

CATOOSA COUNTY, GEORGIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended September 30, 2015

JOHNSON, HICKEY & MURCHISON, P.C.

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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component unit, which is 100% of the assets, net position and revenues of the component unit activities.

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 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the discretely presented component unit. 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, 2015, 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 – xviii, the general fund schedule of revenues, expenditures and changes in fund balances – budget and actual on pages 54 - 58 and the development authority schedule of revenues, expenditures and changes in fund balances – budget and actual on page 59 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 and other auditors 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 28, 2016, 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 & Meucham, P.C.

March 28, 2016

Catoosa County, Georgia
Management's Discussion and Analysis
For the Year Ended September 30, 2015

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 and liabilities of the Government, with the difference between assets and liabilities 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, 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 which is considered a component unit 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 unit are reported separately from the primary Government's financial information.

Fund financial statements present financial information for governmental funds, proprietary funds, and fiduciary funds. These statements provide financial information for the major funds of Catoosa County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The proprietary funds financial statements provide information on all assets and

liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The statement of fiduciary net 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. 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 51 of this report.

FINANCIAL HIGHLIGHTS

Catoosa County’s total assets exceeded total liabilities by \$460.1 million (net position). Total net assets for governmental activities were \$463.9 million; total net assets for business-type activities were a deficit in the amount of \$3.8 million.

**CATOOSA COUNTY, GEORGIA
NET POSITION**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 29.6	\$ 32.2	\$ (1.4)	\$ (1.4)	\$ 28.2	\$ 30.8
Capital Assets	<u>451.1</u>	<u>459.7</u>	<u>4.2</u>	<u>4.5</u>	<u>455.3</u>	<u>464.2</u>
Total Assets	<u>480.7</u>	<u>491.9</u>	<u>2.8</u>	<u>3.1</u>	<u>483.5</u>	<u>495.0</u>
Long-term Liabilities	3.9	5.2	6.3	6.5	10.2	11.7
Other Liabilities	<u>12.9</u>	<u>8.5</u>	<u>0.3</u>	<u>0.3</u>	<u>13.2</u>	<u>8.8</u>
Total Liabilities	<u>16.8</u>	<u>13.7</u>	<u>6.6</u>	<u>6.8</u>	<u>23.4</u>	<u>20.5</u>
Deferred revenue	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.1</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.1</u>
Net Position						
Net Investment in Capital Asssets	445.9	459.2	4.2	4.5	450.1	463.7
Assigned			-	-	-	-
Restricted	16.3	14.6	-	-	16.3	14.6
Unrestricted	<u>1.7</u>	<u>4.3</u>	<u>(8.0)</u>	<u>(8.2)</u>	<u>(6.3)</u>	<u>(3.9)</u>
Total Net Position	<u>\$ 463.9</u>	<u>\$ 478.1</u>	<u>\$ (3.8)</u>	<u>\$ (3.7)</u>	<u>\$ 460.1</u>	<u>\$ 474.4</u>

As a whole, the Government's financial position declined during Fiscal 2015. Total net position declined by \$14.3 million, with \$14.2 million of the decrease from governmental activities. The decrease in the assets of \$11.5 million is due to a decrease in capital assets of \$8.9 million and a decrease in current and other assets of \$2.6 million. The decrease in capital assets is the result of depreciation of \$12.8 million partially offset by increases for capital additions of \$3.9 million. The decrease in current and other assets is the result of a decrease of \$3.2 million in cash and cash equivalents partially offset by an increase of \$610 thousand in the receivable due from other governmental entries. Liabilities increased \$2.9 million with an increase of \$5.1 million in accounts payable; the increase was offset by decreases of \$2.1 million long-term liabilities and \$76 thousand due to heirs, litigants and others. The increase in accounts payables was due to recognizing the liability of \$8.6 million for the non-exchange financial guarantee related the Hutcheson line of credit with Erlanger; partially offset by the payment of the prior year's non-exchange financial guarantees related to the two Hutcheson unsecured (Notes) of \$3.5 million. The reduction of long-term liabilities was the result of retirement of bonds payable \$1.6 million, capital lease obligations \$387 thousand, reduction in landfill post closure care liability \$199 thousand; partially offset by an increase in compensated absences \$38 thousand. The reduction in due to heirs, litigants and others was due to a decrease in the Boynton Recreation Escrow; the result of having made payments for improvements to the Boynton Recreation Park as contributions to the County. Deferred inflows of resources decreased \$62 thousand due to a reduction in deferred revenue in capital project grants. Net capital assets in the

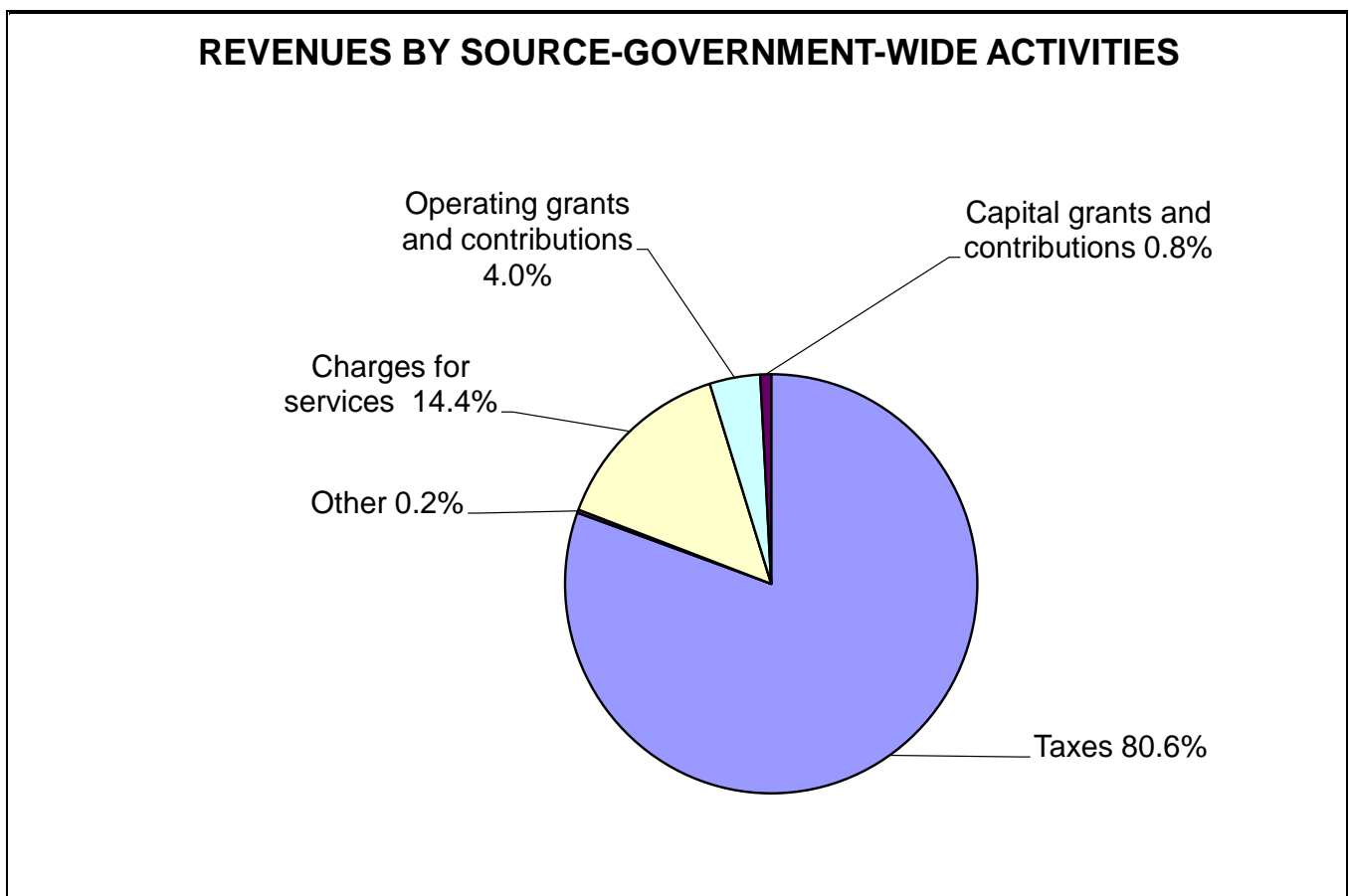
amount of \$450.1 million comprised the bulk of the net assets of the County. This includes land, buildings, equipment, capital improvements, infrastructure as well as assets currently under construction. Restricted net assets in the amount of \$16.3 million are comprised of \$15.9 million for SPLOST, \$435 thousand for Public Safety which includes Confiscated Assets Fund and J.C.S.A. Fund and \$5 thousand for Multiple Grant Fund and Library Grant Fund. The negative balance in unrestricted net assets of \$6.3 million is composed of a positive balance of \$1.7 million in governmental activities, mainly the General Fund reserve balance, and a negative of \$8.0 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 \$6.3 million and a liability of \$1.7 million for the construction of the landfill gas to energy project.

In prior years, the Catoosa County Development Authority was treated as a discretely presented component unit. During the year ended September 30, 2015, the Development Authority is being reported as a blended component unit. This change is a result of the primary government guaranteeing repayment of the Development Authority's bond issue with SPLOST funds. As a result, beginning net position decreased by \$5,546,026 and beginning fund balance increased by \$358,673. Also, beginning asset balances reflect an increase of \$1,731,817 and liabilities an increase of \$7,277,843. See Note 17 for further explanation.

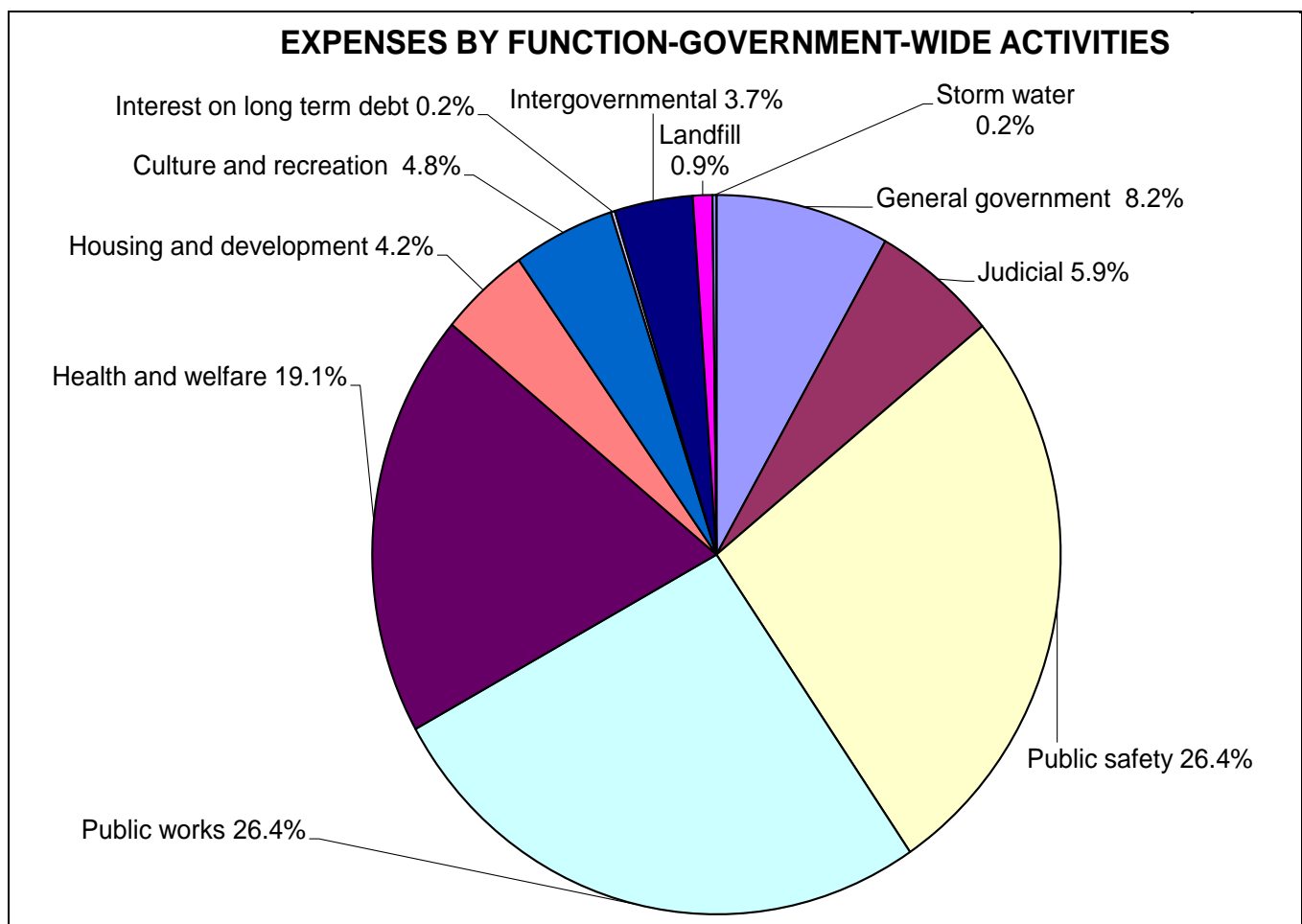
CATOOSA COUNTY, GEORGIA
CHANGES IN NET POSITION
(\$ in Millions)
Fiscal Years 2015 and 2014

