FEES AND FORFEITURES:				
Magistrates	132,000	132,000	172,989	40,989
Juvenile Court	5,000	3,158	3,159	1
Clerk of Courts	742,000	742,000	751,090	9,090
Probate Judge	885,000	730,736	730,737	1
Tax Commissioner	753,500	753,067	798,585	45,518
Sheriff	60,400	58,925	55,513	(3,412)
	<u>2,577,900</u>	<u>2,419,886</u>	<u>2,512,073</u>	<u>92,187</u>
INVESTMENT EARNINGS:				
Interest	<u>238,000</u>	<u>238,000</u>	<u>274,474</u>	<u>36,474</u>
OTHER:				
Animal control fees	37,000	34,745	40,123	5,378
Election qualifying fees	-	-	5,561	5,561
Fines for drug awareness	60,000	-	-	-
Theater admissions	80,000	69,597	69,598	1
Passenger fares	33,548	33,548	51,913	18,365
Building rentals	300,000	237,811	238,721	910
Vehicle grant	12,000	12,000	12,022	22
Prisoner reimbursements	100,000	94,380	96,205	1,825
Library fees	30,000	29,853	29,854	1
Donations	7,000	38,963	38,964	1
Fire service contract	134,283	130,381	130,381	-
Other income	<u>106,000</u>	<u>106,791</u>	<u>123,615</u>	<u>16,824</u>
	<u>899,831</u>	<u>788,069</u>	<u>836,957</u>	<u>48,888</u>
	<u>22,921,996</u>	<u>22,948,140</u>	<u>23,345,106</u>	<u>396,966</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES:				
Judicial -				
Magistrate Court	\$ 561,992	\$ 561,992	\$ 531,046	\$ 30,946
Superior Court	325,396	290,200	283,155	7,045
Juvenile Court	366,019	380,583	380,582	1
Clerk of Court	630,001	630,001	610,598	19,403
Probate Judge	419,927	435,647	435,648	(1)
Public Defender	273,741	228,590	228,589	1
District Attorney	424,228	430,856	430,857	(1)
Total judicial	3,001,304	2,957,869	2,900,475	57,394
General Government -				
Board of Commissioners	252,897	238,673	228,260	10,413
County manager	183,146	183,412	183,199	213
County attorney	120,000	144,814	144,813	1
Finance	192,289	192,637	189,514	3,123
Finance administration	111,317	111,886	111,155	731
Purchasing	45,917	50,363	50,362	1
Information systems	95,583	96,767	96,766	1
Tax Commissioner	771,393	771,393	690,499	80,894
Tax Assessor	467,351	467,351	424,616	42,735
Elections	225,086	199,291	191,524	7,767
Malt Beverage Board	6,100	8,164	8,164	-
Public buildings	778,593	778,593	778,377	216
Projects administration	47,975	48,733	48,732	1
Other agencies	63,500	64,999	64,998	1
Risk management	163,505	818,856	818,856	-
Geographic information system	45,750	45,750	21,791	23,959
Human resources	112,057	112,057	111,491	566
Total general government	3,682,459	4,333,739	4,163,117	170,622
Public Safety -				
Sheriff	3,761,644	3,761,644	3,714,707	46,937
Traffic control	350,651	350,651	337,132	13,519
Jail operations	3,066,464	3,066,464	3,025,884	40,580
DATE program	60,000	-	-	-
Coroner	64,321	59,865	59,865	-
Animal control	296,232	261,172	261,170	2
Emergency management	14,850	645	644	1
Ambulance service	156,600	154,617	154,617	-
Fire service	2,808,803	2,795,565	2,795,565	-
Total public safety	10,579,565	10,450,623	10,349,584	101,039

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	
Public works -				
Roads and bridges	\$ 1,972,959	\$ 2,322,446	\$ 2,322,444	\$ 2
Public works administration	53,398	58,038	58,037	1
Total public works	2,026,357	2,380,484	2,380,481	3
Health and Welfare -				
Public health	505,375	502,937	502,936	1
Public welfare	54,500	40,450	29,950	10,500
Public transportation	504,833	559,596	559,595	1
Total health and welfare	1,064,708	1,102,983	1,092,481	10,502
Housing and Development -				
Planning and zoning	164,232	186,833	186,834	(1)
Economic development	108,000	82,138	82,138	-
Agriculture Extension Service	94,810	94,810	83,114	11,696
Building inspection	191,713	121,889	121,887	2
Total housing and development	558,755	485,670	473,973	11,697
Culture and Recreation -				
Libraries	521,253	519,423	442,084	77,339
General recreation	344,917	336,947	336,949	(2)
Jack Mattox Recreation Park	231,724	207,995	207,994	1
County recreation programs	45,000	45,000	45,000	-
Elsie Holmes Nature Park	12,420	10,429	10,428	1
Adult Literacy Center	113,676	115,810	115,811	(1)
Senior Center	98,986	88,610	88,610	-
Amphitheater	2,400	3,024	3,023	1
Colonnade/Civic Center	364,352	341,053	341,052	1
Total culture and recreation	1,734,728	1,668,291	1,590,951	77,340
Debt Service -				
Principal	192,665	-	-	-
Interest	70,060	52,262	52,262	-
Total debt service	262,725	52,262	52,262	-
Total expenditures	22,910,601	23,431,921	23,003,324	428,597
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,395	(483,781)	341,782	825,563

**CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Budget			Variance with Final Budget
	Original	Final	Actual	
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	\$ 10,000	\$ 10,000	\$ 55,600	\$ 45,600
Insurance proceeds	-	669,361	669,361	-
Proceeds from capital lease	250,000	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(630,533)	(195,580)	(195,580)	-
	(370,533)	483,781	529,381	45,600
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(359,138)	-	871,163	871,163
FUND BALANCES:				
Beginning	11,026,408	11,026,408	11,026,408	-
Ending	\$ 10,667,270	\$ 11,026,408	\$ 11,897,571	\$ 871,163

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

The budget is prepared on the same basis as the expenditures are presented, therefore no reconciliation between the budget basis and the basis under generally accepted accounting principles is required.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

**CATOOSA COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011**

	<u>Special Revenue</u>						<u>Salary Reimbursement United States Treasury</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Confiscated Assets</u>	<u>Emergency 911</u>	<u>Multiple Grant</u>	<u>JCSA</u>	<u>State Grant for Library</u>	<u>DATE Program</u>		
ASSETS:								
Due from other funds	\$ 28,629	\$ -	\$ 118,899	\$ 234,772	\$ 1,284	\$ 95,533	\$ -	\$ 479,117
Total assets	<u>\$ 28,629</u>	<u>\$ -</u>	<u>\$ 118,899</u>	<u>\$ 234,772</u>	<u>\$ 1,284</u>	<u>\$ 95,533</u>	<u>\$ -</u>	<u>\$ 479,117</u>
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable	\$ -	\$ 5,017	\$ 4,047	\$ -	\$ 1,833	\$ 200	\$ -	\$ 11,097
Deferred revenue	<u>-</u>	<u>-</u>	<u>108,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,567</u>
Total liabilities	<u>-</u>	<u>5,017</u>	<u>112,614</u>	<u>-</u>	<u>1,833</u>	<u>200</u>	<u>-</u>	<u>119,664</u>
Fund balances:								
Reserved for restricted activities	28,629	-	6,285	234,772	-	95,333	-	365,019
Unreserved	<u>-</u>	<u>(5,017)</u>	<u>-</u>	<u>-</u>	<u>(549)</u>	<u>-</u>	<u>-</u>	<u>(5,566)</u>
Total fund balances	<u>28,629</u>	<u>(5,017)</u>	<u>6,285</u>	<u>234,772</u>	<u>(549)</u>	<u>95,333</u>	<u>-</u>	<u>359,453</u>
Total liabilities and fund balances	<u>\$ 28,629</u>	<u>\$ -</u>	<u>\$ 118,899</u>	<u>\$ 234,772</u>	<u>\$ 1,284</u>	<u>\$ 95,533</u>	<u>\$ -</u>	<u>\$ 479,117</u>

**CATOOSA COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue							
	Confiscated Assets	Emergency 911	Multiple Grant	JCSA	State Grant for Library	DATE Program	Salary Reimbursement United States Treasury	Total Nonmajor Governmental Funds
REVENUES:								
Charges for services	\$ -	\$ 1,010,243	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010,243
Intergovernmental	-	-	179,411	-	110,870	-	12,325	302,606
Fines, fees and forfeitures	51,930	-	-	139,980	-	76,265	-	268,175
Interest	-	-	-	-	-	-	-	-
Total revenues	<u>51,930</u>	<u>1,010,243</u>	<u>179,411</u>	<u>139,980</u>	<u>110,870</u>	<u>76,265</u>	<u>12,325</u>	<u>1,581,024</u>
EXPENDITURES:								
Current -								
Public safety	32,794	1,133,368	-	-	-	52,104	12,325	1,230,591
Health and welfare	-	-	181,426	-	-	-	-	181,426
Culture and recreation	-	-	-	-	108,769	-	-	108,769
Capital outlay	10,279	1,128	-	23,917	-	-	-	35,324
Total expenditures	<u>43,073</u>	<u>1,134,496</u>	<u>181,426</u>	<u>23,917</u>	<u>108,769</u>	<u>52,104</u>	<u>12,325</u>	<u>1,556,110</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,857	(124,253)	(2,015)	116,063	2,101	24,161	-	24,914
OTHER FINANCING SOURCES:								
Transfer from other funds	-	122,256	-	-	-	71,172	-	193,428
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	8,857	(1,997)	(2,015)	116,063	2,101	95,333	-	218,342
FUND BALANCES:								
Beginning	19,772	(3,020)	8,300	118,709	(2,650)	-	-	141,111
Ending	<u>\$ 28,629</u>	<u>\$ (5,017)</u>	<u>\$ 6,285</u>	<u>\$ 234,772</u>	<u>\$ (549)</u>	<u>\$ 95,333</u>	<u>\$ -</u>	<u>\$ 359,453</u>

