

CATOOSA COUNTY, GEORGIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended September 30, 2013

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:**

Report on the Financial Statements

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, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 represents 35%, 100%, and 83%, respectively, of the assets, positive net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 for Catoosa County, Georgia, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii - xiv and the general fund schedule of revenues, expenditures and changes in fund balances – budget and actual on pages 39 - 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catoosa County, Georgia's basic financial statements. 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 basic financial statements.

The combining nonmajor fund financial statements, agency fund financial statements, and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, agency fund financial statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of Catoosa County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Catoosa County, Georgia's internal control over financial reporting and compliance.

Johnson, Nicky & Menckem, P.C.

March 26, 2014

Catoosa County, Georgia
Management's Discussion and Analysis
For the Year Ended September 30, 2013

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 Position and the Statement of Activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. 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 Position presents information on all assets, liabilities and deferred inflows of resources of the Government, with the difference between assets less liabilities and deferred inflows of resources reported as net position. Net position is reported in four categories: (1) net investment in capital assets (2) assigned, (3) restricted and (4) unrestricted. Assets, liabilities, deferred inflows of resources and net position is reported for all Governmental activities separate from the assets, liabilities and net position of Business-type activities. In addition, assets, liabilities, and net position is 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 position. 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, liabilities

and deferred inflows of resources 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 position 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 position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows are presented. A statement of fiduciary changes in assets and liabilities 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 Position. 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 Position. All deferred inflows of resources including acquisitions of net assets by the government that is applicable to a future reporting period are reported in the Statement of Net Position. 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 43 of this report.

FINANCIAL HIGHLIGHTS

Catoosa County’s total assets exceeded total liabilities and deferred inflows of resources by \$491.7 million (net position). Total net position for governmental activities was \$495.4 million; total net position for business-type activities was a deficit in the amount of \$3.7 million.

CATOOSA COUNTY, GEORGIA NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 35.0	\$ 36.9	\$ (1.5)	\$ (1.6)	\$ 33.5	\$ 35.3
Capital Assets	<u>469.5</u>	<u>480.5</u>	<u>4.8</u>	<u>5.1</u>	<u>474.3</u>	<u>485.6</u>
Total Assets	<u>504.5</u>	<u>517.4</u>	<u>3.3</u>	<u>3.5</u>	<u>507.8</u>	<u>520.9</u>
Long-term Liabilities	0.5	0.7	6.7	6.9	7.2	7.6
Other Liabilities	<u>8.4</u>	<u>8.0</u>	<u>0.3</u>	<u>0.3</u>	<u>8.7</u>	<u>8.3</u>
Total Liabilities	<u>8.9</u>	<u>8.7</u>	<u>7.0</u>	<u>7.2</u>	<u>15.9</u>	<u>15.9</u>
Deferred revenue	<u>0.2</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.1</u>
Total Deferred Inflows of Resources	<u>0.2</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.1</u>
Net Position						
Net Investment in Capital Asssets	468.6	479.4	4.8	5.0	473.4	484.4
Assigned	0.1	0.1	-	-	0.1	0.1
Restricted	14.0	16.6	-	-	14.0	16.6
Unrestricted	<u>12.7</u>	<u>12.5</u>	<u>(8.5)</u>	<u>(8.7)</u>	<u>4.2</u>	<u>3.8</u>
Total Net Position	<u>\$ 495.4</u>	<u>\$ 508.6</u>	<u>\$ (3.7)</u>	<u>\$ (3.7)</u>	<u>\$ 491.7</u>	<u>\$ 504.9</u>

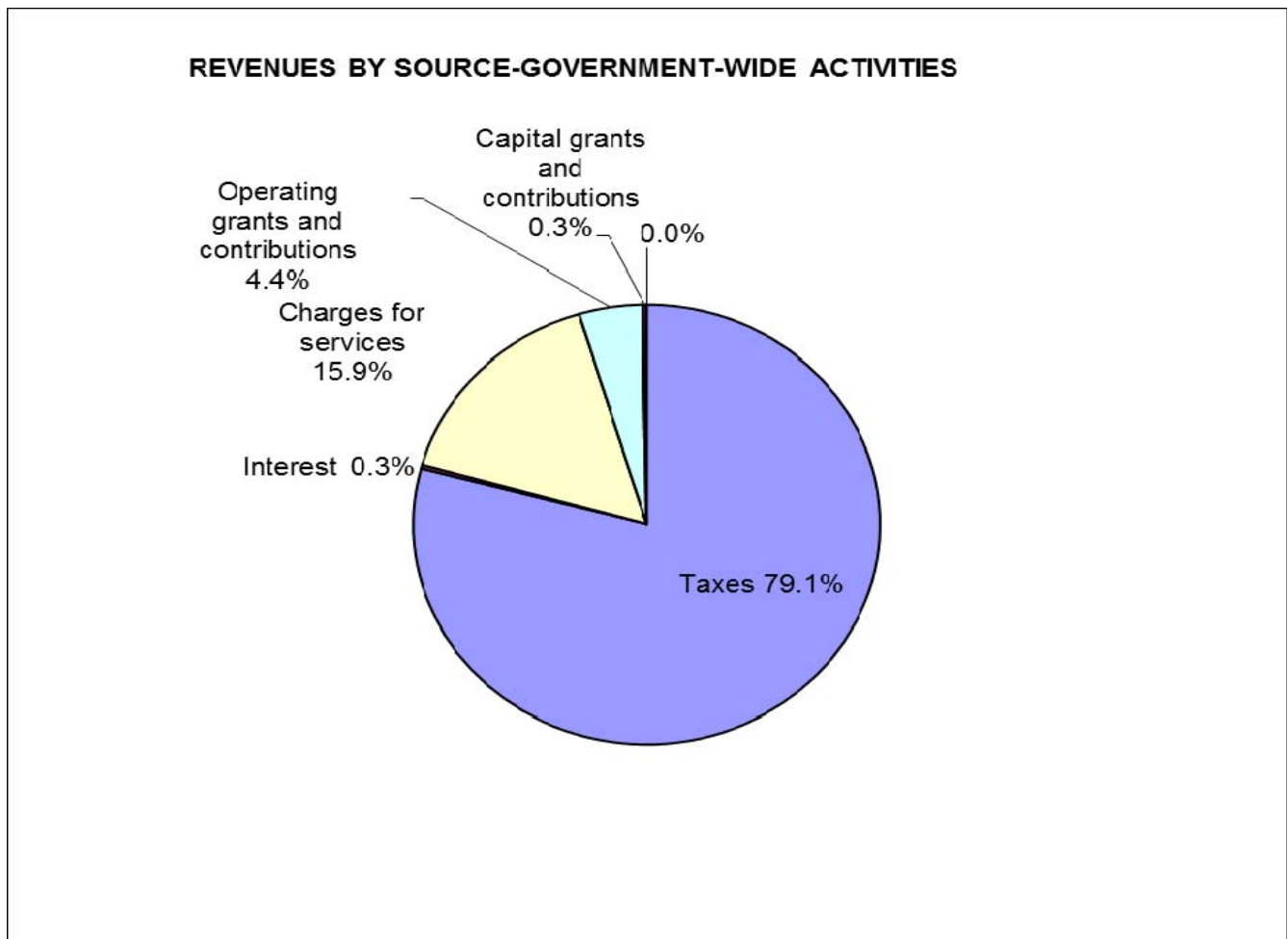
As a whole, the Government's financial position declined during Fiscal 2013. Total net position declined by \$13.2 million, the decrease is from governmental activities. The decrease in the assets of \$13.1 million is due to a decrease in capital assets of \$11.3 million and a decrease in current and other assets of \$1.8 million. The decrease in capital assets is the result of depreciation of \$12.9 million partially offset by an increase for capital additions of \$1.6 million. The decrease in current and other assets is the result of a decrease in restricted for specific use (SPLOST) of \$2.5 million, a decrease in the receivable from other governmental entities of \$889 thousand mainly FEMA/GEMA and U.S. Department of Transportation, property taxes receivable \$46 thousand and other taxes receivable \$41 thousand; the decreases were partially offset by an increase in cash and cash equivalents of \$1.6 million mainly due to collections on receivables from FEMA/GEMA, Development Authority, Department of Transportation and due from other funds, and an increase in prepaid expenses and supplies of \$12 thousand. Liabilities decreased \$46 thousand with decreases of \$236 thousand in accounts payable and long-term liabilities due in more than one year \$362 thousand; the decreases were partially offset by increases in due to heirs, litigants and others \$402 thousand and long-term liabilities due within one year \$150 thousand. Net capital assets in the amount of \$473.4 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 \$14.0 million are comprised of \$13.9 million for SPLOST, \$108 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 \$4.2 million is composed of a positive balance of \$12.7 million in governmental activities, mainly the General Fund reserve balance, and a negative of \$8.5 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 \$6.7 million and a liability of \$1.8 million for the construction of the landfill gas to energy project.