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Primary</u> <u>Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5.3	\$ 5.2	\$ 0.4	\$ 0.5	\$ 5.7	\$ 5.7
Operating grants and contributions	1.6	1.8	-	-	1.6	1.8
Capital grants and contributions	0.3	0.3	-	-	0.3	0.3
General revenues:						
Property taxes	11.8	11.3	-	-	11.8	11.3
Special local option sales tax	9.8	9.1	-	-	9.8	9.1
Local option sales tax	6.8	6.4	-	-	6.8	6.4
Insurance premium tax	2.5	2.4	-	-	2.5	2.4
Federal payments in lieu of taxes	0.5	0.4	-	-	0.5	0.4
Other taxes	0.6	0.6	-	-	0.6	0.6
Franchise fees	0.4	0.4	-	-	0.4	0.4
Interest	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	(0.3)	-	-	-	(0.3)
Other	<u>0.1</u>	<u>0.2</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>0.2</u>
Total revenues	<u>39.7</u>	<u>37.8</u>	<u>0.4</u>	<u>0.5</u>	<u>40.1</u>	<u>38.3</u>
Expenses:						
General government	4.5	4.2	-	-	4.5	4.2
Judicial	3.2	3.1	-	-	3.2	3.1
Public safety	14.4	14.1	-	-	14.4	14.1
Public works	14.4	18.1	-	-	14.4	18.1
Health and welfare	10.4	5.2	-	-	10.4	5.2
Housing and development	2.3	2.4	-	-	2.3	2.4
Culture and recreation	2.6	2.1	-	-	2.6	2.1
Interest on long term debt	0.1	0.1	-	-	0.1	0.1
Intergovernmental	2.0	2.1	-	-	2.0	2.1
Landfill	-	-	0.4	0.6	0.4	0.6
Storm water	-	-	0.1	-	0.1	-
Total expenses	<u>53.9</u>	<u>51.4</u>	<u>0.5</u>	<u>0.6</u>	<u>54.4</u>	<u>52.0</u>
Change in net position before transfers	(14.2)	(13.6)	(0.1)	(0.1)	(14.3)	(13.7)
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(14.2)	(13.6)	(0.1)	(0.1)	(14.3)	(13.7)
Beginning net position	478.1	491.7	(3.7)	(3.6)	474.4	488.1
Prior period adjustment	-	-	-	-	-	-
Ending net position	<u>\$ 463.9</u>	<u>\$ 478.1</u>	<u>\$ (3.8)</u>	<u>\$ (3.7)</u>	<u>\$ 460.1</u>	<u>\$ 474.4</u>

Total government-wide revenues for 2015 were \$40.1 million, an increase of \$1.8 million from \$38.3 million in 2014. The increase was the result of increases in property taxes of \$557 thousand, special local option sales tax \$672 thousand, local option sales tax \$471 thousand, improvement on loss on sale of capital assets \$275 thousand insurance premium tax \$132 thousand, federal payments in lieu of taxes \$12 thousand and franchise fees \$9 thousand. The increases were partially offset by a reduction of \$266 thousand in operating grants and contributions. The revenues are distributed by the following sources: \$32.4 million in taxes, \$5.7 million in charges for services, \$1.9 million in grants and contributions, \$33 thousand in interest earnings and \$58 thousand other. Of this amount \$39.7 million was in governmental activities and \$466 thousand was in business type activities. The chart below shows graphically the distribution of government-wide revenues by source.



Government-wide expenses were \$54.4 million for 2015, an increase of \$2.4 million from \$52.0 million for 2014. The increase was the result of increases in health and welfare \$5.2 million, culture and recreation \$420 thousand, public safety \$293 thousand, general government \$259 thousand, judicial \$163 thousand, interest \$61 thousand and storm water \$35 thousand. The increases were partially offset by reductions in public works \$3.6 million, housing and development \$158 thousand, intergovernmental \$119 thousand landfill \$104 thousand. The increase in health and welfare was the result of recognizing the \$8.6 million liability and the corresponding expense for the non-exchange financial guarantee related to the Hutcheson line of credit with Erlanger; partially offset by prior year's non-exchange financial guarantees related to the two Hutcheson unsecured (Notes) of \$3.5 million. Additional information on the subsequent events can be found on Note (18) on page 48 of this report. The reduction in public works was due to a decrease of \$3.6 million in SPLOST fund expenditures on capital projects due to the start of the 2014 SPLOST cycle and sufficient funds need to be collected before starting projects. Of the total expenses, \$53.9 million were for governmental activities and \$534 thousand for business-type activities. The following chart shows graphically further detail of government-wide expenses by function.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Major Governmental Funds

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

Revenues in the governmental funds were \$39.7 million, an increase of \$1.7 million from \$38.0 million in 2014. The increase was the result of increases in property taxes of \$557 thousand, special local option sales tax \$672 thousand, local option sales tax \$470 thousand, insurance premium tax \$132 thousand, charges for services \$183 thousand, federal payments in lieu of taxes \$12 thousand, franchise fees \$9 thousand and interest earned \$7 thousand. The increases were partially offset by a reductions of \$262 thousand in grants and contributions and \$35 thousand other. .

Expenditures in the governmental funds were \$47.3 million, an increase of \$6.1 million from \$41.2 million in 2014. The increase was the result of increases in health and welfare \$5.2 million, capital outlay \$2.2 million, debt service principal \$1.6 million, public safety \$525 thousand, general government \$263 thousand, judicial \$167 thousand, culture and recreation \$162 thousand, and debt service interest \$64 thousand. The increases were partially offset by reductions in public works \$3.8 million, housing and development \$185 thousand and intergovernmental \$119 thousand. The increase in health and welfare was the result of recognizing the \$8.6 million liability and the corresponding expense for the non-exchange financial guarantee related to the Hutcheson line of credit with Erlanger; partially offset by prior year's non-exchange financial guarantees related to the two Hutcheson unsecured (notes) of \$3.5 million. Additional information on the subsequent events can be found in Note (18) on page 48 of this report. The increase in capital outlay includes land improvements of \$1.4 million, vehicles \$632 thousand, equipment \$193 thousand and furniture \$3 thousand. The increase in debt service relates to the first annual retirement of the "Series 2014" bonds payable. The reduction in public works was due to a decrease of \$3.7 million in SPLOST fund expenditures on capital projects due to the start of the new 2014 SPLOST cycle and sufficient funds need to be collected before starting projects.

Other financing sources and uses were favorable, a source of funds of \$30 thousand, an improvement of \$221 thousand from the \$191 thousand use of funds in 2014, due to the loss of the sale of the highway 151 property by the Development Authority to the State of Georgia for the construction of the college.

As the County completed the year, its governmental funds reported a combined fund balance of \$18.4 million a decrease of \$7.6 million from \$26.0 million in 2014. The General Fund, which is the chief operating fund of the County decreased \$7.0 million, Development Authority decreased \$2.2 million, SPLOST Capital Projects Fund increased \$1.6 million and Other Governmental Funds increased \$78 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 \$466 thousand, a decrease of \$80 thousand from \$546 thousand in 2014. The decrease was due to a reduction in fees.

Operating expenses in business-type activities were \$534 thousand, a decrease of \$70 thousand from \$604 thousand in 2014. The reduction is due to decrease of \$105 thousand in operating expenses in Solid Waste Management due to a reduction of \$20 thousand in engineering services and a reduction of \$85 thousand for equipment repairs. The reduction was partially offset by an increase of \$35 thousand in operating expenses in Public Works.

The proprietary funds reported a reduction in net position of \$68 thousand for the period ended 2015.

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 \$420 thousand.

The excess of budgeted expenditures over actual expenditures were primarily due to the following expenditure categories where budgeted exceeded actual: judicial \$42 thousand, general government \$58 thousand, public safety \$318 thousand and culture and recreation \$2 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 2015 resulted in a fund balance of \$3.9 million, a decrease of \$7.0 million from \$10.9 million in 2014. The \$7.0 million reduction is the result of recording the \$8.5 million liability and the corresponding expense for the County's portion of the Hutcheson debt payable to Erlanger

CAPITAL ASSETS ACTIVITY

Investment in capital assets, net of accumulated depreciation, of the primary government, *Primary Government*, decreased \$8,861,033. Beginning balance was \$464,178,063, plus current year additions of \$3,913,179, less current year depreciation of \$12,774,215, less net dispositions / reclassifications, resulted in an ending balance of \$455,317,030. The CIP additions in the amount of \$1.7 million includes expenditures for courthouse renovations \$685 thousand, 911 equipment upgrade \$480 thousand, Three Notch / Poplar Springs intersection improvement \$466 thousand, Jack Mattox Park renovations \$48 thousand, Fire Station # 3 renovations \$20 thousand, firing range \$11 thousand and canoe launch \$9 thousand. Land improvements in the amount of \$1.4 million includes Jack Mattox Park renovations \$1.3 million, Boynton ballfield improvements \$67 thousand, Poplar Springs parking lot improvements \$12 thousand, Public Works coating of metal roof \$21 thousand, Fire Station #1 coating of metal roof \$15 thousand and roof replacement at Animal Control \$17 thousand. The items reclassified from CIP all as land improvements in the amount of \$364 thousand included

Jack Mattox Park renovations \$267 thousand and canoe launch \$97 thousand. The vehicle purchases in the amount of \$632 thousand includes eight vehicles for the Sheriff Department \$299 thousand, three buses Public Transportation \$123 thousand, two pickups Public Buildings \$72 thousand, two pickups and a dump body Public Works \$52 thousand, one pickup Animal Control \$26 thousand, one pickup Tax Assessor \$23 thousand, one pickup Planning and Zoning \$23 thousand and one used truck Fire and Rescue \$14 thousand. The equipment purchases in the amount of \$193 thousand includes print palm live scan system, large capacity washer, ice machine and various items of computer equipment for the Jail \$48 thousand, one snow plow, four sand spreaders and various other items of road equipment Public Works \$33 thousand, various items of fire equipment Fire and Rescue \$36 thousand, communication equipment Emergency 911 \$23 thousand, zero turn mower and golf cart Public Buildings \$14 thousand, computer equipment and software Sheriff Department \$12 thousand, zero turn mower Recreation \$11 thousand, computer equipment GIS \$8 thousand, modular ramp Colonnade \$2 thousand, computer equipment Clerk of Court \$2 thousand, table Animal Control \$2 thousand and computer equipment Emergency Management \$2 thousand. Items of furniture purchased in the amount of \$3 thousand included an executive desk for Magistrate and leather sofa for the Senior Center. Items of vehicles and equipment in the amount of \$491 thousand were retired all of which were fully depreciated with a NBV of zero included \$245 thousand in vehicles and \$246 thousand in equipment. 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 (4) on pages 28 to 30 of this report.