AGENCY FUNDS

Agency funds are used to account for funds collected by the County as agent for individuals, private organizations, other governments, and other funds.

CATOOSA COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
SEPTEMBER 30, 2011

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash and cash equivalents -				
Tax Commissioner	\$ 788,512	\$ 42,758,764	\$ 42,818,593	\$ 728,683
Clerk of Superior Court	630,837	4,781,475	4,568,268	844,044
Magistrate Court	5,151	369,775	371,272	3,654
Probate Judge	130,963	1,071,434	1,164,868	37,529
Sheriff	<u>25,189</u>	<u>367,362</u>	<u>362,240</u>	<u>30,311</u>
 Total assets	 <u>\$ 1,580,652</u>	 <u>\$ 49,348,810</u>	 <u>\$ 49,285,241</u>	 <u>\$ 1,644,221</u>
 LIABILITIES:				
Due to other funds -				
Tax Commissioner	\$ -	\$ 9,853,899	\$ 9,853,899	\$ -
Clerk of Superior Court	-	1,096,566	1,096,566	-
Magistrate Court	-	182,756	182,756	-
Probate Judge	-	806,445	806,445	-
Sheriff	<u>-</u>	<u>159,605</u>	<u>159,605</u>	<u>-</u>
	<u>-</u>	<u>12,099,271</u>	<u>12,099,271</u>	<u>-</u>
 Due to other governments -				
Tax Commissioner	<u>788,512</u>	<u>32,904,865</u>	<u>32,964,694</u>	<u>728,683</u>
	<u>788,512</u>	<u>32,904,865</u>	<u>32,964,694</u>	<u>728,683</u>
 Due to heirs, litigants and others -				
Clerk of Superior Court	630,837	3,684,909	3,471,702	844,044
Magistrate Court	5,151	187,019	188,516	3,654
Probate Judge	130,963	264,989	358,423	37,529
Sheriff	<u>25,189</u>	<u>207,757</u>	<u>202,635</u>	<u>30,311</u>
	<u>792,140</u>	<u>4,344,674</u>	<u>4,221,276</u>	<u>915,538</u>
 Total liabilities	 <u>\$ 1,580,652</u>	 <u>\$ 49,348,810</u>	 <u>\$ 49,285,241</u>	 <u>\$ 1,644,221</u>

FINANCIAL SCHEDULES

CATOOSA COUNTY, GEORGIA
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Levy Year					
	2010	2009	2008	2007	Prior to 2007	Total
TAXES RECEIVABLE, Beginning	\$ -	\$ 222,959	\$ 47,042	\$ 1,896	\$ 731	\$ 272,628
TAX LEVY	7,922,378	-	-	-	-	7,922,378
ADJUSTMENTS: Releases, net of pickups	(6,175)	(6,134)	(3,374)	511	1,901	(13,271)
COLLECTIONS	<u>(7,690,361)</u>	<u>(162,359)</u>	<u>(40,408)</u>	<u>(1,648)</u>	<u>(2,337)</u>	<u>(7,897,113)</u>
TAXES RECEIVABLE, Ending	<u>\$ 225,842</u>	<u>\$ 54,466</u>	<u>\$ 3,260</u>	<u>\$ 759</u>	<u>\$ 295</u>	<u>\$ 284,622</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