CATOOSA COUNTY, GEORGIA
CHANGES IN NET POSITION
(\$ in Millions)
Fiscal Years 2013 and 2012

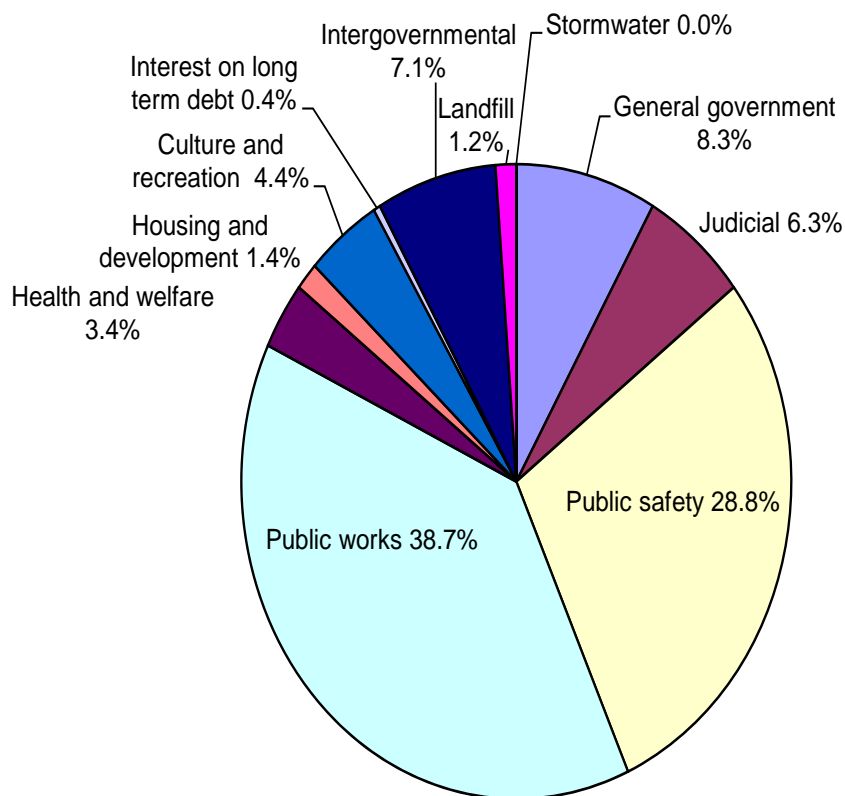
	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Primary</u> <u>Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5.2	\$ 5.1	\$ 0.6	\$ 0.6	\$ 5.8	\$ 5.7
Operating grants and contributions	1.6	1.1	-	-	1.6	1.1
Capital grants and contributions	0.1	1.1	-	0.1	0.1	1.2
General revenues:						
Property taxes	9.5	8.8	-	-	9.5	8.8
Special local option sales tax	9.1	9.5	-	-	9.1	9.5
Local option sales tax	6.4	6.6	-	-	6.4	6.6
Insurance premium tax	2.3	2.1	-	-	2.3	2.1
Federal payments in lieu of taxes	0.4	0.4	-	-	0.4	0.4
Other taxes	0.8	0.7	-	-	0.8	0.7
Franchise fees	0.3	0.3	-	-	0.3	0.3
Interest	0.1	0.2	-	-	0.1	0.2
Other	-	0.1	-	-	-	0.1
Total revenues	35.8	36.0	0.6	0.7	36.4	36.7
Expenses:						
General government	4.1	4.0	-	-	4.1	4.0
Judicial	3.1	2.8	-	-	3.1	2.8
Public safety	14.3	13.3	-	-	14.3	13.3
Public works	19.2	20.9	-	-	19.2	20.9
Health and welfare	1.7	1.5	-	-	1.7	1.5
Housing and development	0.7	0.5	-	-	0.7	0.5
Culture and recreation	2.2	2.2	-	-	2.2	2.2
Interest on long term debt	0.2	0.2	-	-	0.2	0.2
Intergovernmental	3.5	2.8	-	-	3.5	2.8
Landfill	-	-	0.6	0.5	0.6	0.5
Storm water	-	-	-	-	-	-
Total expenses	49.0	48.2	0.6	0.5	49.6	48.7
Change in net position before transfers	(13.2)	(12.2)	-	0.2	(13.2)	(12.0)
Transfers	-	(0.1)	-	0.1	-	-
Change in net position	(13.2)	(12.3)	-	0.3	(13.2)	(12.0)
Beginning net position	508.6	520.9	(3.7)	(4.0)	504.9	516.9
Prior period adjustment	-	-	-	-	-	-
Ending net position	\$ 495.4	\$ 508.6	\$ (3.7)	\$ (3.7)	\$ 491.7	\$ 504.9

Total government-wide revenues for 2013 were \$36.4 million, a decrease of \$277 thousand from \$36.7 million in 2012. The decrease was the result of a reduction in grants and contributions of \$418 thousand mainly due to Community Development Block Grant in prior year, Federal payment in lieu of taxes \$25, interest earning due to the lowering of the interest rate \$59 thousand and other for gain on disposal of capital assets and insurance proceeds down which included recovery for rental income loss due to the loss of the DEFAC's building in prior year \$83 thousand. The decreases were partially offset by increases in charges for services of \$96 thousand mainly due to HB 256 which set forth a new system for the collection of 911 fees on prepaid cell phones and cards whereby the fees are collected at the point of sale and remitted to the Department of Revenue in the same way sales tax is remitted, property taxes increased \$705 thousand offset by a reduction in Special Local Option Sales Tax (SPLOST) \$382 thousand and Local Option Sales Tax (LOST) \$268 thousand HB 266 which requires that portion of the Title Ad Valorem Tax (TAVT) remitted to the counties as SPLOST and LOST to be expended in the same manner as authorized for the ad valorem tax revenues on motor vehicles, Insurance Premium Tax increased \$147 thousand and other taxes and fees \$108 thousand. The revenues are distributed by the following sources: \$28.8 million in taxes, \$5.8 million in charges for services, \$1.7 million in grants and contributions, \$104 thousand in interest earnings and \$19 thousand other. Of this amount \$35.8 million was in governmental activities and \$612 thousand was in business type activities. The chart below shows graphically the distribution of government-wide revenues by source.



Government-wide expenses were \$49.6 million for 2013, an increase of \$909 thousand from \$48.7 million for 2012. The increase was the result of increases in public safety of \$982 thousand, intergovernmental \$754 thousand, judicial \$222 thousand, health and welfare 183 thousand, housing and development 182 thousand, general government \$101, landfill \$106 thousand and interest \$65 thousand. The increases were partially offset by a reductions in public works \$1.7 million and culture and recreation \$14 thousand. The increase in intergovernmental was due to an increase in SPLOST fund expenditures on capital projects. The increase in landfill was due to required annual maintenance schedule on the generator partially offset by an increase in the reduction of the accrued post closure care liability. The increase in interest was due to an increase in rate. The increase in other departmental expense was mainly due to wages, benefits and fuel cost. The decrease in public works was due to reductions in SPLOST capital projects \$1.5 million and departmental expenses of \$179 thousand for labor and materials as there was not a major storm event as in prior year. Of the total expenses, \$49.0 million were for governmental activities and \$612 thousand for business-type activities. The following chart shows graphically further detail of government-wide expenses by function.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITIES



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 \$35.8 million, a decrease of \$313 thousand from \$36.2 million in 2012. The decrease was the result of a reduction in SPLOST capital projects of \$818 thousand the result of a reduction in taxes of \$382 thousand, intergovernmental funding \$344 thousand and investment earnings and other of \$92 thousand. The reduction was partially offset by an increase in taxes in the General Fund of \$520 thousand. The reduction in SPLOST tax revenue and the increase in ad valorem tax revenue was due to HB 266 which requires that portion of the Title Ad Valorem Tax (TAVT) remitted to the counties as SPLOST to be expended in the same manner as authorized for the ad valorem tax revenues on motor vehicles.

Expenditures in the governmental funds were \$38.3 million, an increase of \$923 thousand from \$37.4 million in 2012. The increase in governmental expenditures is due to an increase in General Fund expenditures of \$1.2 million attributable to increases in judicial \$242 thousand, general government \$61 thousand, public safety \$582 thousand, health and welfare \$78 thousand, housing and development \$173, culture and recreation \$111 thousand and debt service \$89 thousand; increases were partially offset by a decrease in public works of \$179 thousand. Other Governmental Funds / capital project grants increased \$168 thousand. SPLOST Capital Project expenditures decreased \$401 thousand due to reduced revenues.

Other financing sources and uses generated a favorable fund balance of \$226 thousand due to proceeds from capital lease of \$217 thousand and insurance proceeds in the amount of \$9 thousand.

As the County completed the year, its governmental funds reported a combined fund balance of \$27.1 million a decrease of \$2.2 million from \$29.3 million in 2012. The General Fund, which is the chief operating fund of the County increased \$206 thousand, SPLOST Capital Projects Fund decreased \$2.2 million and Other Governmental Funds decreased \$190 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 \$612 thousand, an increase of \$16 thousand from \$596 thousand in 2012. The increase was due to an increase in fees.

Operating expenses in business-type activities were \$627 thousand, an increase of \$107 thousand from \$520 thousand in 2012. The increase is due to an increase of \$136 thousand in operating expenses due to required annual maintenance schedule on the generator partially offset by an increase in the reduction of the accrued post closure care liability for Site #1 and Site #2 of \$29 thousand.

The proprietary funds reported a reduction in net position of \$15 thousand for the period ended 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Commissioners was required to amend the budget to account for supplemental funding and to meet changing governmental expenses and needs which arose during the fiscal year. After the amendment budgeted revenues were equal to actual revenues; budgeted expenditures exceeded actual expenditures by \$206 thousand.

The excess of budgeted expenditures over actual expenditures were primarily due to the following expenditure categories where budgeted exceeded actual: judicial \$30 thousand, general government \$12 thousand, public safety \$127 thousand and culture and recreation \$37 thousand. The favorable variances were fairly distributed over all functions as the effort continues to control expenditures during these current economic times.

General fund operations for 2013 resulted in a fund balance of \$12.8 million, an increase of \$206 thousand from \$12.6 million in 2012.