A summary of activity in capital assets, net of depreciation, of the primary government for the year ended September 30, 2015, is as follows:

	Beginning		Dispositions		Ending
	Balance	Additions	Depreciation	/Reclass	Balance
Land	\$ 6,405,286	\$ -	\$ -		\$ 6,405,286
CIP	903,890	1,718,533	-	(363,804)	2,258,619
Land Improvements	3,889,508	1,366,693	323,334	363,807	5,296,674
Infrastructure	422,221,160	-	10,344,686		411,876,474
Buildings	25,997,357	-	508,830		25,488,527
Equipment, vehicles, furniture & fixtures	4,760,862	827,953	1,597,365	-	3,991,450
	<u>\$ 464,178,063</u>	<u>\$ 3,913,179</u>	<u>\$ 12,774,215</u>	<u>\$ 3</u>	<u>\$ 455,317,030</u>

THE GOVERNMENT'S DEBT

The capital lease obligations represent the balance remaining on the lease financing for the construction of the new administration building \$27,778 and lease purchase of sheriff's vehicles \$102,442. The bonds payable of the Catoosa County Development Authority consist of tax exempt revenue bond Series 2014A \$2,007,200 and taxable revenue bond Series 2014B \$3,115,200. The post closure obligations are \$1,880,155 for Site #1 and \$4,697,701 for Site #2 which is The Georgia Environmental Protection Division estimate of the future liability for the next eighteen to twenty-four

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 (5) 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, 2015, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital lease obligations	\$ 517,278		\$ (387,058)	\$ 130,220
Bonds payable	6,703,000	-	(1,580,600)	5,122,400
Landfill closure / Postclosure obligation	6,776,401	-	(198,545)	6,577,856
Compensated absences	539,214	38,333	-	577,547
	<u>\$ 14,535,893</u>	<u>\$ 38,333</u>	<u>\$ (2,166,203)</u>	<u>\$ 12,408,023</u>

STATUS OF THE CATOOSA COUNTY ECONOMY

Economic activity in Catoosa County during the year exceeded regional trends due to the earlier opening of several large department stores in the retail mall on Battlefield Parkway and the grand opening of Cabela's in May of this year. Retail sales taxes for the fiscal year 2015 were up \$471 thousand, or 7.4% compared to fiscal year 2014. The net M&O digest for real, personal and equipment is up \$20 million, or 1.4% for 2015 over 2014.

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, 2015

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents - Available	\$ 23,480,324	\$ -	\$ 23,480,324	\$ 1,337,488
Certificates of deposit - Restricted for specific use	1,207,721		1,207,721	-
Due from other funds	1,388,198	(1,388,198)	-	-
Due from other governmental entities	2,059,832	-	2,059,832	141,621
Property taxes receivable	211,884	-	211,884	-
Other taxes receivable	825,772	-	825,772	-
Accounts receivable	-	-	-	386
Prepaid expenses	403,090	-	403,090	-
Prepaid supplies	36,562	-	36,562	15,481
Land and other nondepreciable assets	6,894,768	1,769,137	8,663,905	-
Other capital assets, net of accumulated depreciation	<u>444,250,787</u>	<u>2,402,335</u>	<u>446,653,122</u>	<u>10,347</u>
 Total assets	<u>\$ 480,758,938</u>	<u>\$ 2,783,274</u>	<u>\$483,542,212</u>	<u>\$ 1,505,323</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Employer pension contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,140</u>
 Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,140</u>
LIABILITIES:				
Accounts payable and accrued expenses	\$ 10,905,320	\$ 5,259	\$ 10,910,579	\$ 69
Due to heirs, litigants and others	89,982	-	89,982	-
Due to other governments	-	-	-	43,006
 Long-term liabilities - Due within one year	1,941,158	300,191	2,241,349	51,340
Due in more than one year	<u>3,889,009</u>	<u>6,277,665</u>	<u>10,166,674</u>	<u>1,201,698</u>
 Total liabilities	<u>\$ 16,825,469</u>	<u>\$ 6,583,115</u>	<u>\$ 23,408,584</u>	<u>\$ 1,296,113</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue	\$ 41,752	\$ -	\$ 41,752	\$ -
Earnings on pension plan investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,112</u>
 Total deferred inflows of resources	<u>\$ 41,752</u>	<u>\$ -</u>	<u>\$ 41,752</u>	<u>\$ 277,112</u>
NET POSITION:				
Net investment in capital assets	\$ 445,892,935	\$ 4,171,472	\$450,064,407	\$ 10,347
Restricted for - SPLOST capital projects	15,866,356	-	15,866,356	-
Public safety	434,957	-	434,957	-
Family health and welfare	5,022	-	5,022	-
Unrestricted	<u>1,692,447</u>	<u>(7,971,313)</u>	<u>(6,278,866)</u>	<u>84,891</u>
 Total net position	<u>\$ 463,891,717</u>	<u>\$ (3,799,841)</u>	<u>\$460,091,876</u>	<u>\$ 95,238</u>

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

**CATOOSA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
					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	\$ 3,244,855	\$ 1,395,089	\$ 66,571	\$ -	\$ (1,783,195)	\$ -	\$ (1,783,195)	\$ -
General government	4,507,886	934,704	68,048	-	(3,505,134)	-	(3,505,134)	-
Public safety	14,424,366	1,943,053	34,662	1,625	(12,445,026)	-	(12,445,026)	-
Public works	14,432,151	-	564,535	-	(13,867,616)	-	(13,867,616)	-
Health and welfare	10,367,999	59,850	764,674	185,541	(9,357,934)	-	(9,357,934)	-
Housing and development	2,250,186	449,555	-	-	(1,800,631)	-	(1,800,631)	-
Culture and recreation	2,564,128	527,174	145,678	60,935	(1,830,341)	-	(1,830,341)	-
Intergovernmental	2,000,515	-	-	-	(2,000,515)	-	(2,000,515)	-
Interest	122,358	-	-	-	(122,358)	-	(122,358)	-
Total governmental activities	53,914,444	5,309,425	1,644,168	248,101	(46,712,750)	-	(46,712,750)	-
Business-type activities:								
Landfill services	442,263	440,708	-	-	-	(1,555)	(1,555)	-
Stormwater management	92,136	25,500	-	-	-	(66,636)	(66,636)	-
Total business-type activities	534,399	466,208	-	-	-	(68,191)	(68,191)	-
Total primary government	54,448,843	5,775,633	1,644,168	248,101	(46,712,750)	(68,191)	(46,780,941)	-
COMPONENT UNITS:								
Health Department	1,538,162	567,885	645,835	-	-	-	-	(324,442)
Total component units	\$ 1,538,162	\$ 567,885	\$ 645,835	\$ -	-	-	-	(324,442)
GENERAL REVENUES:								
					11,839,472	-	11,839,472	-
					9,764,692	-	9,764,692	-
					6,841,147	-	6,841,147	-
					2,516,642	-	2,516,642	-
					457,228	-	457,228	-
					642,953	-	642,953	-
					358,113	-	358,113	-
					33,328	-	33,328	12,567
					7,934	-	7,934	-
					21,833	-	21,833	-
					36,408	-	36,408	489,420
Total general revenues					32,519,750	-	32,519,750	501,987
TRANSFERS					-	-	-	-
Change in net position					(14,193,000)	(68,191)	(14,261,191)	177,545
NET POSITION:								
Beginning, as previously reported					483,630,743	(3,731,650)	479,899,093	(4,233,025)
From discrete to blended presentation					(5,546,026)	-	(5,546,026)	5,546,026
Prior period adjustment					-	-	-	(1,395,308)
Beginning, restated					478,084,717	(3,731,650)	474,353,067	(82,307)
Ending					\$ 463,891,717	\$ (3,799,841)	\$ 460,091,876	\$ 95,238

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

CATOOSA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Development Authority	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 7,238,732	\$ 613,923	\$ 15,616,569	11,100	\$ 23,480,324
Certificates of deposit	1,207,721	-	-	-	1,207,721
Due from other governmental entities	2,059,832	-	-	-	2,059,832
Due from other funds	3,671,799	-	126	564,482	4,236,407
Property taxes receivable	211,884	-	-	-	211,884
Other taxes receivable	-	-	825,772	-	825,772
Prepaid expenses	403,090	-	-	-	403,090
Prepaid supplies	36,562	-	-	-	36,562
Total assets	<u>\$ 14,829,620</u>	<u>\$ 613,923</u>	<u>\$ 16,442,467</u>	<u>\$ 575,582</u>	<u>\$ 32,461,592</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 10,126,527	\$ 158,520	\$ 570,188	\$ 25,690	\$ 10,880,925
Due to heirs, litigants and others	89,982	-	-	-	89,982
Due to other funds	564,608	2,276,578	5,923	1,100	2,848,209
Total liabilities	<u>10,781,117</u>	<u>2,435,098</u>	<u>576,111</u>	<u>26,790</u>	<u>13,819,116</u>
Deferred inflows of resources:					
Deferred tax revenue	176,497	-	-	-	176,497
Deferred grant revenue	-	-	-	41,752	41,752
Total deferred inflows of resources	<u>176,497</u>	<u>-</u>	<u>-</u>	<u>41,752</u>	<u>218,249</u>
Fund balances:					
Nonspendable - Prepaid items	439,652	-	-	-	439,652
Restricted for - SPLOST projects	-	-	15,866,356	-	15,866,356
Capital projects	-	-	-	75,102	75,102
Public safety	-	-	-	434,957	434,957
Health and welfare	-	-	-	5,022	5,022
Unassigned	3,432,354	(1,821,175)	-	(8,041)	1,603,138
Total fund balances	<u>3,872,006</u>	<u>(1,821,175)</u>	<u>15,866,356</u>	<u>507,040</u>	<u>18,424,227</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,829,620</u>	<u>\$ 613,923</u>	<u>\$ 16,442,467</u>	<u>\$ 575,582</u>	<u>\$ 32,461,592</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, 2015

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

Fund balances - total governmental funds	\$ 18,424,227
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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.	176,497
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	451,145,555
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Accrued interest is not due and payable in the current period and therefore is not reported in the funds.	(24,395)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,830,167)</u>
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	<u>\$463,891,717</u>
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(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, 2015

	General Fund	Development Authority	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 21,790,822	\$ -	\$ 9,764,692	\$ -	\$ 31,555,514
Licenses and franchises	428,328	-	-	-	428,328
Charges for services	587,857	-	-	1,128,677	1,716,534
Intergovernmental	926,656	-	532,881	800,270	2,259,807
Fines, fees and forfeitures	2,499,446	-	-	313,372	2,812,818
Investment earnings	32,231	1,088	31,654	9	64,982
Other	814,314	-	-	36,546	850,860
Total revenues	<u>27,079,654</u>	<u>1,088</u>	<u>10,329,227</u>	<u>2,278,874</u>	<u>39,688,843</u>
EXPENDITURES:					
Current -					
Judicial	3,205,655	-	-	-	3,205,655
General government	4,334,872	-	38,906	-	4,373,778
Public safety	11,699,654	-	50,273	1,389,307	13,139,234
Public works	2,057,965	-	1,802,274	-	3,860,239
Health and welfare	9,790,452	-	-	593,492	10,383,944
Housing and development	690,492	1,501,787	-	-	2,192,279
Culture and recreation	1,913,349	-	266,073	212,107	2,391,529
Intergovernmental	-	-	2,000,515	-	2,000,515
Capital outlay	-	1,232,975	2,339,246	72,620	3,644,841
Debt service -					
Principal	53,726	1,580,600	333,333	-	1,967,659
Interest	3,647	114,151	8,021	-	125,819
Total expenditures	<u>33,749,812</u>	<u>4,429,513</u>	<u>6,838,641</u>	<u>2,267,526</u>	<u>47,285,492</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,670,158)	(4,428,425)	3,490,586	11,348	(7,596,649)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	7,934	-	-	-	7,934
Insurance proceeds	21,833	-	-	-	21,833
Transfers from other funds	-	2,248,577	-	66,967	2,315,544
Transfers to other funds	(432,182)	-	(1,883,362)	-	(2,315,544)
NET CHANGE IN FUND BALANCES	<u>(7,072,573)</u>	<u>(2,179,848)</u>	<u>1,607,224</u>	<u>78,315</u>	<u>(7,566,882)</u>
FUND BALANCES:					
Beginning, as previously reported	10,944,579	-	14,259,132	428,725	25,632,436
From discrete to blended presentation	-	358,673	-	-	358,673
Beginning, as restated	<u>10,944,579</u>	<u>358,673</u>	<u>14,259,132</u>	<u>428,725</u>	<u>25,991,109</u>
Ending	<u>\$ 3,872,006</u>	<u>\$ (1,821,175)</u>	<u>\$ 15,866,356</u>	<u>\$ 507,040</u>	<u>\$ 18,424,227</u>

(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 THE YEAR ENDED SEPTEMBER 30, 2015

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

Net change in fund balances - total governmental funds	\$ (7,566,882)
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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.	3,913,179
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Depreciation expense on governmental capital assets are included in the statement of activities.	(12,474,917)
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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.	(38,333)
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Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.	2,834
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Payment of accrued interest associated with long-term debt is an expenditure in the governmental funds, but the repayment reduces the accrued interest payable in the statement of net position	3,460
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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.	<u>1,967,659</u>
	<u>\$ (14,193,000)</u>