CATOOSA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Pass-Through Number	Beginning Accrued (Deferred)	Cash Receipts (Refunds)	Expenditures	Ending Accrued (Deferred)
U.S. Department of Health & Human Services:						
Substance Abuse & Mental Health Services	93.243	441-93	\$ -	\$ 240,000	\$ 131,433	\$ (108,567)
Total Health and Human Services			-	240,000	131,433	(108,567)
U.S. Department of Transportation:						
Pass-through from Georgia Department of Transportation - Mass Transportation Assistance	20.507	TT003549	51,453	193,626	142,173	-
	20.507	TT003878	-	-	64,302	64,302
Mass Transportation Assistance - ARRA	20.509	TT002879	11,055	137,141	126,086	-
Total Department of Transportation			62,508	330,767	332,561	64,302
U.S. Department of Housing and Urban Development:						
Pass-through from Georgia Department of Community Affairs - Community Development Block Grant	14.218	10p-y-023-1-5228	-	55,000	61,262	6,262
Total Department of Commerce			-	55,000	61,262	6,262
U.S. Department of Homeland Security:						
Disaster Grants - Public Assistance	97.036	047-99047-00	-	1,060,487	4,537,330	3,476,843
Pass-through from Georgia Emergency Management Agency - Emergency Management Performance Grants	97.042	P08-9-141	-	15,985	31,970	15,985
	97.042	P09-9-123	-	-	3,500	3,500
Total Department of Homeland Security			-	1,076,472	4,572,800	3,496,328
U.S. Department of Justice:						
Byrne Justice Assistance Grant	16.738	2009-DJ-BX-0764	-	3,805	3,805	-
Total Department of Justice			-	3,805	3,805	-
Appalachian Regional Commission						
Appalachian Area Development Project	23.002		-	139,208	139,208	-
Total Appalachian Regional Commission			-	139,208	139,208	-
Total Federal Awards			\$ 62,508	\$ 1,845,252	\$ 5,241,069	\$ 3,458,325

NOTES TO SCHEDULE OF FEDERAL AWARDS:

The Schedule of Federal Awards is prepared on the modified accrual basis of accounting.



**INDEPENDENT AUDITORS' 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***

**To the Board of Commissioners
Catoosa County, Georgia:**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catoosa County, Georgia as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2012. We did not audit the financial statements of the Catoosa County Health Department, which represent 23%, 100%, and 78%, respectively, of the assets, positive net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Catoosa County Health Department, is based solely on the report of the other auditors. 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 of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal controls 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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, state regulatory agencies, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Nicky & Meucham, P.C.

March 29, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**To the Board of Commissioners
Catoosa County, Georgia:**

Compliance

We have audited Catoosa County, Georgia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Catoosa County Georgia's major federal programs for the year ended September 30, 2011. Catoosa County, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Catoosa County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

The management of Catoosa County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Nixey & Menckman, P.C.

March 29, 2012

**CATOOSA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

SUMMARY OF AUDIT RESULTS:

The auditors' report expresses an unqualified opinion on the financial statements of Catoosa County, Georgia.

No significant deficiencies or material weaknesses were reported.

No instances of noncompliance material to the financial statements were reported.

No significant deficiencies or material weaknesses over the major programs were reported.

The auditor's report on compliance with the material compliance requirements of the major federal award programs expressed an unqualified opinion.

The programs tested as major programs were:

CFDA #97.036 FEMA Disaster Assistance

The threshold for distinguishing Types A and B programs was \$300,000.

Catoosa County, Georgia was determined to be a high-risk auditee.

**FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED
GOVERNMENT AUDITING STANDARDS**

None reported

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported

**SPECIAL LOCAL OPTION
SALES TAX**



INDEPENDENT AUDITORS' REPORT ON SPECIAL 1 PERCENT SALES AND USE TAX

**To the Board of Commissioners
Catoosa County, Georgia:**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catoosa County, Georgia as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2012. We have also audited the accompanying schedules of the County's projects constructed with special local option sales tax funds, for the year ended September 30, 2011, (the specific projects allowed having been identified in resolutions dated April 3, 2003, and June 17, 2008, calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA). These schedules are the responsibility of the management of Catoosa County. Our responsibility is to express an opinion on the schedules based on our audit.

We conducted our audit of the schedules in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of the County's projects constructed with special local option sales tax funds are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedules of the County's projects constructed with special local option sales tax funds, as referred to above, present fairly, in all material respects, the amounts of projects constructed with proceeds from the County's special local option sales tax for the year ended September 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Hickey & Murchison, P.C.

March 29, 2012

CATOOSA COUNTY, GEORGIA
NOTE TO SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

(1) ADJUSTMENTS:

Due to reporting errors for earlier years, debt service payments on public safety and public works equipment leases were reported on more than one line item. The adjustment to the prior years' balance is to reflect the correction of the duplicate reporting.