CAPITAL ASSETS ACTIVITY

Investment in capital assets, net of accumulated depreciation, for both governmental and business-type activities, *Primary Government*, decreased \$11,295,481. Beginning balance was \$485,570,801, plus current year additions of \$1,598,404, less current year depreciation of \$12,901,767, less net dispositions / reclassifications of \$7,883, resulted in an ending balance of \$474,275,320. The CIP additions includes expenditures for purchase of Boynton Recreation property \$526 thousand, construction in process on the EMS command post \$60 thousand, courthouse renovations \$51 thousand, McConnell Park \$32 thousand, Mineral Avenue extension \$21 thousand, Lyndhurst Foundation canoe launch \$13 thousand and Catoosa County Library children's park \$1 thousand. The items reclassified from CIP were the Boynton Recreation property \$197 thousand as land and \$343 thousand as land improvements, Mineral Avenue road extension \$21 thousand as infrastructure, EMS command post \$88 thousand as equipment and other miscellaneous reclassifications of \$7 thousand as vehicles. The site improvement was for fencing at Jack Mattox Park \$8 thousand. The vehicle purchases in the amount of \$702 thousand were for seven 2013 Dodge Charger patrol vehicles for the Sheriff's departments \$208 thousand, five 2012 F-250 Ford trucks for Catoosa County Fire and Rescue \$234 thousand, five 2013 Ford trucks for Public Works \$161 thousand, two Goshen coach buses for Public Transportation \$86 thousand and a 2007 Chevrolet van for Agricultural Extension Service \$13 thousand. The equipment purchases in the amount of \$185 thousand included rescue air bag equipment, fuel storage tank for Station 6, boat, narrow banding and various items of fire and safety equipment for the Catoosa County Fire and Rescue \$57 thousand, street sweeper, drum roller, shop lift and various other items of road equipment for Public Works \$37 thousand, breath analyzer,

computers, cameras and various other items of public safety equipment for the Sheriff's departments \$37 thousand, infield groomer and countertop cooker for Recreation \$15 thousand, projector, screen and event management software for the Colonnade \$15 thousand and other small items of equipment for General Government \$21 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 28 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, 2013, is as follows:

	Beginning Balance	Additions	Depreciation	Dispositions /Reclass	Ending Balance
Land	\$ 5,949,358	\$ -	\$ -	\$ 197,000	\$ 6,146,358
CIP	95,011	704,231	-	(649,059)	150,183
Land Improvements	3,143,554	7,527	239,516	342,517	3,254,082
Infrastructure	442,889,497	-	10,344,686	21,035	432,565,846
Buildings	26,928,248	-	513,771		26,414,477
Equipment, vehicles, furniture & fixtures	6,565,133	886,645	1,803,794	96,390	5,744,374
	<u>\$ 485,570,801</u>	<u>\$ 1,598,404</u>	<u>\$ 12,901,767</u>	<u>\$ 7,883</u>	<u>\$ 474,275,320</u>

THE GOVERNMENT'S DEBT

The capital lease obligations represent the balance remaining for the lease financing for the construction of the new administration building \$694,444 and lease purchase of the sheriff's vehicles \$225,053. The post closure obligations are \$2,027,771 for Site #1 and \$4,939,869 for Site #2 which is The Georgia Environmental Protection Division estimate of the future liability for the next twenty to twenty-six 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 31 to 34 of this report.

A summary of activity in long-term debt of the primary government for the year ended September 30, 2013, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital lease obligations	\$ 1,109,315	\$ 216,997	\$ (406,815)	\$ 919,497
Landfill closure / Postclosure obligation	7,130,672	-	(163,032)	6,967,640
Compensated absences	347,492	141,143	-	488,635
	<u>\$ 8,587,479</u>	<u>\$ 358,140</u>	<u>\$ (569,847)</u>	<u>\$ 8,375,772</u>

STATUS OF THE CATOOSA COUNTY ECONOMY

Economic activity in Catoosa County during the year reflected regional trends. Retail sales taxes for the fiscal year 2013 were flat compared to fiscal year 2012. The net M&O digest is up \$10.6 million, or .7% for 2013 over 2012.

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 POSITION
SEPTEMBER 30, 2013

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
ASSETS:				
Cash and cash equivalents -				
Available	\$ 11,295,069	\$ -	\$ 11,295,069	\$ 1,319,926
Restricted for specific use	14,067,882	-	14,067,882	-
Due from other funds	1,459,194	(1,459,194)	-	-
Due from other governmental				
entities	6,829,237	-	6,829,237	112,897
Property taxes receivable	186,956	-	186,956	-
Other taxes receivable	726,305	-	726,305	-
Accounts receivable	-	-	-	43
Prepaid expenses	338,548	-	338,548	-
Prepaid supplies	53,993	-	53,993	13,559
Land and other nondepreciable				
assets	4,527,404	1,769,137	6,296,541	2,287,758
Other capital assets, net				
of accumulated depreciation	<u>464,976,848</u>	<u>3,001,931</u>	<u>467,978,779</u>	<u>16,404</u>
 Total assets	 <u>\$ 504,461,436</u>	 <u>\$ 3,311,874</u>	 <u>\$ 507,773,310</u>	 <u>\$ 3,750,587</u>
LIABILITIES:				
Accounts payable	\$ 2,090,631	\$ 17,800	\$ 2,108,431	\$ 2,814
Line of credit	4,877,740	-	4,877,740	-
Due to heirs, litigants and others	512,354	-	512,354	-
Due to other governments	-	-	-	5,191,024
Long-term liabilities -				
Due within one year	890,853	291,384	1,182,237	988,707
Due in more than one year	<u>517,279</u>	<u>6,676,256</u>	<u>7,193,535</u>	<u>-</u>
 Total liabilities	 <u>\$ 8,888,857</u>	 <u>\$ 6,985,440</u>	 <u>\$ 15,874,297</u>	 <u>\$ 6,182,545</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue	<u>185,512</u>	<u>-</u>	<u>185,512</u>	<u>-</u>
 Total deferred inflows	 <u>\$ 185,512</u>	 <u>\$ -</u>	 <u>\$ 185,512</u>	 <u>\$ -</u>
NET POSITION:				
Net investment in capital assets	468,584,755	4,771,068	473,355,823	1,380,416
Assigned	60,376	-	60,376	-
Restricted for -				
SPLOST capital projects	13,953,152	-	13,953,152	-
Public safety	108,431	-	108,431	-
Family health and welfare	6,299	-	6,299	-
Unrestricted	<u>12,674,054</u>	<u>(8,444,634)</u>	<u>4,229,420</u>	<u>(3,812,374)</u>
 Total net position	 <u>\$ 495,387,067</u>	 <u>\$ (3,673,566)</u>	 <u>\$ 491,713,501</u>	 <u>\$ (2,431,958)</u>

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

CATOOSA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
Judicial	\$ 3,066,022	\$ 1,618,912	\$ 64,697	\$ -	\$ (1,382,413)	\$ -	\$ (1,382,413)	\$ -
General government	4,119,230	839,865	15,850	-	(3,263,515)	-	(3,263,515)	-
Public safety	14,330,335	1,907,343	16,107	67,601	(12,339,284)	-	(12,339,284)	-
Public works	19,220,054	-	651,764	-	(18,568,290)	-	(18,568,290)	-
Health and welfare	1,715,040	36,852	727,612	81,150	(869,426)	-	(869,426)	-
Housing and development	709,720	253,714	-	-	(456,006)	-	(456,006)	-
Culture and recreation	2,147,413	542,996	128,898	20,897	(1,454,622)	-	(1,454,622)	-
Intergovernmental	3,509,696	-	-	-	(3,509,696)	-	(3,509,696)	-
Interest	217,638	-	-	-	(217,638)	-	(217,638)	-
Total governmental activities	49,035,148	5,199,682	1,604,928	169,648	(42,060,890)	-	(42,060,890)	-
Business-type activities:								
Landfill services	560,567	588,998	-	-	-	28,431	28,431	-
Stormwater management	66,340	22,800	-	-	-	(43,540)	(43,540)	-
Total business-type activities	626,907	611,798	-	-	-	(15,109)	(15,109)	-
Total primary government	49,662,055	5,811,480	1,604,928	169,648	(42,060,890)	(15,109)	(42,075,999)	-
COMPONENT UNITS:								
Development Authority	62,856	40,642	-	309,936	-	-	-	287,722
Health Department	1,516,873	697,711	503,455	-	-	-	-	(315,707)
Total component units	\$ 1,579,729	\$ 738,353	\$ 503,455	\$ 309,936	-	-	-	(27,985)
GENERAL REVENUES:								
Property taxes					9,483,429	-	9,483,429	-
Special local option sales tax					9,084,717	-	9,084,717	-
Local option sales tax					6,364,751	-	6,364,751	-
Insurance premium tax					2,294,483	-	2,294,483	-
Federal payments in lieu of taxes					417,251	-	417,251	-
Other taxes					800,519	-	800,519	-
Franchise fees					328,148	-	328,148	-
Interest					103,985	-	103,985	10,586
Loss on sale of capital assets					-	-	-	(309,330)
Insurance proceeds					8,714	-	8,714	-
Other					19,310	-	19,310	488,052
Total general revenues					28,905,307	-	28,905,307	189,308
TRANSFERS								
Change in net position					(13,155,583)	(15,109)	(13,170,692)	161,323
NET POSITION:								
Beginning					508,542,650	(3,658,457)	504,884,193	(2,593,281)
Ending					\$ 495,387,067	\$ (3,673,566)	\$ 491,713,501	\$ (2,431,958)

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

CATOOSA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 11,183,896	\$ 14,165,626	13,429	\$ 25,362,951
Due from other governmental entities	6,615,678	213,559	-	6,829,237
Due from other funds	1,911,577	-	553,103	2,464,680
Property taxes receivable	186,956	-	-	186,956
Other taxes receivable	463	725,842	-	726,305
Prepaid expenses	338,548	-	-	338,548
Prepaid supplies	53,993	-	-	53,993
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 20,291,111</u>	<u>\$ 15,105,027</u>	<u>\$ 566,532</u>	<u>\$ 35,962,670</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 1,322,862	\$ 710,113	\$ 57,656	\$ 2,090,631
Line of credit	4,877,740	-	-	4,877,740
Due to heirs, litigants and others	512,354	-	-	512,354
Due to other funds	563,724	441,762	-	1,005,486
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>7,276,680</u>	<u>1,151,875</u>	<u>57,656</u>	<u>8,486,211</u>
Deferred inflows of resources:				
Deferred tax revenue	160,739	-	-	160,739
Deferred grant revenue	-	-	185,512	185,512
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>160,739</u>	<u>-</u>	<u>185,512</u>	<u>346,251</u>
Fund balances:				
Nonspendable - Prepaid items	392,541	-	-	392,541
Restricted for - SPLOST projects	-	13,953,152	-	13,953,152
Capital projects	-	-	77,519	77,519
Committed for - Public safety	-	-	197,525	197,525
Health and welfare	-	-	6,299	6,299
Unassigned	12,461,151	-	42,021	12,503,172
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>12,853,692</u>	<u>13,953,152</u>	<u>323,364</u>	<u>27,130,208</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,291,111</u>	<u>\$ 15,105,027</u>	<u>\$ 566,532</u>	<u>\$ 35,962,670</u>