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

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	<u>Business-Type Activities</u>		
	<u>Major Fund</u>	<u>Nonmajor Fund</u>	
	<u>Solid Waste Management Authority</u>	<u>Public Works Authority</u>	<u>Total</u>
<u>ASSETS</u>			
CAPITAL ASSETS:			
Land	\$ 1,738,360	\$ 30,777	\$ 1,769,137
Land improvements	6,601,955	898,093	7,500,048
Buildings	40,465	-	40,465
Equipment and vehicles	<u>1,846,652</u>	<u>32,506</u>	<u>1,879,158</u>
	10,227,432	961,376	11,188,808
Less accumulated depreciation	<u>6,460,264</u>	<u>557,072</u>	<u>7,017,336</u>
Net capital assets	<u>3,767,168</u>	<u>404,304</u>	<u>4,171,472</u>
 Total assets	<u><u>\$ 3,767,168</u></u>	<u><u>\$ 404,304</u></u>	<u><u>\$ 4,171,472</u></u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES:			
Accounts payable and accrued expense	\$ 4,963	\$ 296	\$ 5,259
Due to other funds	1,388,198	-	1,388,198
Accrued closure and postclosure care costs	<u>300,191</u>	<u>-</u>	<u>300,191</u>
Total current liabilities	<u>1,693,352</u>	<u>296</u>	<u>1,693,648</u>
LONG-TERM LIABILITIES:			
Accrued postclosure care costs	<u>6,277,665</u>	<u>-</u>	<u>6,277,665</u>
Total long-term liabilities	<u>6,277,665</u>	<u>-</u>	<u>6,277,665</u>
Total liabilities	<u>7,971,017</u>	<u>296</u>	<u>7,971,313</u>
NET POSITION:			
Net investment in capital assets	3,767,168	404,304	4,171,472
Unrestricted	<u>(7,971,017)</u>	<u>(296)</u>	<u>(7,971,313)</u>
	<u>(4,203,849)</u>	<u>404,008</u>	<u>(3,799,841)</u>
Total liabilities and net position	<u><u>\$ 3,767,168</u></u>	<u><u>\$ 404,304</u></u>	<u><u>\$ 4,171,472</u></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, 2015

	<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	\$ 440,708	\$ 25,500	\$ 466,208
Total revenues	<u>440,708</u>	<u>25,500</u>	<u>466,208</u>
OPERATING EXPENSES:			
Depreciation	254,393	44,905	299,298
General operating expenses	<u>187,870</u>	<u>47,231</u>	<u>235,101</u>
Total expenses	<u>442,263</u>	<u>92,136</u>	<u>534,399</u>
OPERATING LOSS	(1,555)	(66,636)	(68,191)
NET POSITION:			
Beginning	<u>(4,202,294)</u>	<u>470,644</u>	<u>(3,731,650)</u>
Ending	<u>\$ (4,203,849)</u>	<u>\$ 404,008</u>	<u>\$ (3,799,841)</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, 2015

	<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	\$ 440,708	\$ 25,500	\$ 466,208
Payments to suppliers for goods or services	<u>(398,122)</u>	<u>(46,988)</u>	<u>(445,110)</u>
Net cash provided (used) by operating activities	<u>42,586</u>	<u>(21,488)</u>	<u>21,098</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Loan from other funds	<u>(42,586)</u>	<u>21,488</u>	<u>(21,098)</u>
Net cash provided (used) by capital and related financing activities	<u>(42,586)</u>	<u>21,488</u>	<u>(21,098)</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 LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating loss	\$ (1,555)	\$ (66,636)	\$ (68,191)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities -			
Depreciation	254,393	44,905	299,298
Net change in operating liabilities	<u>(210,252)</u>	<u>243</u>	<u>(210,009)</u>
Net cash provided (used) by operating activities	<u>\$ 42,586</u>	<u>\$ (21,488)</u>	<u>\$ 21,098</u>

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

CATOOSA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2015

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 2,045,598</u>
 Total assets	 <u>\$ 2,045,598</u>
 LIABILITIES:	
Due to heirs, litigants, and others	\$ 1,031,930
Due to other governmental entities	<u>1,013,668</u>
 Total liabilities	 <u>\$ 2,045,598</u>

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

**CATOOSA COUNTY, GEORGIA
STATEMENT OF NET POSITION
COMPONENT UNIT
SEPTEMBER 30, 2015**

**Catoosa
County
Health
Department
June 30, 2015**

ASSETS:

Cash and cash equivalents	\$ 1,337,488
Accounts receivable	386
Due from other governments	141,621
Inventory	15,481
Other capital assets, net of accumulated depreciation	<u>10,347</u>

Total assets	<u><u>\$ 1,505,323</u></u>
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DEFERRED OUTFLOWS OF RESOURCES

\$ 163,140

LIABILITIES:

Accounts payable and accrued expenses	\$ 69
Due to other governments	43,006
Long-term liabilities - Due within one year	51,340
Due in more than one year	<u>1,201,698</u>

Total liabilities	<u><u>\$ 1,296,113</u></u>
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DEFERRED INFLOWS OF RESOURCES

\$ 277,112

NET POSITION:

Net investment in capital assets	10,347
Unrestricted	<u>84,891</u>

Total net position	<u><u>\$ 95,238</u></u>
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(The accompanying notes are an integral part of these statements.)

**CATOOSA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants and Contributions	Catoosa County Development Authority	Catoosa County Health Department	Total
Catoosa County Health Department:						
Health Department operations	\$ 1,538,162	\$ 567,885	\$ 645,835	\$ -	\$ (324,442)	\$ (324,442)
Total component units	<u>\$ 1,538,162</u>	<u>\$ 567,885</u>	<u>\$ 645,835</u>	<u>-</u>	<u>(324,442)</u>	<u>(324,442)</u>
GENERAL REVENUES:						
				-	486,186	486,186
Intergovernmental funding				-	12,567	12,567
Interest				-	3,234	3,234
Other						
Total general revenues				<u>-</u>	<u>501,987</u>	<u>501,987</u>
Change in net position				<u>-</u>	<u>177,545</u>	<u>177,545</u>
NET POSITION:						
Beginning, as previously reported				(5,546,026)	1,313,001	(4,233,025)
From discrete to blended presentation				5,546,026	-	5,546,026
Prior period adjustment				<u>-</u>	<u>(1,395,308)</u>	<u>(1,395,308)</u>
Beginning, as restated				<u>-</u>	<u>(82,307)</u>	<u>(82,307)</u>
Ending				<u>\$ -</u>	<u>\$ 95,238</u>	<u>\$ 95,238</u>

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

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(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 County's financial statements also include the financial statements (the only ones available) of the Catoosa County Development Authority. The development authority is reported as a blended component unit. The Catoosa County Development Authority was created by legislative act in the State of Georgia. The Board is appointed by the County Board of Commissioners which must approve Authority debt for which the Board is ultimately responsible. The purpose of the development authority is to develop industry in the County by assisting in the purchase and financing of property through bond issues and other debt. This component unit operates as a special revenue fund. In prior years, the Catoosa County Development Authority was presented as a discretely presented component unit. In accordance with current guidance, the development authority was blended in the current year because the development authority's total debt outstanding is expected to be repaid entirely with resources of the primary government. The statement of activities and the statement of revenues, expenditures and changes in fund balance include an adjustment to net position and fund balance to reflect this change.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Reporting Entity (continued) -

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 Development Authority of Catoosa County (which had no assets and no activity during the current year) was created by legislative act in the State of Georgia. The Board of the Catoosa County Development Authority and the Board of the Development Authority of Catoosa County 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 authority is to develop industry in the County by assisting in the purchase and financing of property through bond issues and other debt. This component unit operates as enterprise funds. There are no financial statements available for the Development Authority of Catoosa County due to no assets and current year activity.

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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Reporting Entity (continued) -

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. 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, Development Authority, and the SPLOST capital projects fund are reported as major governmental funds. The Solid Waste Management Authority is a major enterprise funds.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Basis of Accounting -

The government-wide financial statements, consisting of the statement of net position and the statement of activities 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 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

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Basis of Accounting (continued) -

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.

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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Fund Accounting (continued) -

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.

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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Fund Accounting (continued) -

Special revenue funds (continued) -

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.

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

Catoosa County Development Authority (a blended component unit), which accounts for aid and assistance in the promotion and establishment of new business and recreation within the County.

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 (a discretely presented component unit), which accounts for aid and assistance in the promotion and establishment of new business and recreation within the County.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Fund Accounting (continued) -

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.

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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Fund Equity (continued) -

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.

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 unassigned.

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, 2015

(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, 2015.

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, 2015

(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 -

The County has 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 position by the government that is applicable to a future reporting period.

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

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

Deferred Outflows/Inflows of Resources (continued) -

As of September 30, 2015, the County did not have any deferred outflows of resources and had deferred inflows of resources from deferred property taxes of \$176,497 and deferred grant revenue of \$41,752.

(2) CASH AND INVESTMENTS:

The County reports its cash and other investments under the provisions of governmental auditing standards.

At September 30, 2015, the County reports cash equivalents as follows -

	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Certificates of deposit	0.90	\$ 1,207,721

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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(2) CASH AND INVESTMENTS (Continued):

Custodial Credit Risk (continued) -

Investments in the local government investment pool are specifically invested in "Georgia Fund 1". Georgia Fund 1, created by OCGA 36-83-8, is a Standard and Poor's AAf rated investment pool which is managed by the Office of the State Treasurer to maintain principal stability. The pool is not registered with the SEC as an investment company and the State does not consider Georgia Fund 1 to be a 2a-7 like pool. The investment is valued at the pool's share price, \$1.00 per share. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value. The fair values of investments in external investment pools are the same as the value of the pool shares.

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.

The general fund receivable from the solid waste fund resulted from the general fund disbursing funds in a prior year for the Landfill Gas to Energy Project. This project is generating revenues that are funding the postclosure care cost on the landfill with the excess going to reduce the balance due to the general fund.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

The general fund receivable from the state grant for library fund resulted from the general fund disbursing funds for the library.

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, 2015, payables from agency funds to other funds were \$259,422, 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, 2015, consist of the following -

Amounts receivable to the general fund from the following funds -

Major governmental fund -	
Development Authority	\$2,276,578
SPLOST capital projects	\$ 5,923
Major enterprise funds -	
Solid waste	\$1,388,198
Nonmajor governmental funds -	
State grant for library	\$ 1,100

Amounts payable from the general fund to the following funds -

Major governmental fund -	
SPLOST capital projects	\$ 126
Nonmajor governmental funds -	
Confiscated assets	\$ 71,025
JCSA	\$ 128,416
Multiple grant	\$ 47,309
DATE program	\$ 239,589
Capital projects	\$ 78,143

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 2015 year were as follows -

From general fund to Emergency 911 fund	\$ 66,967
From general fund to Development Authority	\$ 365,215
From SPLOST capital projects to Development Authority	\$1,883,362

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

In addition, the general fund advanced the Development Authority \$2,276,578, for the purpose of land development, and other expenses for industrial revenue projects. The repayment for the DEFAC's property in the amount of \$259,729 will be repaid from the proceeds from the sale of the property by the Development Authority. The property is currently under contract but has not sold as of the date of this financial statement.

Approximately 35.79 acres of the Highway 151 property was sold to the Technical College System of Georgia with the remaining 12.01 acres being sold to the Commercial Developer/D&B Holdings Ringgold-East, LLC. The Development Authority is to provide the roadway into the property and the City of Ringgold is to provide utilities. The remaining balance of \$29,645 represents the legal and engineering cost associated with closing this project and will be repaid from the proceeds from the sale.

The Highway 2-A Intersection Improvement Project was a joint project between the Development Authority and the City of Fort Oglethorpe at an estimated cost of \$700,000 with a guarantee from Larry Armour, the developer. The current balance is an overpayment of \$10,566 which resulted from a progress payment from the City of Fort Oglethorpe in the amount of \$250,000 and a transfer from the general fund in the amount of \$365,215. The Development Authority portion of the debt is to be funded by intergovernmental revenues by the County which is expected to be generated by an increase in property and sales tax collections.