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS - 2004 CYCLE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

PROJECT	ORIGINAL ESTIMATED COST	REALLOCATIONS	REVISED ESTIMATED COSTS	EXPENDITURES				PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
				PRIOR YEARS	ADJUSTMENTS	CURRENT YEAR	TOTAL		
Fort Oglethorpe sewer, water and capital outlay projects	\$ 5,461,000	\$ -	\$ 5,461,000	\$ 5,609,689	\$ -	\$ -	\$ 5,609,689	103%	\$ 341,362
Ringgold sewer, water and capital outlay projects	1,935,000	-	1,935,000	1,986,126	-	2	1,986,128	103%	69,881
Catoosa Utility District water projects	2,500,000	-	2,500,000	2,562,322	-	-	2,562,322	102%	59,612
Fort Oglethorpe sewer projects	2,000,000	-	2,000,000	1,789,112	-	-	1,789,112	89%	-
Catoosa County sewer projects	16,190,000	-	16,190,000	10,025,676	-	1,408,672	11,434,348	71%	-
Stormwater projects	2,000,000	-	2,000,000	1,486,540	-	512,088	1,998,628	100%	-
Keith projects	637,000	-	637,000	652,763	-	-	652,763	102%	-
Recreation	2,000,000	-	2,000,000	1,707,122	-	214	1,707,336	85%	-
Public safety equipment	5,015,000	-	5,015,000	4,749,894	-	157,903	4,907,797	98%	-
Public works vehicles	685,000	-	685,000	701,950	-	-	701,950	102%	-
Multi-purpose buildings	550,000	-	550,000	563,610	-	-	563,610	102%	-
Roads and bridges	2,000,000	-	2,000,000	2,261,965	-	-	2,261,965	113%	161,611
Library enhancement	350,000	-	350,000	332,024	-	18,953	350,977	100%	-
Retire indebtedness	<u>1,677,000</u>	<u>-</u>	<u>1,677,000</u>	<u>1,333,290</u>	<u>(116,981)</u>	<u>344,200</u>	<u>1,560,509</u>	93%	<u>1,938,723</u>
	<u>\$ 43,000,000</u>	<u>\$ -</u>	<u>\$ 43,000,000</u>	<u>\$ 35,762,083</u>	<u>\$ (116,981)</u>	<u>\$ 2,442,032</u>	<u>\$ 38,087,134</u>		<u>\$ 2,571,189</u>

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS - 2009 CYCLE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

PROJECT	ORIGINAL ESTIMATED COST	REALLOCATIONS	REVISED ESTIMATED COSTS	EXPENDITURES				PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
				PRIOR YEARS	ADJUSTMENTS	CURRENT YEAR	TOTAL		
Fort Oglethorpe sewer, water and capital outlay projects	\$ 7,112,000	\$ -	\$ 7,112,000	\$ 235,318	\$ -	\$ 1,551,820	\$ 1,787,138	25%	\$ 20,147
Ringgold sewer, water and capital outlay projects	2,520,000	-	2,520,000	1,740	-	2,889	4,629	0%	12,762
Catoosa Utility District water projects	4,000,000	-	4,000,000	484,897	-	380,818	865,715	22%	8,577
Catoosa County sewer projects	15,750,000	-	15,750,000	229,299	-	309,820	539,119	3%	-
Recreation	2,000,000	-	2,000,000	421,806	-	3,458	425,264	21%	-
Public Safety equipment	5,509,000	-	5,509,000	1,451,426	-	682,308	2,133,734	39%	-
Public works vehicles	1,500,000	-	1,500,000	31,812	-	182,316	214,128	14%	-
Multi-purpose buildings	1,190,000	-	1,190,000	34,435	-	19,079	53,514	4%	-
Roads, buildings, and stormwater	9,869,000	-	9,869,000	438,605	-	819,854	1,258,459	13%	607,205
Library enhancement	500,000	-	500,000	-	-	-	-	0%	-
Retire indebtedness	2,900,000	-	2,900,000	375,651	-	459,838	835,489	29%	227,264
Economic development	2,000,000	-	2,000,000	350,000	-	296,864	646,864	32%	-
GIS department	400,000	-	400,000	-	-	30,261	30,261	8%	-
Historical tourism/greenspace	<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>42,999</u>	<u>-</u>	<u>1,812</u>	<u>44,811</u>	6%	<u>-</u>
	<u>\$ 56,000,000</u>	<u>\$ -</u>	<u>\$ 56,000,000</u>	<u>\$ 4,097,988</u>	<u>\$ -</u>	<u>\$ 4,741,137</u>	<u>\$ 8,839,125</u>		<u>\$ 875,955</u>