(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 POSITION
SEPTEMBER 30, 2013

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

Fund balances - total governmental funds	\$ 27,130,208
--	---------------

Amounts reported for governmental activities in
the statement of net position 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.	160,739
--	---------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	469,504,252
---	-------------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,408,132)</u>
	<u>\$495,387,067</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, 2013

	General Fund	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 18,859,702	\$ 9,084,717	\$ -	\$ 27,944,419
Licenses and franchises	366,638	-	-	366,638
Charges for services	427,530	-	1,146,437	1,573,967
Intergovernmental	884,783	526,441	696,421	2,107,645
Fines, fees and forfeitures	2,504,942	-	252,424	2,757,366
Investment earnings	103,885	115,323	100	219,308
Other	849,803	10,000	12,664	872,467
	<u>23,997,283</u>	<u>9,736,481</u>	<u>2,108,046</u>	<u>35,841,810</u>
Total revenues				
EXPENDITURES:				
Current -				
Judicial	3,022,016	-	-	3,022,016
General government	3,894,120	65,414	-	3,959,534
Public safety	11,174,376	89,773	1,665,982	12,930,131
Public works	2,039,644	6,646,323	961	8,686,928
Health and welfare	1,209,719	-	475,717	1,685,436
Housing and development	692,629	-	-	692,629
Culture and recreation	1,745,175	108,886	113,100	1,967,161
Intergovernmental	-	3,509,696	-	3,509,696
Capital outlay	-	1,129,210	91,708	1,220,918
Debt service -				
Principal	8,570	398,245	-	406,815
Interest	181,713	35,925	-	217,638
	<u>23,967,962</u>	<u>11,983,472</u>	<u>2,347,468</u>	<u>38,298,902</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,321	(2,246,991)	(239,422)	(2,457,092)
OTHER FINANCING SOURCES (USES):				
Proceeds from capital lease	216,997	-	-	216,997
Insurance proceeds	8,714	-	-	8,714
Transfers from other funds	-	-	49,192	49,192
Transfers to other funds	(49,192)	-	-	(49,192)
	<u>205,840</u>	<u>(2,246,991)</u>	<u>(190,230)</u>	<u>(2,231,381)</u>
NET CHANGE IN FUND BALANCES				
FUND BALANCES:				
Beginning	12,647,852	16,200,143	513,594	29,361,589
Ending	\$ 12,853,692	\$ 13,953,152	\$ 323,364	\$ 27,130,208

(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
FOR YEAR ENDED SEPTEMBER 30, 2013

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

Net change in fund balances - total governmental funds	\$ (2,231,381)
--	----------------

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.	1,598,403
--	-----------

Depreciation expense on governmental capital assets are included in the statement of activities.	(12,600,322)
--	--------------

Long-term liabilities in the statement of net position 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.	(141,143)
--	-----------

Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(216,997)
--	-----------

Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.	29,041
--	--------

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 position.	406,816
---	---------

\$ (13,155,583)

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

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	<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>			
Due from other funds	\$ -	\$ 10,621	\$ 10,621
CAPITAL ASSETS:			
Land	1,738,360	30,777	1,769,137
Land improvements	6,601,955	898,093	7,500,048
Buildings	40,465	-	40,465
Equipment and vehicles	<u>1,846,651</u>	<u>32,506</u>	<u>1,879,157</u>
	10,227,431	961,376	11,188,807
Less accumulated depreciation	<u>5,951,195</u>	<u>466,544</u>	<u>6,417,739</u>
Net capital assets	<u>4,276,236</u>	<u>494,832</u>	<u>4,771,068</u>
 Total assets	<u>\$ 4,276,236</u>	<u>\$ 505,453</u>	<u>\$ 4,781,689</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 17,394	\$ 406	\$ 17,800
Due to other funds	1,469,815	-	1,469,815
Accrued closure and postclosure care costs	<u>291,384</u>	<u>-</u>	<u>291,384</u>
Total current liabilities	<u>1,778,593</u>	<u>406</u>	<u>1,778,999</u>
LONG-TERM LIABILITIES:			
Accrued postclosure care costs	<u>6,676,256</u>	<u>-</u>	<u>6,676,256</u>
Total liabilities	<u>8,454,849</u>	<u>406</u>	<u>8,455,255</u>
NET POSITION:			
Net investment in capital assets	4,276,236	494,832	4,771,068
Unrestricted	<u>(8,454,849)</u>	<u>10,215</u>	<u>(8,444,634)</u>
	<u>(4,178,613)</u>	<u>505,047</u>	<u>(3,673,566)</u>
Total liabilities and net position	<u>\$ 4,276,236</u>	<u>\$ 505,453</u>	<u>\$ 4,781,689</u>

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

CATOOSA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<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	\$ 588,998	\$ 22,800	\$ 611,798
Total revenues	<u>588,998</u>	<u>22,800</u>	<u>611,798</u>
OPERATING EXPENSES:			
Depreciation	254,815	46,630	301,445
General operating expenses	<u>305,752</u>	<u>19,710</u>	<u>325,462</u>
Total expenses	<u>560,567</u>	<u>66,340</u>	<u>626,907</u>
OPERATING (INCOME) LOSS	28,431	(43,540)	(15,109)
NET POSITION:			
Beginning	<u>(4,207,044)</u>	<u>548,587</u>	<u>(3,658,457)</u>
Ending	<u>\$ (4,178,613)</u>	<u>\$ 505,047</u>	<u>\$ (3,673,566)</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, 2013

	<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	\$ 588,998	\$ 22,800	\$ 611,798
Payments to suppliers for goods or services	<u>(463,674)</u>	<u>(19,602)</u>	<u>(483,276)</u>
Net cash provided by operating activities	<u>125,324</u>	<u>3,198</u>	<u>128,522</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfers from other funds	(5,439)	(2,446)	(7,885)
Loan from other funds	<u>(119,885)</u>	<u>(752)</u>	<u>(120,637)</u>
Net cash used by capital and related financing activities	<u>(125,324)</u>	<u>(3,198)</u>	<u>(128,522)</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 BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 28,431	\$ (43,540)	\$ (15,109)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -			
Depreciation	254,815	46,630	301,445
Net change in operating liabilities	<u>(157,922)</u>	<u>108</u>	<u>(157,814)</u>
Net cash provided by operating activities	<u>\$ 125,324</u>	<u>\$ 3,198</u>	<u>\$ 128,522</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	\$ -	\$ -	\$ -
Transfer from other fund	<u>(5,439)</u>	<u>(2,446)</u>	<u>-</u>
Capital assets transferred	<u>\$ (5,439)</u>	<u>\$ (2,446)</u>	<u>\$ -</u>

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

CATOOSA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2013

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 2,236,793</u>
 Total assets	 <u>\$ 2,236,793</u>
 LIABILITIES:	
Due to heirs, litigants, and others	\$ 1,357,306
Due to other governmental entities	<u>879,487</u>
 Total liabilities	 <u>\$ 2,236,793</u>

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

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET POSITION
COMPONENT UNITS
SEPTEMBER 30, 2013

	Catoosa County Development Authority September 30, 2013	Catoosa County Health Department June 30, 2013	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 166,290	\$ 1,153,636	\$ 1,319,926
Accounts receivable	-	43	43
Due from other governments	-	112,897	112,897
Inventory	-	13,559	13,559
Land and other depreciable assets	2,287,758	-	2,287,758
Other capital assets, net of accumulated depreciation	<u>-</u>	<u>16,404</u>	<u>16,404</u>
 Total assets	 <u>\$ 2,454,048</u>	 <u>\$ 1,296,539</u>	 <u>\$ 3,750,587</u>

LIABILITIES AND NET POSITION

Liabilities:

Notes payable	\$ 923,746	\$ -	\$ 923,746
Accounts payable and accrued expenses	2,814	-	2,814
Due to other governments	5,156,020	35,004	5,191,024
Liability for compensated absences	<u>-</u>	<u>64,961</u>	<u>64,961</u>
 Total liabilities	 <u>6,082,580</u>	 <u>99,965</u>	 <u>6,182,545</u>

Net position:

Net investment in capital assets	1,364,012	16,404	1,380,416
Unrestricted	<u>(4,992,544)</u>	<u>1,180,170</u>	<u>(3,812,374)</u>
 Total net position	 <u>(3,628,532)</u>	 <u>1,196,574</u>	 <u>(2,431,958)</u>
 Total liabilities and net position	 <u>\$ 2,454,048</u>	 <u>\$ 1,296,539</u>	 <u>\$ 3,750,587</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, 2013**

<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	\$ 62,856	\$ 40,642	\$ 309,936	\$ 287,722	\$ -	\$ 287,722
Catoosa County Health Department:						
Health Department operations	1,516,873	697,711	503,455	-	(315,707)	(315,707)
Total component units	<u>\$ 1,579,729</u>	<u>\$ 738,353</u>	<u>\$ 813,391</u>	<u>287,722</u>	<u>(315,707)</u>	<u>(27,985)</u>
GENERAL REVENUES:						
Intergovernmental funding				-	486,175	486,175
Interest				252	10,334	10,586
Loss on sale of capital assets				(309,330)	-	(309,330)
Other				-	1,877	1,877
Total general revenues				<u>(309,078)</u>	<u>498,386</u>	<u>189,308</u>
Change in net position				(21,356)	182,679	161,323
NET POSITION:						
Beginning				<u>(3,607,176)</u>	<u>1,013,895</u>	<u>(2,593,281)</u>
Ending				<u>\$ (3,628,532)</u>	<u>\$ 1,196,574</u>	<u>\$ (2,431,958)</u>

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

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(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) as well as its component units, entities for which the County is financially accountable.