The Hill Top 11/Cabelas Project is an agreement between the Development Authority and Larry Armour, the developer for site acquisition and development agreement for additional acreage on the Hill Top Site to include the Cabelas site. The estimated cost of \$2,200,000 was approved by the Development Authority with a guarantee from Larry Armour. The current balance of \$1,997,770 represents progress payments. It is anticipated that the repayment of the \$2,200,000 to the County will be funded by intergovernmental revenues to the Development Authority by the County which is expected to be generated by an increase in property and sales tax collections, or from subsequent Special Local Option Sales Tax.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(4) 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	\$ 4,636,149	\$ -	\$ -	\$ 4,636,149
Construction in progress	<u>903,890</u>	<u>1,718,533</u>	<u>(363,804)</u>	<u>2,258,619</u>
	<u>\$ 5,540,039</u>	<u>\$ 1,718,533</u>	<u>\$ (363,804)</u>	<u>\$ 6,894,768</u>
Depreciable capital assets -				
Land improvements	\$ 3,480,105	\$ 1,366,693	\$ 363,804	\$ 5,210,602
Infrastructure	758,352,923	-	-	758,352,923
Buildings	33,377,441	-	-	33,377,441
Equipment, vehicles, furniture and fixtures	<u>18,265,922</u>	<u>827,953</u>	<u>(490,688)</u>	<u>18,603,187</u>
	<u>813,476,391</u>	<u>2,194,646</u>	<u>(126,884)</u>	<u>815,544,153</u>
Less accumulated depreciation -				
Land improvements	1,012,904	207,540	-	1,220,444
Infrastructure	336,131,763	10,344,686	-	346,476,449
Buildings	7,380,084	508,830	-	7,888,914
Equipment, vehicles, furniture and fixtures	<u>14,784,386</u>	<u>1,413,861</u>	<u>(490,688)</u>	<u>15,707,559</u>
	<u>359,309,137</u>	<u>12,474,917</u>	<u>(490,688)</u>	<u>371,293,366</u>
Depreciable capital assets, net	<u>\$454,167,254</u>	<u>\$ (10,280,271)</u>	<u>\$ 363,804</u>	<u>\$444,250,787</u>

Beginning capital assets of the governmental activities changed to reflect the addition of the Catoosa County Development Authority as a blended component unit in the current year. See Note 17 for further explanation. The changes reflect an additional \$526,157 to nondepreciable assets and an increase of \$300,000 to depreciable assets.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(4) CAPITAL ASSETS (Continued):

Governmental activities (continued) -

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

General government	\$ 147,796
Judicial	42,935
Public safety	1,281,934
Public works	10,574,737
Health and welfare	107,315
Culture and recreation	262,293
Housing and development	57,907

Total	\$12,474,917
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Business-type activities

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

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclass- ifications</u>	<u>Ending</u>
Nondepreciable capital assets -				
Land	\$ 1,769,137	\$ -	\$ -	\$ 1,769,137
Depreciable capital assets -				
Land improvements	\$ 7,500,048	\$ -	\$ -	\$ 7,500,048
Buildings	40,465	-	-	40,465
Equipment and vehicles	1,879,158	-	-	1,879,158
	9,419,671	-	-	9,419,671
Less accumulated depreciation -				
Land improvements	6,077,741	115,794	-	6,193,535
Buildings	40,465	-	-	40,465
Equipment and vehicles	599,832	183,504	-	783,336
	6,718,038	299,298	-	7,017,336
Depreciable capital assets, net	\$ 2,701,633	\$ (299,298)	\$ -	\$ 2,402,335

Depreciation expense for the business-type activities totaled \$299,298.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(4) 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	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Nondepreciable capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Depreciable capital assets -				
Vehicles	\$ -	\$ -	\$ -	\$ -
Machinery and equipment	21,200	-	-	21,200
	<u>21,200</u>	<u>-</u>	<u>-</u>	<u>21,200</u>
Less accumulated depreciation -				
Vehicles	-	-	-	-
Machinery and equipment	7,824	3,029	-	10,853
	<u>7,824</u>	<u>3,029</u>	<u>-</u>	<u>10,853</u>
Depreciable capital assets, net	<u>\$ 13,376</u>	<u>\$ (3,029)</u>	<u>\$ -</u>	<u>\$ 10,347</u>

Depreciation expense for the component unit totaled \$3,029.

Beginning capital assets of the component units changed to reflect the change of the Catoosa County Development Authority from a discretely presented to a blended component unit in the current year. See Note 17 for further explanation. The changes reflect a decrease of \$526,157 to nondepreciable assets and a decrease of \$300,000 to depreciable assets.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(5) 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	\$ 27,778
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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	<u>102,442</u>
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\$ 130,220

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, 2016	\$ 85,240	\$ 2,229	\$ 83,011
2017	<u>47,810</u>	<u>601</u>	<u>47,209</u>
	<u>\$ 133,050</u>	<u>\$ 2,830</u>	<u>\$ 130,220</u>

The gross amount of governmental activities assets recorded under existing capital leases in the government-wide statement of net position is \$2,216,997. Of this amount, \$2,000,000 is for building leases and \$216,997 represents vehicles. Accumulated depreciation of assets acquired under capital leases is recorded at \$396,026. Amortization expense of \$81,268 under existing capital leases is included in depreciation expense.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(5) LONG-TERM DEBT (Continued):

Governmental activities (continued)

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

Tax exempt revenue bond series 2014A to First Tennessee Bank, original borrowings of \$2,509,000, payable in biannual principal payments of \$250,900 plus interest at 1.45%, through July, 2019 \$2,007,200

Taxable revenue bond series 2014B to First Tennessee Bank, original borrowings of \$3,894,000, payable in biannual principal payments of \$389,400 plus interest at 2.13%, through July, 2019 3,115,200

\$5,122,400

Maturities of bonds payable are as follows -

	<u>Gross Payments</u>	<u>Imputed Interest</u>	<u>Net Present Value</u>
For the year ending			
September 30, 2016	\$1,371,384	\$ 90,784	\$1,280,600
2017	1,347,190	66,590	1,280,600
2018	1,322,991	42,391	1,280,600
2019	<u>1,298,797</u>	<u>18,197</u>	<u>1,280,600</u>
	<u>\$5,340,362</u>	<u>\$ 217,962</u>	<u>\$5,122,400</u>

Catoosa County Development Authority Tax-Exempt Revenue Bond "Series 2014A" in the amount of \$2,509,000 at the "Bank Qualified Rate" of 1.45% per annum for a term of 60 months, was issued for the purpose of providing funds to pay or to be applied toward the cost of refunding a portion (\$1,009,000) of the 2014 TAN Note used to refinance the Infrastructure Improvements related to the Costco Improvements Project and \$1,500,000 of the 2014 Public Facilities Improvement Project at Jack Mattox Park.

Taxable Revenue Bond "Series 2014B" in the amount of \$3,894,000 at the "Bank Qualified Rate" of 2.13% per annum for a term of 60 months, was issued for the purpose of providing funds to pay or to be applied toward the cost of refunding a portion of the 2014 TAN Note equal to the amount of the proceeds (\$3,869,000) of the 2014 TAN Note used to refinance the funding of the Costco Improvements and paying a portion (\$25,000) of the cost of issuance of the Bonds.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(5) LONG-TERM DEBT (Continued):

Governmental activities (continued)

Tax-Exempt Revenue Bond "Series 2014C" in the amount of \$300,000 at the "Bank Qualified Rate" of .99% per annum for a term of 12 months, issued for the purpose of providing funds to pay or to be applied toward the cost of financing the acquisition of the vehicles to possess and use the same for the benefit of citizens of the County. This bond was paid off during the year ended September 30, 2015.

The Authority and the County have entered into an Intergovernmental Installment Sale Agreement, dated as of July 1, 2014 under which the Authority has agreed to construct and acquire the 2014 Project, the Infrastructure Improvements and the Vehicles and to sell the same to the County, and County has agreed to purchase from the Authority the 2014 Project, the Infrastructure Improvements and Vehicles and to possess and use the same for the benefit of the citizens of the County for a term extending through July 1, 2019 to be repaid from proceeds of the 2014 SPLOST. The County has obligated itself to make payments to the Authority in amounts sufficient to enable the Authority to pay the principal of and interest on the Bonds as same become due and payable.

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	\$ 517,278	\$ -	\$ (387,058)	\$ 130,220
Bonds payable	6,703,000	-	(1,580,600)	5,122,400
Compensated absences	539,214	38,333	-	577,547
	<u>\$7,759,492</u>	<u>\$ 38,333</u>	<u>\$(1,967,658)</u>	<u>\$5,830,167</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(5) LONG-TERM DEBT (Continued):

Governmental activities (continued)

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	\$ 83,011
Bonds payable	1,280,600
Compensated absences	<u>577,547</u>
	1,941,158
Due in more than one year	<u>3,889,009</u>
	<u><u>\$5,830,167</u></u>

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

The beginning balances for the changes in long-term debt have been adjusted to reflect the change of the Catoosa County Development Authority from a discretely presented to a blended component unit in the current year. See Note 17 for further explanation. The changes are reflected in the "bonds payable" line description and include an increase in beginning long-term debt of \$6,703,000.

Business-type activities

As discussed in Note 11, the Solid Waste Management Authority has an estimated liability for postclosure care costs in the amount of \$6,577,856. Maturities of the estimated landfill obligation are as follows -

For the year ending September 30, 2016	\$ 300,191
2017	300,191
2018	300,191
2019	300,191
2020	300,191
2021-2025	1,500,953
2026-2030	1,500,953
2031-2035	1,292,047
2036-2039	<u>782,948</u>
	<u><u>\$6,577,856</u></u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(5) LONG-TERM DEBT (Continued):

Business-type activities (continued)-

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	\$ 6,776,401	\$ -	\$ (198,545)	<u>\$ 6,577,856</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 -	
Landfill postclosure	\$ 300,191
Due within more than one year -	
Landfill postclosure	<u>6,277,665</u>
	<u>\$ 6,577,856</u>

As further addressed in Note 15, it is anticipated that a portion of the landfill postclosure liability will be liquidated with general government resources.

Component Units

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>
Compensated absences	\$ 62,049	\$ 7,753	\$ 18,462	\$ 51,340
Net pension liability	<u>-</u>	<u>1,201,698</u>	<u>-</u>	<u>1,201,698</u>
	<u>\$ 62,049</u>	<u>\$ 1,209,451</u>	<u>\$ 18,462</u>	<u>\$1,253,038</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(5) LONG-TERM DEBT (Continued):

Component units (continued)-

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

-

Due within one year -	
Compensated absences	\$ 51,340
Due within more than one year -	
Net pension liability	<u>1,201,698</u>
	<u>\$1,253,038</u>

The beginning balances have been adjusted to reflect the Catoosa County Development Authority changing from discretely presented to blended. See Note 17.

(6) 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.

(7) 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, 2015, there were approximately 245 participants in the plan. Participants are required to contribute 3% of covered salary, and the County is required to contribute 7%.

An employee becomes 100% vested after three years of service in regards to employer contributions. If a participant terminates employment before being fully vested, then the non-vested portion of the terminated participant's account balance remains in the Plan and is called a forfeiture. Forfeitures will be used to reduce any employer contributions. For the year ended September 30,

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(7) EMPLOYEE RETIREMENT PLANS (Continued):

Primary Government (continued) -

2015, employer and employee contributions were \$625,875 and \$268,231, respectively. Employer contributions have been charged to expense. At September 30, 2015, the County had a liability of approximately \$104,000 related to employer retirement contributions. 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 defined benefit pension plan administered by the State of Georgia for the benefit of public employees. The Retirement System provides pension benefits and death and disability benefits. Complete pension disclosures are in the Health Department's separately issued financial statements. Summarized information related to the plan is indicated below.

For the fiscal period ended June 30, 2013, the latest annual actuarial valuation, the ERS did not hold any securities of the State.

The net pension obligation was computed as part of an actuarial valuation as of June 30, 2013. Significant actuarial assumptions used in the valuation include (a) an assumed rate of return on assets of 7.50% per year, which includes an inflation rate of 3.00%; (b) projected salary increases of 0.00% for fiscal year 2011; 2.725% - 4.625% for fiscal years 2012-2013; and 5.45% - 9.25% for fiscal years 2014 and later, which all include an inflation rate of 3.00%; and (c) no annual post-retirement benefit increase or cost of living adjustments.