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 and 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, 2013

(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 position 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 position. 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 position and in the fund financial statements.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(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 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 position and the statement of changes in net position 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, 2013

(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. 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, 2013

(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 position. 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, 2013

(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, 2013

(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, 2013

(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 position."

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, 2013

(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 position - Net position represents the residual of all elements presented in a statement of financial position. Net investment in capital assets, 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 position is reported as restricted as described in the fund balances section above. All other net position is 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, 2013

(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, 2013.

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, 2013

(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, discounts and premiums are deferred and amortized over the benefit or payment period. Debt issuance costs, except for any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred.

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.

Deferred Outflows/Inflows of Resources -

During the current year, the County adopted the provisions of GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources - an acquisition of net assets by the government that is applicable to a future reporting period.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

Deferred Outflows/Inflows of Resources (Continued) -

As of September 30, 2013, the County did not have any deferred outflows of resources and had deferred inflows of resources from deferred property taxes of \$160,739 and deferred grant revenue of \$185,812. This statement had no significant impact on the County.

(2) CASH AND INVESTMENTS:

The County reports its cash and other investments under the provisions of governmental auditing standards. At September 30, 2013, 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.

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

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(2) CASH AND INVESTMENTS (Continued):

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

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, 2013, payables from agency funds to other funds were \$304,026, 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, 2013, consist of the following -

Amounts receivable to the general fund from the following funds -

Major governmental fund -	
SPLOST capital projects	\$ 441,762
Major enterprise funds -	
Solid waste	\$1,469,815

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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

Amounts payable from the general fund to the following funds -

Nonmajor governmental funds -

Public works	\$ 10,621
Confiscated assets	\$ 43,187
Emergency 911	\$ 23,142
JCSA	\$ 71,520
Multiple grant	\$ 127,625
State grant for public library	\$ 28,499
DATE program	\$ 89,141
Capital projects	\$ 169,989

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 2013 year were as follows -

From general fund to Emergency 911 fund	\$ 49,192
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In addition to the receivables and payables between the various funds of the primary government, the general fund advanced the Development Authority \$5,156,020, 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 repaid by the (2014) Special Local Option Sales Tax cycle. The repayment for the DEFAC's property in the amount of \$258,928 will be repaid from the proceeds from the sale of the property by the Development Authority. The remaining \$19,352 is scheduled to be repaid from the proceeds from the sale of the Highway 151 property. The Highway 151 property was sold subsequent to year-end and the \$19,352 was paid off as a result.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 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 was renewed in February, 2012, and increased to \$4,877,740 for additional expenses incurred on the project, and matured on December 31, 2012. In January, 2013, the note was renewed at a variable annual rate of 70% of the prime rate with no floor, currently 2.275% and matured on December 31, 2013. As of the date of this statement, the note has not yet been renewed. As discussed in Note 3, the note is expected to be paid off with the (2014) Special Local Option Sales Tax cycle.

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>\$4,877,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,877,740</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(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	\$ -	\$ 197,000	\$ 4,377,221
Construction in Progress	<u>95,011</u>	<u>704,231</u>	<u>(649,059)</u>	<u>150,183</u>
	<u>\$ 4,275,232</u>	<u>\$ 704,231</u>	<u>\$ (452,059)</u>	<u>\$ 4,527,404</u>
Depreciable capital assets -				
Land improvements	\$ 2,238,808	\$ 7,527	\$ 339,417	\$ 2,585,752
Infrastructure	758,331,888	-	21,035	758,352,923
Buildings	33,288,514	-	-	33,288,514
Equipment, vehicles, furniture and fixtures	<u>17,353,526</u>	<u>886,645</u>	<u>(126,630)</u>	<u>18,113,541</u>
	<u>811,212,736</u>	<u>894,172</u>	<u>233,822</u>	<u>812,340,730</u>
Less accumulated depreciation -				
Land improvements	750,427	123,442	(3,100)	870,769
Infrastructure	315,442,391	10,344,686	-	325,787,077
Buildings	6,360,266	513,771	-	6,874,037
Equipment, vehicles, furniture and fixtures	<u>12,428,708</u>	<u>1,618,423</u>	<u>(215,132)</u>	<u>13,831,999</u>
	<u>334,981,792</u>	<u>12,600,322</u>	<u>(218,232)</u>	<u>347,363,882</u>
Depreciable capital assets, net	<u>\$476,230,944</u>	<u>\$ (11,706,150)</u>	<u>\$ 452,054</u>	<u>\$464,976,848</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(5) CAPITAL ASSETS (Continued):

Governmental activities (continued)

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

General government	\$ 163,406
Judicial	51,117
Public safety	1,495,150
Public works	10,534,715
Health and welfare	117,536
Culture and recreation	208,357
Housing and development	<u>30,041</u>
Total	<u><u>\$12,600,322</u></u>

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	<u>\$ 1,769,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,769,137</u>
Depreciable capital assets -				
Land improvements	\$ 7,500,048	\$ -	\$ -	\$ 7,500,048
Buildings	40,465	-	-	40,465
Equipment and vehicles	<u>1,872,566</u>	<u>-</u>	<u>6,591</u>	<u>1,879,157</u>
	<u>9,413,079</u>	<u>-</u>	<u>6,591</u>	<u>9,419,670</u>
Less accumulated depreciation -				
Land improvements	5,844,875	116,074	-	5,960,949
Buildings	40,465	-	-	40,465
Equipment and vehicles	<u>232,251</u>	<u>185,371</u>	<u>(1,297)</u>	<u>416,325</u>
	<u>6,117,591</u>	<u>301,445</u>	<u>(1,297)</u>	<u>6,417,739</u>
Depreciable capital assets, net	<u>\$ 3,295,488</u>	<u>\$ (301,445)</u>	<u>\$ 7,888</u>	<u>\$ 3,001,931</u>

Depreciation expense for the business-type activities totaled \$301,445.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(5) CAPITAL ASSETS (Continued):

Component Units

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

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclass- ifications</u>	<u>Ending</u>
Nondepreciable capital assets -				
Land	\$ 2,398,539	\$ -	\$ (110,781)	\$ 2,287,758
Depreciable capital assets -				
Buildings	\$ 1,285,542	\$ -	\$ (1,285,542)	\$ -
Machinery and Equipment	21,200	-	-	21,200
	<u>1,306,742</u>	<u>-</u>	<u>(1,285,542)</u>	<u>21,200</u>
Less accumulated depreciation -				
Buildings	602,623	12,103	(614,726)	-
Machinery and Equipment	<u>1,768</u>	<u>3,028</u>	<u>-</u>	<u>4,796</u>
	<u>604,391</u>	<u>15,131</u>	<u>(614,726)</u>	<u>4,796</u>
Depreciable capital assets, net	<u>\$ 702,351</u>	<u>\$ (15,131)</u>	<u>\$ (670,816)</u>	<u>\$ 16,404</u>

Depreciation expense for the component unit totaled \$15,131.

The Catoosa County Development Authority owned three buildings which were leased to a commercial entity. These building were sold during the year ended September 30, 2013.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(6) LONG-TERM DEBT:

Governmental activities

Debt for governmental activities reported in the government-wide statement of net position 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 position 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	\$ 694,444
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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	16,626
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Lease financed with Regions Bank, for vehicles in the amount of \$216,997 under a lease purchase agreement, payable in monthly payments of \$4,781, including interest at 2.77%, through July, 2017	208,427
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\$ 919,497

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, 2014	\$ 428,348	\$ 26,130	\$ 402,218
2015	398,727	11,668	387,059
2016	85,240	2,229	83,011
2017	47,811	602	47,209
	<u>\$ 960,126</u>	<u>\$ 40,629</u>	<u>\$ 919,497</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(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 position is \$2,466,997. Of this amount, \$2,000,000 is for building leases and \$466,997 represents vehicles. Accumulated depreciation of assets acquired under capital leases is recorded at \$419,489.

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	\$1,109,315	\$ 216,997	\$ (406,815)	\$ 919,497
Compensated absences	<u>347,492</u>	<u>141,143</u>	<u>-</u>	<u>488,635</u>
	<u>\$1,456,807</u>	<u>\$ 358,140</u>	<u>\$ (406,815)</u>	<u>\$1,408,132</u>

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

Due within one year -

Capital lease obligations	\$ 402,218
Compensated absences	<u>488,635</u>

890,853

Due in more than one year

517,279

\$1,408,132

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, 2013

(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 \$6,967,640. Maturities of the estimated landfill obligation are as follows -

For the year ending September 30, 2014	\$ 291,384
2015	291,384
2016	291,384
2017	291,384
2018	291,384
2019-2023	1,456,918
2024-2028	1,456,918
2029-2033	1,456,918
2034-2038	949,975
2039	<u>189,991</u>
	<u>\$6,967,640</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>\$7,130,672</u>	<u>\$ -</u>	<u>\$ (163,032)</u>	<u>\$6,967,640</u>

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

Due within one year	\$ 291,384
Due within more than one year	<u>6,676,256</u>
	<u>\$6,967,640</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, 2013

(6) LONG-TERM DEBT (Continued):

Component Units

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

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 70% of prime with principal and remaining interest due January, 2014 secured by real estate

\$ 923,746

Estimate of future interest requirements are as follows -

For the year ending September 30, 2014 \$ 8,157

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	\$1,285,168	\$ -	\$ (361,422)	\$ 923,746
Compensated absences	<u>60,871</u>	<u>11,243</u>	<u>(7,153)</u>	<u>64,961</u>
	<u>\$1,346,039</u>	<u>\$ 11,243</u>	<u>\$ (368,575)</u>	<u>\$ 988,707</u>

Presentation of long-term debt of component units is as follows -

Due within one year -

Notes payable	\$ 923,746
Compensated absences	<u>64,961</u>
	<u>\$ 988,707</u>

The note payable to Northwest Georgia bank was renewed in January, 2013, at 70% of prime, with no floor. Principal and interest due beginning in February, 2013, with the outstanding balance payable in full on January, 2014. Since year-end, an extension was granted for full payment until February 24, 2014, at which time the note was paid in full.

Future maturities are as follows -

For the year ending September 30, 2014 \$ 923,746

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

(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 organized 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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(8) CONTINGENCY (Continued):

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.

In addition to the \$20,000,000 line of credit provided by Erlanger under its Management Agreement with Hutcheson, Hutcheson requested that Erlanger advance an additional \$550,000 in May, 2013. In order to assist the Authority in obtaining the additional funding, the Board of Commissioners of Catoosa County, along with the sole commissioner of Walker County did guarantee the additional line of credit in the event of an unsecured default by the Hospital Authority. Each of the Counties separately agree to pay the Authority, or its assigns, an amount equal to one-half of the principal and interest to be repaid on or before December 1, 2013. At the time this transaction was completed, it was anticipated that Catoosa County, Walker County and Hutcheson would issue Bond Anticipation Notes followed by long term bonded indebtedness to re-structure Hutcheson's finances.

The Authority in order to finance the working capital needs of the Facilities entered into an Interim Working Capital Promissory Note (Loan Agreement) dated May 17, 2013 in original principal amount of \$2,500,000 due December 31, 2013 between the Authority and Regions Bank. In order to assist the Authority in obtaining the funding provided under the Note, the Board of Commissioners of Catoosa County along with the sole Commissioner of Walker County has guaranteed the line of Credit in the event of a default by the Authority. Each of the Counties separately agreed to pay the Authority, or its assigns, and amount equal to one-half of the principal and interest.

On June 27, 2013, the Authority and Regions determined to amend and modify the Loan Agreement, the Note, and the Assignment in order to increase the amount of the Loan from \$2,500,000 to \$6,000,000, pursuant to the terms of a Modification of Loan Agreement and Security Agreement (the "Modification") to be entered into between the Authority and Regions. The counties of Catoosa and Walker entered in to a First Amendment to Contract with the Authority in order to reaffirm its obligations under the Contract in light of the increase in the amount of the Loan pursuant to the Modification.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(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, 2013, there were approximately 235 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, 2013, employer and employee contributions were \$590,194 and \$252,939, 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, 2011, 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>
6/30/11	\$ 261,132	100%	\$ 261,132	\$ -
6/30/10	\$ 263,064	100%	\$ 263,064	\$ -
6/30/09	\$ 282,103	100%	\$ 281,821	\$ -

(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, 2013

(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 9/30/2013</u>
Mohawk Carpet	\$ 6,500,000	Variable	\$ 6,500,000

(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 \$10,030,435. As of September 30, 2013, the remaining balance on these commitments totaled \$2,649,503.

(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, 2013

(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 \$101,389 per year. A liability of \$2,027,771 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 \$189,995 per year. A liability of \$4,939,869 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 2013. 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 \$32,182, \$34,871, and \$222 for the fiscal years ended September 30, 2013, 2012, and 2011, 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, 2013

(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 \$488,635, 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, 2013

(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 \$64,961 for unpaid vacation and sick leave is reported in the component units and government-wide statements of net position.

(16) DEFICIT FUND EQUITY:

At September 30, 2013, the Solid Waste Management Authority has a net position deficit in the amount of \$4,178,613, resulting primarily from the liability for landfill postclosure care costs.

As discussed in Note 13, the Authority has a liability of approximately \$7 million to fund the estimated postclosure care costs. Effective with the fiscal year ending September 30, 2012, the Solid Waste Management Authority 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.

(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, 2013, the County paid approximately \$52,000 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, 2013

(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) BOND ANTICIPATION NOTE:

As reported in the prior year financial statements, during the year under audit, Catoosa County, Georgia, as well as Walker County, Georgia, agreed to pledge its credit backing to support \$25,000,000 in short-term bond anticipation notes at 1% interest to assist Hutcheson Medical Center in paying off its debt service and getting operating capital to operate the Hospital. Hutcheson Medical Center has debt at approximately \$70,000,000. The short term bond anticipation note will be converted to long-term bonds of \$25,000,000 at 3.7% interest. There are several specific conditions added to both Counties ability to participate and provide the credit of the taxpayers as standby credit, most of which have to do with the make-up of the Hospital Authority, the appointment process of the Hospital Authority, the ability of the Counties to have input as to how the \$25,000,000 will be used, the bond anticipation notes would be in the form of a line of credit and would not be drawn down immediately, the Hospital would be required to inform each of the Counties what they proposed to use the money for, Catoosa and Walker would have input and be able to approve the uses before draws were made so that the Counties can control the flow of funds. Most of the monies would be used to pay down or pay off the existing Medicare debt of \$12,000,000 which would help the Hospital in its operation. The bonds would be paid first and foremost from the revenues of the Hospital and would be conditioned on Erlanger (who has a management agreement with the hospital) and Regions Bank (who has a significant amount of debt outstanding to the Hospital) both agreeing that the bond payments be made first before Erlanger or Regions is paid back any money and then and only then if the Hospital could not make its payments would Catoosa be responsible for half of the payment and Walker responsible for the other half.

Subsequent to reporting the above as a subsequent event at September 30, 2012, the Bond Anticipation Notes were not approved by Catoosa County and Walker County.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

(18) BOND ANTICIPATION NOTE (Continued):

The Authority desired to renew the \$6,000,000 Line of Credit for one year or until December 31, 2014 to give additional time to work through its issues and have a more definite strategy. Catoosa County and Walker County agreed with the renewal with Regions at 2% until December 31, 2014.

(19) SUBSEQUENT EVENTS:

Management has evaluated subsequent events through March 26, 2014, 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, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
TAXES:				
Property taxes -				
Real property	\$ 7,539,239	\$ 7,588,010	\$ 7,588,011	\$ 1
Vehicle ad valorem	719,937	737,036	737,036	-
MV title ad valorem tax	-	758,093	758,093	-
Mobile home ad valorem	49,007	46,610	46,610	-
Railroad ad valorem	-	2,495	2,496	1
Heavy duty equipment	11,156	1,947	1,948	1
Timber	649	877	877	-
Penalties and interest	317,000	319,316	319,317	1
	<u>8,636,988</u>	<u>9,454,384</u>	<u>9,454,388</u>	<u>4</u>
Other taxes -				
Intangible recording	226,000	300,439	300,439	-
Malt beverage	330,000	363,991	363,992	1
Local option sales tax	6,893,000	6,364,750	6,364,751	1
Insurance premium tax	2,147,755	2,294,482	2,294,483	1
Financial institutions	87,000	81,649	81,649	-
	<u>9,683,755</u>	<u>9,405,311</u>	<u>9,405,314</u>	<u>3</u>
	<u>18,320,743</u>	<u>18,859,695</u>	<u>18,859,702</u>	<u>7</u>
LICENSES AND FRANCHISES:				
Malt beverage licenses	3,600	7,950	7,950	-
Business licenses	15,000	30,090	30,090	-
Other licenses	600	450	450	-
Cable television franchises	310,000	328,147	328,148	1
	<u>329,200</u>	<u>366,637</u>	<u>366,638</u>	<u>1</u>
CHARGES FOR CURRENT SERVICES:				
Recreation fees	100,000	115,340	115,341	1
Concession income	75,000	88,565	88,565	-
Zoning fees	40,000	54,820	54,820	-
Inspection fees	150,000	168,803	168,804	1
	<u>365,000</u>	<u>427,528</u>	<u>427,530</u>	<u>2</u>
INTERGOVERNMENTAL:				
State revenue -				
Boarding State prisoners	52,000	19,478	19,478	-
Real estate transfer tax	35,000	54,438	54,439	1
	<u>87,000</u>	<u>73,916</u>	<u>73,917</u>	<u>1</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other revenue -				
Federal financial assistance:				
Transportation grants	\$ 247,428	\$ 249,973	\$ 249,973	\$ -
Transportation grants - capital	182,520	77,940	77,940	-
Juvenile services grant	800	1,005	1,005	-
Federal payments in lieu of taxes	432,000	417,251	417,251	-
Salary reimbursement	84,216	64,695	64,697	2
	<u>946,964</u>	<u>810,864</u>	<u>810,866</u>	<u>2</u>
	<u>1,033,964</u>	<u>884,780</u>	<u>884,783</u>	<u>3</u>
FINES, FEES AND FORFEITURES:				
Magistrate Court	168,000	159,218	159,218	-
Juvenile Court	2,200	4,873	4,874	1
Clerk of Courts	752,000	719,659	719,660	1
Probate Judge	900,000	735,160	735,160	-
Tax Commissioner	749,000	837,064	837,067	3
Sheriff	50,740	48,963	48,963	-
	<u>2,621,940</u>	<u>2,504,937</u>	<u>2,504,942</u>	<u>5</u>
INVESTMENT EARNINGS:				
Interest	<u>125,000</u>	<u>103,882</u>	<u>103,885</u>	<u>3</u>
OTHER:				
Animal control fees	31,450	38,632	38,632	-
Election qualifying fees	-	2,797	2,798	1
Theater admissions	80,000	83,858	83,859	1
Passenger fares	30,846	36,851	36,852	1
Building rentals	190,300	224,682	224,683	1
Vehicle grant	12,130	3,496	3,497	1
Prisoner reimbursements	118,500	121,206	121,207	1
Library fees	25,500	30,092	30,093	1
Donations	-	15,850	15,850	-
Fire service contract	167,917	178,617	178,618	1
Other income	107,550	113,711	113,714	3
	<u>764,193</u>	<u>849,792</u>	<u>849,803</u>	<u>11</u>
	<u>23,560,040</u>	<u>23,997,251</u>	<u>23,997,283</u>	<u>32</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES:				
Judicial -				
Magistrate Court	\$ 523,931	\$ 545,004	\$ 544,988	\$ 16
Superior Court	298,192	308,865	308,865	-
Juvenile Court	402,388	411,008	410,985	23
Clerk of Court	619,234	619,234	589,309	29,925
Probate Judge	449,696	439,229	439,208	21
Public Defender	266,481	243,364	243,363	1
District Attorney	480,913	485,297	485,298	(1)
Total judicial	3,040,835	3,052,001	3,022,016	29,985
General Government -				
Board of Commissioners	259,937	258,181	258,130	51
County manager	198,024	197,330	197,261	69
County attorney	120,000	156,720	156,719	1
Finance	205,679	200,937	200,921	16
Finance administration	117,141	116,820	116,808	12
Purchasing	51,208	47,792	47,777	15
Information systems	101,079	98,533	98,531	2
Tax Commissioner	840,087	840,087	828,739	11,348
Tax Assessor	512,188	500,743	500,700	43
Elections	246,580	220,883	220,880	3
Malt Beverage Board	6,600	5,720	5,720	-
Public buildings	762,823	817,738	817,711	27
Projects administration	50,368	50,291	50,290	1
Other agencies	74,000	69,766	69,765	1
Risk management	180,000	182,322	182,320	2
Geographic information system	42,050	22,507	22,507	-
Human resources	118,624	119,348	119,341	7
Total general government	3,886,388	3,905,718	3,894,120	11,598
Public Safety -				
Sheriff	3,951,638	4,147,112	4,099,078	48,034
Traffic control	374,304	374,314	329,416	44,898
Jail operations	3,207,307	3,207,307	3,173,763	33,544
Coroner	68,112	60,665	60,646	19
Animal control	297,615	255,772	255,766	6
Emergency management	47,299	35,712	35,693	19
Ambulance service	150,000	150,000	150,000	-
Fire service	3,212,719	3,070,024	3,070,014	10
Total public safety	11,308,994	11,300,906	11,174,376	126,530