The ERS Plan refunding policy provides for contributions under the "Entry Age" actuarial cost method. The actuarial asset valuation was determined using the 7-year smoothed market value. The unfunded actuarial accrued liability is being amortized as a level dollar, open. The remaining amortization period at June 30, 2013, was thirty years.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(7) EMPLOYEE RETIREMENT PLANS:

Catoosa County Health Department (continued) -

Schedule of Funding Progress						
	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio (1)/(2)	Unfunded AAL/ UAAL (2)-(1)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/13	12,129,804	16,982,449	71.4%	4,852,645	2,335,773	207.8%

Schedule of Employer Contributions					
Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2007	270,141	270,141	-	2,680,972	10.1%
2008	286,256	286,256	-	2,809,199	10.2%
2009	282,103	281,206	897	2,674,155	10.5%
2010	263,064	263,064	-	2,571,042	10.2%
2011	261,132	261,132	-	2,486,780	10.5%
2012	273,623	274,034	(411)	2,414,884	11.3%
2013	358,376	358,992	(616)	2,335,773	15.4%
2014	428,982	429,752	(770)	2,335,773	18.4%

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(7) EMPLOYEE RETIREMENT PLANS:

Catoosa County Health Department (continued) -

Contributions made during the measurement period: \$ 133,178

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employer's proportionate share of net pension liability	1,201,698
Employer's proportion of net pension liability	0.032040%
Increase/(decrease) from proportion measured as of June 30, 2013	0.000542%
Employer's recognized pension expense	83,502

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	293,298
Changes in proportion and differences between Employer contributions and proportionate share of contributions	16,186	-
Employer contributions subsequent to the measurement date	163,140	-
Total	179,326	293,298

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(7) EMPLOYEE RETIREMENT PLANS:

Catoosa County Health Department (continued) -

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

Year ended June 30:

2016	(63,208)
2017	(67,255)
2018	(73,325)
2019	(73,324)
2020	-
Thereafter	-

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	1,752,314	1,201,698	732,995

Schedule of Proportionate Share of the Net Pension Liability

	2015
Employer's proportion of the net pension liability	0.032040%
Employer's proportionate share of the net pension liability	1,201,698
Employer's covered-employee payroll during the measurement period	771,628
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	155.74%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

Additional Information

	6/30/2013	6/30/2014
Collective deferred outflows of resources	-	-
Collective deferred inflows of resources	-	915,411,000
Collective net pension liability	4,852,646,000	3,750,618,000
Employer's proportion	0.031498%	0.032040%
Collective pension expense for the measurement period ended June 30, 2014:		229,047,000
The average of the expected remaining service:		2.60

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(7) EMPLOYEE RETIREMENT PLANS:

Catoosa County Health Department (continued) -

Proportionate Share	6/30/2013	6/30/2014	Change in Proportionate Share of	
			Debit Balance	Credit Balance
Deferred outflows of resources	-	-	-	-
Deferred inflows of resources	-	293,298	-	293,298
Net pension liability	1,528,486	1,201,698	-	(326,788)
Proportionate share of collective pension expense:				73,386

	Collective Amount at 6/30/2013	Proportionate Share at 0.031498%	Proportionate Share at 0.032040%	Change in Proportionate Share of	
				Debit Balance	Credit Balance
Deferred outflows of resource	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-
Net pension liability	4,852,646,000	1,528,486	1,554,788	-	26,302
Total of changes in the Employer's beginning reported balances				-	26,302

Amount to be recognized for the net effect of the changes in the Employer's proportion on beginning reported balances

Total of amounts recognized for the change in the Employer's proportion	26,302	26,302
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	Deferred Outflows of Resources	Pension Expense
Change in proportion	16,186	10,116
Contributions during the measurement period	-	-
Net amount recognized	16,186	10,116

(8) 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 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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(8) CONDUIT DEBT (Continued):

As of September 30, 2015, the Development Authority had an outstanding conduit debt obligation with Shaw Industries for \$17,000,000 for Series 2014B Taxable Industries Revenue Bonds and \$56,500,000 for Series 2015 Taxable Industries Revenue Bonds.

(9) 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.

(10) COMMITMENTS:

The County has construction commitments totaling \$8,209,447. As of September 30, 2015, the remaining balance on these commitments totaled \$3,300,079.

(11) 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.

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 \$104,453 per year. A liability of \$1,880,155 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 \$195,738 per year. A liability of \$4,697,701 represents 100% of the estimated postclosure care costs for Site 2.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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

The above estimates are based on what it would cost to perform postclosure care in 2015. 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.

(12) 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 \$-, \$-, and \$32,182 for the fiscal years ended September 30, 2015, 2014, and 2013, 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.

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.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(12) RISK FINANCING ACTIVITIES (Continued):

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.

(13) 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 \$577,547, 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.

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 \$51,340 for unpaid vacation and sick leave is reported in the component units and government-wide statements of net position.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(14) DEFICIT FUND EQUITY:

At September 30, 2015, the Solid Waste Management Authority has a net position deficit in the amount of \$4,203,849, resulting primarily from the liability for landfill postclosure care costs.

As discussed in Note 11, the Authority has a liability of approximately \$6.6 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.

At September 30, 2015, the Catoosa County Development Authority has a fund balance deficit in the amount of \$1,821,175. This deficit is a result of amounts due to the general fund at year end. The Catoosa County Development Authority entered into an agreement with Mr. Armour , the developer to provide site development incentives in the form of site prep on the remaining 19.88 aces next to Costco. The deficit is the result of the general fund having advanced the funds for the site prep. In return Mr. Armour committed to deliver certain retailers to the site meeting very specific minimum conditions in the form of annual sales, job creation and other criteria. Cabela's transaction exceeded all of the delivery criteria, purchased 9.2 of the acres, built a New Generation Store consisting of approximately 70,000 square feet and opened May 13, 2015. Mr. Armour guaranteed that the sales and property taxes generated from the property will re-pay the amount of the site development costs within 7 years of the date of opening of the first retail facility. If there is a shortfall after this time period, Mr. Armour will pay the difference to the Development Authority. Mr. Armour's guarantee is secured by a Letter of Credit drawn on CapitalMark Bank and Trust.

At September 30, 2015, the Emergency 911 Fund has a fund balance deficit in the amount of \$6,396 and the State Grant for Library has a fund balance deficit in the amount of \$1,645. Both of these deficits are resulting primarily from the liability for accounts payable and amounts due to the general fund at year end.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(15) JOINT VENTURE:

Under Georgia law, the County, in conjunction with other cities and counties in the fifteen county northwest Georgia area, is a member of the Northwest Georgia Regional Commission (RDC) and is required to pay annual dues thereto. During the year ended September 30, 2015, 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 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 -

Northwest Georgia Regional Commission
P. O. Box 1793
Rome, Georgia 30162-1793

(16) FINANCIAL GUARANTEE:

The Hospital Authority of Walker, Dade and Catoosa Counties is a Georgia Hospital Authority which operated a Hospital which formerly transacted business as Hutcheson Medical Center ("Hutcheson") and which owned or owns facilities in Walker, Dade and Catoosa Counties. Chattanooga Hamilton County Hospital Authority is a Tennessee Hospital Authority which operates hospitals and medical facilities under the name Erlanger Health Systems ("Erlanger"). Under the provisions of a Management Agreement dated on or about April 25, 2011 (the "Management Agreement"), Erlanger provided certain management services and certain financial assistance to and for the benefit of Hutcheson. The Management Agreement has been terminated and the parties are in the process of winding down their obligations thereunder.

As part of the financial assistance to be provided under the Management Agreement, Erlanger made a Line of Credit available to Hutcheson in the maximum principal amount of \$20,000,000.00. The Line of Credit is evidenced by a Line of Credit Promissory Note made payable by Hutcheson to the Order of Erlanger dated on or about April 25, 2011 (the "Line of Credit Note"). The Line of Credit Note bears interest at the greater of (i) the London Inter-Bank Offered Rate ("LIBOR") plus 400 basis points or (ii) 5% per annum, with a per

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(16) FINANCIAL GUARANTEE (Continued):

annum cap of 25% per annum. The maturity date of the Line of Credit Note is defined as the date the Management Agreement is terminated for any reason. Under the Line of Credit Note, interest accrued from the date funds were drawn but interest payments were deferred through March 31, 2013. Commencing April 1, 2013, the deferred interest was required to be paid in 12 monthly installments between April 1, 2013, and March 1, 2014. In addition, accrued interest was required to be paid monthly in arrears commencing April 1, 2013, and continuing through the maturity date. The Line of Credit Note further provides that Hutcheson is liable for a late fee equal to 2% of the payment due for any payment made more than 10 days past its due date. Pursuant to a Joinder Agreement dated on or about April 25, 2011, Hutcheson Medical Center, Inc. (the non-profit corporation responsible for managing Hutcheson through a Lease Agreement with the Hospital Authority) also joined the Line of Credit Note as an obligor.

The Line of Credit Note is secured by a Georgia Deed to Secure Debt dated April 25, 2011, and recorded in Deed Book 1571, page 412, in the Office of the Clerk of the Superior Court of Catoosa County, Georgia (the "Security Deed"). The Security Deed grants a first lien to Erlanger on the building and fixtures of the main campus of Hutcheson (consisting of approximately 39 acres) and the building, fixtures and land where the Parkside Nursing Home owned and operated by Hutcheson is located.

Pursuant to an Intergovernmental Agreement entered into on or about April 25, 2011, between Hutcheson, Walker County and Catoosa County (the "Intergovernmental Agreement"), Walker and Catoosa Counties each agreed to provide sufficient funding (and levy ad valorem tax millage, if necessary) to pay 50% of the obligation of Hutcheson to Erlanger under the Line of Credit Note if Hutcheson was unable to pay the amounts owed under the Note up to a maximum of \$20,000,000.00 (\$10,000,000.00 per County). Hutcheson assigned its rights to payment under the Intergovernmental Agreement to Erlanger as additional security and collateral for the Line of Credit Note.

Both the Security Deed and the Intergovernmental Agreement give Walker County and Catoosa County the right to elect remedies in the event of a default by Hutcheson under the provisions of the Line of Credit Note. Specifically, Walker County and Catoosa County are given the option, in their discretion, to (i) each pay 50% of the amounts due and owing by Hutcheson to

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(16) FINANCIAL GUARANTEE (Continued):

Erlanger under the Line of Credit Note; or (ii) allow Erlanger to foreclose upon the collateral described in the Security Deed and, if and only if the true market value of the collateral described in the Security Deed is less than the amount owed by Hutcheson under the Line of Credit Note, Walker and Catoosa would each be responsible for 50% of the difference between (a) the amounts owed by Hutcheson on the Line of Credit Note and (b) the true market value of the collateral described in the Security Deed on the date of foreclosure. The Intergovernmental Agreement further provides that the maximum liability of Catoosa County thereunder is \$10,000,000.00.

The Management Agreement has been terminated and therefore the Line of Credit Note has matured. Erlanger has advanced \$20,000,000.00 on the Line of Credit Note and interest has accrued in the amount of \$3,256,672.52 through August 7, 2015. Additional interest has accrued since August 7, 2015, at the rate of \$2,739.73 per day. In addition, late charges have accrued under the Line of Credit Note at the rate of \$400,000.00 per month. Erlanger has made demand of Hutcheson for payment of the amounts due under the Line of Credit Note and the amounts due thereunder remain unpaid.

Erlanger filed suit on February 27, 2014, against the Hospital Authority and its non-profit subsidiary Hutcheson Medical Center, Inc. in the U.S. District Court for the Northern District of Georgia (Case No. 4:14-cv-00040-HLM) and said action remains pending. The Complaint seeks a judgment for the principal and accrued interest and late charges owed on the Line of Credit Note. The Complaint also seeks statutory attorneys fees pursuant to the provisions of O.C.G.A. §13-1-11. The Defendants have filed their Answer and have also asserted a Counterclaim against Erlanger for what they contend were breaches of the Management Agreement by Erlanger which have allegedly caused significant monetary damages to Hutcheson. The Defendants claim that the amount of the damages caused by these breaches reduces and possibly eliminates any amounts owed on the Line of Credit Note. However, the value of these counterclaims for breach of the Management Agreement and the likelihood of their success are unknown at this time.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(16) FINANCIAL GUARANTEE (Continued):

In addition to proceeding with the litigation referenced above, Erlanger commenced advertisement and legal proceedings to foreclose on the real property and collateral pledged by Hutcheson in the Security Deed. The Court in the pending lawsuit issued a Temporary Injunction on August 4, 2014, staying the initial foreclosure and setting forth certain specific public hearing requirements that were required to be met in order for the foreclosure to be re-advertised and conducted. The requirements of the Temporary Injunction were met and Erlanger re-advertised the foreclosure under the Security Deed for January 6, 2015, and attempts by Hutcheson to have the Court renew the Temporary Injunction were denied. This ruling has been appealed to the U.S. Court of Appeals for the 11th Circuit (the "Appeal") and the Appeal remains pending and the foreclosure efforts of Erlanger are temporarily stayed..