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
Public works -				
Roads and bridges	\$ 2,130,262	\$ 1,970,259	\$ 1,970,180	\$ 79
Public works administration	<u>70,204</u>	<u>69,503</u>	<u>69,464</u>	<u>39</u>
Total public works	<u>2,200,466</u>	<u>2,039,762</u>	<u>2,039,644</u>	<u>118</u>
Health and Welfare -				
Public health	503,175	504,667	504,666	1
Public welfare	45,900	45,450	45,450	-
Public transportation	<u>762,331</u>	<u>659,605</u>	<u>659,603</u>	<u>2</u>
Total health and welfare	<u>1,311,406</u>	<u>1,209,722</u>	<u>1,209,719</u>	<u>3</u>
Housing and Development -				
Planning and zoning	217,785	236,254	236,245	9
Economic development	105,750	230,851	230,851	-
Agriculture Extension Service	100,808	105,181	105,084	97
Building inspection	<u>130,877</u>	<u>120,460</u>	<u>120,449</u>	<u>11</u>
Total housing and development	<u>555,220</u>	<u>692,746</u>	<u>692,629</u>	<u>117</u>
Culture and Recreation -				
Libraries	519,423	519,423	482,342	37,081
General recreation	363,633	360,250	360,054	196
Jack Mattox Recreation Park	238,635	238,147	238,138	9
County recreation programs	45,000	45,000	45,000	-
Elsie Holmes Nature Park	13,815	11,041	11,037	4
Adult Literacy Center	122,972	125,921	125,917	4
Senior Center	105,513	78,689	78,553	136
Amphitheater	4,300	2,752	2,752	-
Colonnade/Civic Center	<u>331,581</u>	<u>401,407</u>	<u>401,382</u>	<u>25</u>
Total culture and recreation	<u>1,744,872</u>	<u>1,782,630</u>	<u>1,745,175</u>	<u>37,455</u>
Debt Service -				
Principal	-	8,571	8,570	1
Interest	<u>111,064</u>	<u>181,713</u>	<u>181,713</u>	<u>-</u>
Total debt service	<u>111,064</u>	<u>190,284</u>	<u>190,283</u>	<u>1</u>
Total expenditures	<u>24,159,245</u>	<u>24,173,769</u>	<u>23,967,962</u>	<u>205,807</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>(599,205)</u>	<u>(176,518)</u>	<u>29,321</u>	<u>205,839</u>

**CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final Budget</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	\$ 20,000	\$ -	\$ -	\$ -
Insurance proceeds	-	8,714	8,714	-
Proceeds from capital lease	-	216,996	216,997	1
Transfers to other funds	(215,679)	(49,192)	(49,192)	-
	<u>(195,679)</u>	<u>176,518</u>	<u>176,519</u>	<u>1</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(794,884)	-	205,840	205,840
FUND BALANCES:				
Beginning	<u>12,647,852</u>	<u>12,647,852</u>	<u>12,647,852</u>	<u>-</u>
Ending	<u>\$ 11,852,968</u>	<u>\$ 12,647,852</u>	<u>\$ 12,853,692</u>	<u>\$ 205,840</u>

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, 2013**

	Special Revenue						Salary Reimbursement United States Treasury	Total	Capital Projects Grant Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Emergency 911	Multiple Grant	JCSA	State Grant for Library	DATE Program				
ASSETS:										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,429	\$ 13,429
Due from other funds	<u>43,187</u>	<u>23,142</u>	<u>127,625</u>	<u>71,520</u>	<u>28,499</u>	<u>89,141</u>	<u>-</u>	<u>383,114</u>	<u>169,989</u>	<u>553,103</u>
 Total assets	<u>\$ 43,187</u>	<u>\$ 23,142</u>	<u>\$ 127,625</u>	<u>\$ 71,520</u>	<u>\$ 28,499</u>	<u>\$ 89,141</u>	<u>\$ -</u>	<u>\$ 383,114</u>	<u>\$ 183,418</u>	<u>\$ 566,532</u>
 LIABILITIES AND FUND BALANCES:										
Liabilities:										
Accounts payable	\$ -	\$ 5,112	\$ 41,713	\$ 6,276	\$ 4,508	\$ 47	\$ -	\$ 57,656	\$ -	\$ 57,656
Deferred revenue	<u>-</u>	<u>-</u>	<u>79,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,613</u>	<u>105,899</u>	<u>185,512</u>
 Total liabilities	<u>-</u>	<u>5,112</u>	<u>121,326</u>	<u>6,276</u>	<u>4,508</u>	<u>47</u>	<u>-</u>	<u>137,269</u>	<u>105,899</u>	<u>243,168</u>
 Fund balances:										
Reserved for restricted activities	43,187	-	6,299	65,244	-	89,094	-	203,824	77,519	281,343
Unreserved	<u>-</u>	<u>18,030</u>	<u>-</u>	<u>-</u>	<u>23,991</u>	<u>-</u>	<u>-</u>	<u>42,021</u>	<u>-</u>	<u>42,021</u>
 Total fund balances	<u>43,187</u>	<u>18,030</u>	<u>6,299</u>	<u>65,244</u>	<u>23,991</u>	<u>89,094</u>	<u>-</u>	<u>245,845</u>	<u>77,519</u>	<u>323,364</u>
 Total liabilities and fund balances	<u>\$ 43,187</u>	<u>\$ 23,142</u>	<u>\$ 127,625</u>	<u>\$ 71,520</u>	<u>\$ 28,499</u>	<u>\$ 89,141</u>	<u>\$ -</u>	<u>\$ 383,114</u>	<u>\$ 183,418</u>	<u>\$ 566,532</u>

CATOOSA COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue									
	Confiscated Assets	Emergency 911	Multiple Grant	JCSA	State Grant for Library	DATE Program	Salary Reimbursement United States Treasury	Total	Capital Projects Grant Fund	Total Nonmajor Governmental Funds
REVENUES:										
Charges for services	\$ -	\$ 1,146,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,146,437	\$ -	\$ 1,146,437
Intergovernmental	-	-	480,849	-	137,131	-	1,530	619,510	76,911	696,421
Fines, fees and forfeitures	27,018	-	-	135,058	-	90,348	-	252,424	-	252,424
Other	-	-	-	-	-	-	-	-	12,664	12,664
Interest	-	-	-	-	-	-	-	-	100	100
Total revenues	27,018	1,146,437	480,849	135,058	137,131	90,348	1,530	2,018,371	89,675	2,108,046
EXPENDITURES:										
Current -										
Judicial	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	-	-
Public safety	21,804	1,189,170	-	374,480	-	70,649	1,530	1,657,633	8,349	1,665,982
Public works	-	-	-	-	-	-	-	-	961	961
Health and welfare	-	-	475,717	-	-	-	-	475,717	-	475,717
Culture and recreation	-	-	-	-	113,100	-	-	113,100	-	113,100
Capital outlay	-	-	3,210	-	8,233	-	-	11,443	80,265	91,708
Total expenditures	21,804	1,189,170	478,927	374,480	121,333	70,649	1,530	2,257,893	89,575	2,347,468
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,214	(42,733)	1,922	(239,422)	15,798	19,699	-	(239,522)	100	(239,422)
OTHER FINANCING SOURCES:										
Transfer from other funds	-	49,192	-	-	-	-	-	49,192	-	49,192
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	5,214	6,459	1,922	(239,422)	15,798	19,699	-	(190,330)	100	(190,230)
FUND BALANCES:										
Beginning	37,973	11,571	4,377	304,666	8,193	69,395	-	436,175	77,419	513,594
Ending	\$ 43,187	\$ 18,030	\$ 6,299	\$ 65,244	\$ 23,991	\$ 89,094	\$ -	\$ 245,845	\$ 77,519	\$ 323,364

AGENCY FUNDS

Agency funds are used to account for funds collected by the County as an 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, 2013