In addition, Hutcheson Medical Center, Inc. and a separate related Corporation Hutcheson Medical Division, Inc. filed Chapter 11 Bankruptcy Petitions in the U.S. Bankruptcy Court for the Northern District of Georgia on November 20, 2014 (collectively the "Bankruptcy"). While the Bankruptcy remained pending, the Hospital Authority transferred its assets to the bankrupt debtor subsidiary Hutcheson Medical Center, Inc. for no monetary or other consideration and attempted to sell these assets with Bankruptcy Court approval. These actions resulted in Adversary Proceedings being filed by Erlanger and Catoosa County in connection with the Bankruptcy (the "Adversary Proceedings") seeking, among other relief, to set aside these transfers.

A settlement was reached by all parties in the Adversary Proceedings effective December 11, 2015, and the settlement was memorialized by a written Settlement Agreement of the same date (the "Settlement Agreement"). Among other provisions, the Settlement Agreement allows the sale of certain assets of Hutcheson to third parties upon certain agreed upon terms. The Settlement Agreement provides that, if the sales of these assets are completed and funded, Catoosa County would receive a credit of \$1,447,500.00 against its \$10,000,000.00 obligation under the Intergovernmental Agreement, thereby reducing Catoosa County's liability to \$8,552,500.00. The sales of the assets authorized under the Settlement Agreement remain pending while they await regulatory approval and other conditions and the sales have not been finalized, closed and funded.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(16) FINANCIAL GUARANTEE (Continued):

In addition to the above, Erlanger filed suit on December 28, 2015, in the U.S. District Court for the Northern District of Georgia against Walker County seeking to reduce its claims against Walker County under the Intergovernmental Agreement to judgment (Case No. 4:15-CV-0250-HLM) and this case remains pending. No lawsuit has been filed by Erlanger against Catoosa County on its obligations under the Intergovernmental Agreement and Catoosa County is continuing to negotiate with Erlanger in an effort to further reduce Catoosa County's liability under the Intergovernmental Agreement to an agreed upon settlement amount. These negotiations, while favorable, have not yet resulted in a written settlement agreement.

As of the date of this financial statement, the maximum potential liability of the County to Erlanger under the Intergovernmental Agreement is \$10,000,000.00. This amount is subject to being reduced to \$8,552,500.00 upon the closing and funding of the assets described in the Settlement Agreement entered in the Adversary Proceedings in the Bankruptcy. This amount could potentially be reduced even further if the favorable negotiations between Erlanger and the County are successful and result in a written settlement agreement.

Pursuant to the terms of the loan agreement, the obligation to Regions Bank for the line of credit including principal and accrued interest, of \$3,496,098 was included as a payable in the prior year financial statements. Included in the current year financial statements as a payable of the County, is the estimate of the liability due by the County as noted in the preceding paragraph.

The liability recognized for the above nonexchange financial guarantee as of September 30, 2015 is as follows:

<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
<u>\$3,496,098</u>	<u>\$ 8,552,500</u>	<u>\$ 3,496,098</u>	<u>\$8,552,500</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

(17) CHANGE IN COMPONENT UNIT REPORTING:

In prior years, the Catoosa County Development Authority was treated as a discretely presented component unit. During the year ended September 30, 2015, the Development Authority is being reported as a blended component unit. This change is a result of the primary government guaranteeing repayment of the Development Authority's bond issue with SPLOST funds. As a result, beginning net position on page 2 and beginning fund balance on page 5, have been restated to reflect this change in presentation. Beginning net position decreased by \$5,546,026 and beginning fund balance increased by \$358,673. In addition, as shown on page 12, the Development Authority has been removed as a discretely presented component unit, causing an adjustment to component unit beginning fund balance of \$5,546,026. Also, beginning capital asset balances in Note 4 and beginning long-term debt balances in Note 5 have changed to reflect the addition of the Development Authority as a blended component unit.

(18) SUBSEQUENT EVENTS:

The County incurred subsequent events related to the Hutcheson unsecured (Notes) which repayment was guaranteed by the Board of Commissioners of Catoosa County along with the sole Commissioner of Walker County. The details of these events are explained in further detail in Note 16 of these financial statements.

Management has evaluated subsequent events through March 28, 2016, 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, 2015

	<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	\$ 9,446,679	\$ 9,520,737	\$ 9,520,738	\$ 1
Motor vehicle	781,022	468,547	468,547	-
MV title ad valorem tax	1,350,000	1,497,482	1,497,483	1
Mobile home ad valorem	57,166	54,160	54,161	1
Railroad ad valorem	-	3,394	3,395	1
Heavy duty equipment	12,164	3,492	3,493	1
Timber	248	1,422	1,422	-
Penalties and interest	300,000	287,399	287,399	-
	<u>11,947,279</u>	<u>11,836,633</u>	<u>11,836,638</u>	<u>5</u>
Other taxes -				
Intangible recording	160,000	178,567	178,568	1
Malt beverage	350,000	342,053	342,054	1
Local option sales tax	6,323,700	6,841,146	6,841,147	1
Insurance premium tax	2,384,746	2,516,641	2,516,642	1
Financial institutions	75,000	75,773	75,773	-
	<u>9,293,446</u>	<u>9,954,180</u>	<u>9,954,184</u>	<u>4</u>
	<u>21,240,725</u>	<u>21,790,813</u>	<u>21,790,822</u>	<u>9</u>
LICENSES AND FRANCHISES:				
Malt beverage licenses	30,000	32,945	32,945	-
Business licenses	-	37,120	37,120	-
Other licenses	-	150	150	-
Cable television franchises	330,000	358,112	358,113	1
	<u>360,000</u>	<u>428,327</u>	<u>428,328</u>	<u>1</u>
CHARGES FOR CURRENT SERVICES:				
Recreation fees	169,500	120,304	120,306	2
Concession income	75,000	55,116	55,116	-
Zoning fees	120,000	58,328	58,328	-
Inspection fees	240,000	354,106	354,107	1
	<u>604,500</u>	<u>587,854</u>	<u>587,857</u>	<u>3</u>
INTERGOVERNMENTAL:				
State revenue -				
Real estate transfer tax	43,000	46,557	46,558	1
	<u>43,000</u>	<u>46,557</u>	<u>46,558</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, 2015

	<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	\$ 275,165	\$ 245,365	\$ 245,365	\$ -
Transportation grants - capital	-	110,934	110,934	-
Federal payments in lieu of taxes	425,000	457,227	457,228	1
Salary reimbursement	57,000	66,569	66,571	2
	<u>757,165</u>	<u>880,095</u>	<u>880,098</u>	<u>3</u>
	<u>800,165</u>	<u>926,652</u>	<u>926,656</u>	<u>4</u>
FINES, FEES AND FORFEITURES:				
Magistrate Court	145,000	157,623	157,623	-
Juvenile Court	4,000	4,570	4,570	-
Clerk of Courts	649,000	618,733	618,734	1
Probate Judge	716,000	614,161	614,162	1
Tax Commissioner	855,000	934,702	934,704	2
Sheriff	159,370	169,653	169,653	-
	<u>2,528,370</u>	<u>2,499,442</u>	<u>2,499,446</u>	<u>4</u>
INVESTMENT EARNINGS:				
Interest	<u>20,000</u>	<u>32,215</u>	<u>32,231</u>	<u>16</u>
OTHER:				
Animal control fees	23,500	33,753	33,755	2
Fines for drug awareness	-	2,962	2,962	-
Theater admissions	118,200	114,401	114,402	1
Passenger fares	40,000	59,849	59,850	1
Building rentals	233,200	212,972	212,973	1
Prisoner reimbursements	83,000	101,383	101,383	-
Library fees	24,000	24,151	24,152	1
Donations	-	68,046	68,048	2
Fire service contract	184,671	193,086	193,086	-
Other income	3,000	3,703	3,703	-
	<u>709,571</u>	<u>814,306</u>	<u>814,314</u>	<u>8</u>
	<u>26,263,331</u>	<u>27,079,609</u>	<u>27,079,654</u>	<u>45</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
EXPENDITURES:				
Judicial -				
Magistrate Court	\$ 579,998	\$ 579,998	\$ 569,438	\$ 10,560
Superior Court	338,563	296,081	296,075	6
Juvenile Court	433,626	464,669	464,660	9
Clerk of Court	627,824	632,817	632,809	8
Probate Judge	458,057	458,057	426,043	32,014
Public Defender	291,703	281,363	281,362	1
District Attorney	526,072	535,276	535,268	8
Total judicial	<u>3,255,843</u>	<u>3,248,261</u>	<u>3,205,655</u>	<u>42,606</u>
General Government -				
Board of Commissioners	278,500	256,077	256,039	38
County manager	254,051	199,852	199,847	5
County attorney	150,000	164,457	164,457	-
Finance	221,600	220,153	220,144	9
Finance administration	123,498	121,699	121,696	3
Purchasing	55,394	53,237	53,233	4
Information systems	111,381	107,277	107,271	6
Tax Commissioner	976,978	976,978	918,872	58,106
Tax Assessor	596,479	523,205	523,198	7
Elections	270,316	228,386	228,383	3
Malt Beverage Board	6,600	2,229	2,229	-
Public buildings	991,302	1,018,699	1,018,688	11
Projects administration	59,648	59,235	59,227	8
Other agencies	101,000	69,665	69,665	-
Risk management	185,000	236,529	236,527	2
Geographic information system	42,050	24,222	24,221	1
Human resources	132,161	131,181	131,175	6
Total general government	<u>4,555,958</u>	<u>4,393,081</u>	<u>4,334,872</u>	<u>58,209</u>
Public Safety -				
Sheriff	4,179,175	4,179,175	3,954,022	225,153
Traffic control	386,762	386,762	337,879	48,883
Jail operations	3,448,892	3,448,892	3,404,326	44,566
Coroner	69,025	71,668	71,660	8
Animal control	333,030	326,439	326,432	7
Emergency management	43,967	32,128	32,118	10
Ambulance service	150,000	150,000	150,000	-
Fire service	3,606,334	3,423,232	3,423,217	15
Total public safety	<u>12,217,185</u>	<u>12,018,296</u>	<u>11,699,654</u>	<u>318,642</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget			Variance with Final Budget
	Original	Final	Actual	
Public Works -				
Roads and bridges	\$ 2,297,320	\$ 1,983,461	\$ 1,983,450	\$ 11
Public works administration	74,985	74,522	74,515	7
Total public works	2,372,305	2,057,983	2,057,965	18
Health and Welfare -				
Public health	507,168	504,735	504,735	-
Public welfare	37,300	32,300	32,300	-
Payments to others	-	8,552,500	8,552,500	-
Public transportation	603,313	700,921	700,917	4
Total health and welfare	1,147,781	9,790,456	9,790,452	4
Housing and Development -				
Planning and zoning	314,943	275,098	275,090	8
Economic development	106,050	130,692	130,688	4
Agriculture Extension Service	108,170	103,942	103,935	7
Building inspection	216,182	180,788	180,779	9
Total housing and development	745,345	690,520	690,492	28
Culture and Recreation -				
Libraries	552,356	519,423	519,423	-
General recreation	390,464	379,421	379,410	11
Jack Mattox Recreation Park	268,829	236,775	236,766	9
Boynton Stephens Park	30,000	82,052	82,051	1
RYSA Poplar Springs Ball Field	45,000	30,162	30,157	5
McConnell Park	14,505	11,923	11,921	2
County recreation programs	15,000	15,000	15,000	-
Elsie Holmes Nature Park	14,505	19,136	19,129	7
Adult Literacy Center	132,103	123,114	123,106	8
Senior Center	107,364	86,778	86,773	5
Amphitheater	1,500	2,641	2,639	2
Colonnade/Civic Center	438,800	406,977	406,974	3
Total culture and recreation	2,010,426	1,913,402	1,913,349	53
Debt Service -				
Principal	53,726	53,726	53,726	-
Interest	3,647	3,647	3,647	-
Total debt service	57,373	57,373	57,373	-
Total expenditures	26,362,216	34,169,372	33,749,812	419,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(98,885)	(7,089,763)	(6,670,158)	419,605

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	\$ 20,000	\$ 7,933	\$ 7,934	\$ 1
Insurance proceeds	-	21,833	21,833	-
Transfers to other funds	<u>(221,115)</u>	<u>(2,651,843)</u>	<u>(432,182)</u>	<u>2,219,661</u>
	<u>(201,115)</u>	<u>(2,622,077)</u>	<u>(402,415)</u>	<u>2,219,662</u>
EXCESS (DEFICIENCY) OF REVENUES AND				
 OTHER SOURCES OVER EXPENDITURES				
 AND OTHER USES	(300,000)	(9,711,840)	(7,072,573)	2,639,267
FUND BALANCES:				
Beginning	<u>10,944,579</u>	<u>10,944,579</u>	<u>10,944,579</u>	<u>-</u>
Ending	<u>\$ 10,644,579</u>	<u>\$ 1,232,739</u>	<u>\$ 3,872,006</u>	<u>\$ 2,639,267</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.