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash and cash equivalents -				
Tax Commissioner	\$ 748,596	\$ 34,440,640	\$ 34,309,749	\$ 879,487
Clerk of Superior Court	460,552	3,327,678	2,470,180	1,318,050
Magistrate Court	6,501	332,901	333,338	6,064
Probate Judge	38,321	1,115,552	1,153,873	-
Sheriff	<u>11,071</u>	<u>382,909</u>	<u>360,788</u>	<u>33,192</u>
 Total assets	 <u>\$ 1,265,041</u>	 <u>\$ 39,599,680</u>	 <u>\$ 38,627,928</u>	 <u>\$ 2,236,793</u>
 LIABILITIES:				
Due to other funds -				
Tax Commissioner	\$ -	\$ 9,790,007	\$ 9,790,007	\$ -
Clerk of Superior Court	-	1,145,828	1,145,828	-
Magistrate Court	-	164,431	164,431	-
Probate Judge	-	830,223	830,223	-
Sheriff	<u>-</u>	<u>123,979</u>	<u>123,979</u>	<u>-</u>
	<u>-</u>	<u>12,054,468</u>	<u>12,054,468</u>	<u>-</u>
 Due to other governments -				
Tax Commissioner	<u>748,596</u>	<u>24,650,633</u>	<u>24,519,742</u>	<u>879,487</u>
 Due to heirs, litigants and others -				
Clerk of Superior Court	460,552	2,181,850	1,324,352	1,318,050
Magistrate Court	6,501	168,470	168,907	6,064
Probate Judge	38,321	285,329	323,650	-
Sheriff	<u>11,071</u>	<u>258,930</u>	<u>236,809</u>	<u>33,192</u>
	<u>516,445</u>	<u>2,894,579</u>	<u>2,053,718</u>	<u>1,357,306</u>
 Total liabilities	 <u>\$ 1,265,041</u>	 <u>\$ 39,599,680</u>	 <u>\$ 38,627,928</u>	 <u>\$ 2,236,793</u>

FINANCIAL SCHEDULES

CATOOSA COUNTY, GEORGIA
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Levy Year</u>				<u>Prior to</u>	
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>Total</u>
TAXES RECEIVABLE, Beginning	\$ -	\$ 186,912	\$ 39,587	\$ 6,239	\$ 639	\$ 233,377
TAX LEVY	7,614,302	-	-	-	-	7,614,302
ADJUSTMENTS: Releases, net of pickups	9,896	(3,149)	(199)	(53)	(23)	6,472
COLLECTIONS	<u>(7,458,188)</u>	<u>(171,728)</u>	<u>(33,252)</u>	<u>(3,518)</u>	<u>(509)</u>	<u>(7,667,195)</u>
TAXES RECEIVABLE, Ending	<u>\$ 166,010</u>	<u>\$ 12,035</u>	<u>\$ 6,136</u>	<u>\$ 2,668</u>	<u>\$ 107</u>	<u>\$ 186,956</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

CATOOSA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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 and Human Services:						
Substance Abuse and Mental Health Services	93.243	441-93-11110293-01	\$ (47,799)	\$ -	\$ 32,480	\$ (15,319)
Substance Abuse and Mental Health Services	93.959		(2,806)	223,860	217,898	(8,768)
Substance Abuse and Mental Health Services	93.959		-	238,200	182,673	(55,527)
Total Health and Human Services			(50,605)	462,060	433,051	(79,614)
U.S. Department of Transportation:						
Pass-through from Georgia Department of Transportation - Mass Transportation Assistance	20.507	TT003878	39,424	39,424	-	-
	20.507	TT004519	16,573	16,573	-	-
	20.507	TT004332	74,297	258,666	184,369	-
	20.507	TT004760	-	-	65,604	65,604
Capital for Transportation	20.509	TT003938	-	69,280	69,280	-
Total Department of Transportation			130,294	383,943	319,253	65,604
U.S. Department of Homeland Security:						
Disaster Grants - Public Assistance	97.036	047-99047-00	757,254	710,272	365	47,347
Pass-through from Georgia Emergency Management Agency - Emergency Management Performance Grants	97.042	P08-9-141	15,985	15,985	-	-
	97.042	P09-9-123	-	-	-	-
	97.042	1858-0500	4,144	4,591	447	-
	97.042	FY2009 SS-T9-0047	2,525	2,525	-	-
	97.042		-	2,992	2,992	-
Hazard Mitigation Assistance	97.047	HMGP 1973-0020	-	-	9,937	9,937
			22,654	26,093	13,376	9,937
Pass-through from Governor's Office of Highway Safety - Intoxilyzer 9000	20.600	GA-2013-000-00578	-	-	7,998	7,998
Pass-through from Georgia Office of Homeland Security - Creek Debris Removal	10.923	65-4310-12-41	-	961	961	-
Total Department of Homeland Security			779,908	737,326	22,700	65,282
U.S. Department of Justice:						
Byrne Justice Assistance Grant	16.738	2009-SU-B9-0003	-	3,750	3,750	-
Byrne Justice Assistance Grant	16.738	2012-B82-8-333	-	20,687	20,687	-
Total Department of Justice			-	24,437	24,437	-
Total Federal Awards			\$ 859,597	\$ 1,607,766	\$ 799,441	\$ 51,272

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 26, 2014. We did not audit the financial statements of the Catoosa County Health Department, which represent 35%, 100%, and 83%, respectively, of the assets, positive net position, 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.

Internal Control Over Financial Reporting

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

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal

control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2013-1 and 2012-1).

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*.

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

Johnson, Niskey & Meucham, P.C.

March 26, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Catoosa County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Catoosa County, Georgia'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Catoosa County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Catoosa County, Georgia complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Catoosa County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catoosa County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Catoosa County, Georgia'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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Johnson, Nicky & Meucham, P.C.

March 26, 2014

**CATOOSA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

SUMMARY OF AUDIT RESULTS:

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

Two significant deficiencies were reported. No 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 #93.959 Substance Abuse & Mental Health Services

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**

Significant Deficiencies

Current Year Findings –

2013-1 Payment of Credit Card from Altered Invoice:

Condition:

During the year under audit, auditors noted two credit card statements that were paid from copied and altered invoices and not the original invoice.

Criteria:

Payments should be made by the County from original invoices and not invoices that have been copied and altered.

**CATOOSA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Current Year Findings (Continued) -

2013-1 Payment of Credit Card from Altered Invoice (Continued) -

Effect:

Because of this significant deficiency, invoices may be paid for goods or services that are not valid County expenditures.

Recommendation:

Management should ensure that no goods are purchased without the proper original invoice.

Response:

Management has implemented corrective action to ensure that no goods are purchased without the proper original invoice, mainly making sure that all responsible parties involved in the procurement process are aware that original invoices are required for processing.

Prior Year Findings Not Corrected -

2012-1 Capital Asset Purchases Without Proper Quotes:

Condition:

During the 2012 year, a 2009 Ford Passenger Van was purchased for \$14,491. Proper quotes were not received for this purchase. The only quotes provided to auditors were print outs from Auto Trader. During the 2013 year, a piece of equipment was purchased for \$9,753. Two proper quotes were received but the required third quote was from the internet. This does not serve as proper, competitive quotes.

Criteria:

County policy states that any purchase of goods over \$500 but less than \$15,000 must receive 3 competitive quotes before the item can be purchased.

Effect:

Because of this significant deficiency, capital assets may be purchased at amounts not the most cost effective to the County.

Recommendation:

Management should ensure that no goods are purchased without the proper quotes.

Response:

Management has implemented corrective action to ensure that no goods are purchased without proper quotes, mainly making sure that all responsible parties involved in the procurement process are aware that not all internet quotes qualify as competitive quotes.

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, 2013, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 26, 2014. 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, 2013, (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, Georgia. 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, 2013, 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 26, 2014

CATOOSA COUNTY, GEORGIA
NOTE TO SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

(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, 2013

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	-	-	1,986,126	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	12,764,511	-	33,244	12,797,755	79%	438,738
Stormwater projects	2,000,000	-	2,000,000	1,998,628	-	-	1,998,628	100%	-
Keith projects	637,000	-	637,000	652,763	-	-	652,763	102%	-
Recreation	2,000,000	-	2,000,000	1,719,831	-	329,659	2,049,490	102%	-
Public safety equipment	5,015,000	-	5,015,000	5,009,003	-	124,500	5,133,503	102%	-
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	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>355,820</u>	<u>-</u>	<u>3,230</u>	<u>359,050</u>	103%	<u>-</u>
	<u>\$ 41,323,000</u>	<u>\$ -</u>	<u>\$ 41,323,000</u>	<u>\$ 37,975,330</u>	<u>\$ -</u>	<u>\$ 490,633</u>	<u>\$ 38,465,963</u>		<u>\$ 1,071,204</u>
Reconciliation of current year expenditures -									
SPLOST 2004 expenditures per financial statements						\$ 490,633			
Less debt service principal						<u>-</u>			
						<u>\$ 490,633</u>			

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS - 2009 CYCLE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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	\$ 2,990,617	\$ -	\$ 1,743,706	\$ 4,734,323	67%	\$ 29,039
Ringgold sewer, water and capital outlay projects	2,520,000	-	2,520,000	207,264	-	642,650	849,914	34%	31,523
Catoosa Utility District water projects	4,000,000	-	4,000,000	1,847,053	-	813,404	2,660,457	67%	154,459
Catoosa County sewer projects	15,750,000	-	15,750,000	4,716,479	-	4,620,418	9,336,897	59%	-
Recreation	2,000,000	-	2,000,000	527,232	-	291,885	819,117	41%	-
Public Safety equipment	5,509,000	-	5,509,000	2,241,488	-	322,257	2,563,745	47%	-
Public works vehicles	1,500,000	-	1,500,000	557,981	-	223,165	781,146	52%	-
Multi-purpose buildings	1,190,000	-	1,190,000	123,413	-	119,255	242,668	20%	-
Roads, buildings, and stormwater	9,869,000	-	9,869,000	4,245,086	-	1,987,447	6,232,533	63%	1,559,097
Library enhancement	500,000	-	500,000	-	-	-	-	0%	-
Economic development	2,000,000	-	2,000,000	1,014,968	-	309,936	1,324,904	66%	-
GIS department	400,000	-	400,000	52,111	-	500	52,611	13%	-
Historical tourism/greenspace	750,000	-	750,000	116,857	-	51,197	168,054	22%	10,000
	<u>\$ 53,100,000</u>	<u>\$ -</u>	<u>\$ 53,100,000</u>	<u>\$ 18,640,549</u>	<u>\$ -</u>	<u>\$ 11,125,820</u>	<u>\$ 29,766,369</u>		<u>\$ 1,784,118</u>
Reconciliation of current year expenditures -									
SPLOST 2009 expenditures per financial statements						\$ 11,492,840			
Less debt service principal						(367,020)			
						<u>\$ 11,125,820</u>			