**CATOOSA COUNTY, GEORGIA
DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
INVESTMENT EARNINGS:				
Interest	-	1,088	1,088	-
EXPENDITURES:				
Housing and Development -				
Economic development	\$ -	\$ 2,734,762	\$ 2,734,762	\$ -
Debt Service -				
Principal	-	1,580,600	1,580,600	-
Interest	-	114,151	114,151	-
Total debt service	-	1,694,751	1,694,751	-
Total expenditures	-	4,429,513	4,429,513	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(4,428,425)	(4,428,425)	-
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	4,428,425	2,248,577	(2,179,848)
Transfers to other funds	-	-	-	-
	-	4,428,425	2,248,577	(2,179,848)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	(2,179,848)	(2,179,848)
FUND BALANCES:				
Beginning, as previously reported	-	-	-	-
From discrete to blended presentation	-	-	358,673	358,673
Beginning, as restated	-	358,673	358,673	-
Ending	\$ -	\$ 358,673	\$ (1,821,175)	\$ (2,179,848)

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, 2015**

	Special Revenue						Capital Projects Grant Fund	Total Nonmajor Governmental Funds
	Confiscated Assets	Emergency 911	Multiple Grant	JCSA	State Grant for Library	DATE Program	Total	
ASSETS:								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,100
Due from other funds	<u>71,025</u>	<u>-</u>	<u>47,309</u>	<u>128,416</u>	<u>-</u>	<u>239,589</u>	<u>486,339</u>	<u>78,143</u>
Total assets	<u>\$ 71,025</u>	<u>\$ -</u>	<u>\$ 47,309</u>	<u>\$ 128,416</u>	<u>\$ -</u>	<u>\$ 239,589</u>	<u>\$ 486,339</u>	<u>\$ 89,243</u>
LIABILITIES:								
Accounts payable	\$ -	\$ 6,396	\$ 14,676	\$ 3,604	\$ 545	\$ 469	\$ 25,690	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>1,100</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ 6,396</u>	<u>\$ 14,676</u>	<u>\$ 3,604</u>	<u>\$ 1,645</u>	<u>\$ 469</u>	<u>\$ 26,790</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES:								
Deferred revenue	<u>-</u>	<u>-</u>	<u>27,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,611</u>	<u>14,141</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,611</u>	<u>\$ 14,141</u>
FUND BALANCES:								
Restricted	71,025	-	5,022	124,812	-	239,120	439,979	75,102
Unassigned	<u>-</u>	<u>(6,396)</u>	<u>-</u>	<u>-</u>	<u>(1,645)</u>	<u>-</u>	<u>(8,041)</u>	<u>-</u>
Total fund balances	<u>\$ 71,025</u>	<u>\$ (6,396)</u>	<u>\$ 5,022</u>	<u>\$ 124,812</u>	<u>\$ (1,645)</u>	<u>\$ 239,120</u>	<u>\$ 431,938</u>	<u>\$ 75,102</u>

**CATOOSA COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue								
	Confiscated Assets	Emergency 911	Multiple Grant	JCSA	State Grant for Library	DATE Program	Total	Capital Projects Grant Fund	Total Nonmajor Governmental Funds
REVENUES:									
Charges for services	\$ -	\$ 1,128,677	\$ -	\$ -	\$ -	\$ -	\$ 1,128,677	\$ -	\$ 1,128,677
Intergovernmental	-	-	519,309	-	144,928	-	664,237	136,033	800,270
Fines, fees and forfeitures	75,540	-	-	125,356	-	112,476	313,372	-	313,372
Other	-	-	22,273	-	-	-	22,273	14,273	36,546
Interest	-	-	-	-	-	-	-	9	9
Total revenues	75,540	1,128,677	541,582	125,356	144,928	112,476	2,128,559	150,315	2,278,874
EXPENDITURES:									
Current -									
Public safety	22,714	1,212,082	-	81,006	-	37,218	1,353,020	36,287	1,389,307
Health and welfare	-	-	541,158	-	-	-	541,158	52,334	593,492
Culture and recreation	-	-	-	-	150,422	-	150,422	61,685	212,107
Capital outlay	10,856	23,363	-	38,401	-	-	72,620	-	72,620
Total expenditures	33,570	1,235,445	541,158	119,407	150,422	37,218	2,117,220	150,306	2,267,526
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	41,970	(106,768)	424	5,949	(5,494)	75,258	11,339	9	11,348
OTHER FINANCING SOURCES:									
Transfer from other funds	-	66,967	-	-	-	-	66,967	-	66,967
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	41,970	(39,801)	424	5,949	(5,494)	75,258	78,306	9	78,315
FUND BALANCES:									
Beginning	29,055	33,405	4,598	118,863	3,849	163,862	353,632	75,093	428,725
Ending	\$ 71,025	\$ (6,396)	\$ 5,022	\$ 124,812	\$ (1,645)	\$ 239,120	\$ 431,938	\$ 75,102	\$ 507,040

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, 2015

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash and cash equivalents -				
Tax Commissioner	\$ 915,842	\$ 38,356,132	\$ 38,258,306	\$ 1,013,668
Clerk of Superior Court	2,756,410	2,315,036	4,095,322	976,124
Magistrate Court	12,202	303,058	312,924	2,336
Probate Judge	(1,867)	971,047	968,456	724
Sheriff	<u>30,779</u>	<u>439,845</u>	<u>417,878</u>	<u>52,746</u>
 Total assets	 <u>\$ 3,713,366</u>	 <u>\$ 42,385,118</u>	 <u>\$ 44,052,886</u>	 <u>\$ 2,045,598</u>
 LIABILITIES:				
Due to other funds -				
Tax Commissioner	\$ -	\$ 12,017,876	\$ 12,017,876	\$ -
Clerk of Superior Court	-	962,772	962,772	-
Magistrate Court	-	163,078	163,078	-
Probate Judge	-	713,480	713,480	-
Sheriff	<u>-</u>	<u>96,888</u>	<u>96,888</u>	<u>-</u>
	<u>-</u>	<u>13,954,094</u>	<u>13,954,094</u>	<u>-</u>
 Due to other governments -				
Tax Commissioner	<u>915,842</u>	<u>26,338,256</u>	<u>26,240,430</u>	<u>1,013,668</u>
 Due to heirs, litigants and others -				
Clerk of Superior Court	2,756,410	1,352,264	3,132,550	976,124
Magistrate Court	12,202	139,980	149,846	2,336
Probate Judge	(1,867)	257,567	254,976	724
Sheriff	<u>30,779</u>	<u>342,957</u>	<u>320,990</u>	<u>52,746</u>
	<u>2,797,524</u>	<u>2,092,768</u>	<u>3,858,362</u>	<u>1,031,930</u>
 Total liabilities	 <u>\$ 3,713,366</u>	 <u>\$ 42,385,118</u>	 <u>\$ 44,052,886</u>	 <u>\$ 2,045,598</u>

FINANCIAL SCHEDULES

CATOOSA COUNTY, GEORGIA
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Levy Year</u>					
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Prior to 2011</u>	<u>Total</u>
TAXES RECEIVABLE, Beginning	\$ -	\$ 193,506	\$ 19,243	\$ 4,594	\$ 6,426	\$ 223,769
TAX LEVY	9,531,615	-	-	-	-	9,531,615
ADJUSTMENTS: Releases, net of pickups	(2,445)	(4,505)	(925)	(60)	(104)	(8,039)
COLLECTIONS	<u>(9,339,467)</u>	<u>(176,628)</u>	<u>(12,635)</u>	<u>(1,997)</u>	<u>(4,734)</u>	<u>(9,535,461)</u>
TAXES RECEIVABLE, Ending	<u>\$ 189,703</u>	<u>\$ 12,373</u>	<u>\$ 5,683</u>	<u>\$ 2,537</u>	<u>\$ 1,588</u>	<u>\$ 211,884</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

CATOOSA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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 (CAP II)	93.959	44100-026-0000014883	\$ (14,285)	\$ 128,693	\$ 190,514	\$ 47,536
Substance Abuse and Mental Health Services (CAP I)	93.243	441-93-11110293-01	(4,734)	-	928	(3,806)
Substance Abuse and Mental Health Services (CAP III)	93.243	44100-906-0000054935	(46,294)	238,200	276,809	(7,685)
			(51,028)	238,200	277,737	(11,491)
Total Health and Human Services			(65,313)	366,893	468,251	36,045
U.S. Department of Transportation:						
Pass-through from Georgia Department of Transportation - Mass Transportation Assistance	20.507	TT004760	14,761	14,761	-	-
	20.507	TT005044	68,893	246,779	177,886	-
	20.507	TT005573	-	-	67,479	67,479
			83,654	261,540	245,365	67,479
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		6,000	58,204	59,849	7,645
Capital for Transportation	20.509	T005277	-	98,608	98,608	-
Total Department of Transportation			89,654	418,352	403,822	75,124
U.S. Department of Housing and Urban Development:						
Pass-through from Georgia Department of Community Affairs - Community Development Block Grant	14.218	14p-y-023-1-5650	-	52,334	52,334	-
Total Department of Housing and Urban Development			-	52,334	52,334	-
U.S. Department of Homeland Security:						
Disaster Grants - Public Assistance	97.036		47,347	38,623	(8,724)	-
Pass-through from Georgia Emergency Management Agency - Hazardous Materials Emergency Preparedness	20.703	OHM15-007	-	-	5,000	5,000
Emergency Management Performance Grants	97.042	OEM14-023S01	-	19,183	19,183	-
Total Department of Homeland Security			47,347	57,806	15,459	5,000
U.S. Department of Justice:						
Byrne Justice Assistance Grant	16.738	2009-SU-B9-0003	-	1,625	1,625	-
Total Department of Justice			-	1,625	1,625	-
Total Federal Awards			\$ 71,688	\$ 897,010	\$ 941,491	\$ 116,169

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, 2015, 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 28, 2016. Our report includes a reference to other auditors who audited the financial statements of the Catoosa County Health Department, as described in our report on the Catoosa County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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. Accordingly, we do not express an opinion on the effectiveness of Catoosa County, Georgia's internal controls.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

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

Johnson, Nicky & Muenchen, P.C.

March 28, 2016



**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, 2015. 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, 2015.

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 & Meacham, P.C.

March 28, 2016

**CATOOSA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

SUMMARY OF AUDIT RESULTS:

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

No 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 unmodified opinion.

The programs tested as major programs were:

CFDA #93.243 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 low-risk auditee.

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

Current Year Findings –

None

Prior Year Findings –

None

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, 2015, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2016. 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, 2015, (the specific projects allowed having been identified in resolutions dated April 3, 2003, June 17, 2008, and January 15, 2013 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, 2015, 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 28, 2016

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS - 2004 CYCLE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	100%	\$ 341,362
Ringgold sewer, water and capital outlay projects	1,935,000	-	1,935,000	1,986,126	-	-	1,986,126	100%	69,881
Catoosa Utility District water projects	2,500,000	-	2,500,000	2,562,322	-	-	2,562,322	100%	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	12,844,295	-	384,902	13,229,197	82%	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	100%	-
Recreation	2,000,000	-	2,000,000	2,049,490	-	-	2,049,490	100%	-
Public safety equipment	5,015,000	-	5,015,000	5,139,098	-	-	5,139,098	100%	-
Public works vehicles	685,000	-	685,000	701,950	-	-	701,950	100%	-
Multi-purpose buildings	550,000	-	550,000	563,610	-	-	563,610	100%	-
Roads and bridges	2,000,000	-	2,000,000	2,261,965	-	-	2,261,965	100%	161,611
Library enhancement	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>358,660</u>	<u>-</u>	<u>-</u>	<u>358,660</u>	100%	<u>-</u>
	<u>\$ 41,323,000</u>	<u>\$ -</u>	<u>\$ 41,323,000</u>	<u>\$ 38,517,708</u>	<u>\$ -</u>	<u>\$ 384,902</u>	<u>\$ 38,902,610</u>		<u>\$ 1,071,204</u>
Reconciliation of current year expenditures -									
SPLOST 2004 expenditures per financial statements						\$ 384,902			
Less debt service principal						<u>-</u>			
						<u>\$ 384,902</u>			

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS - 2009 CYCLE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	\$ 5,747,923	\$ -	\$ -	\$ 5,747,923	81%	\$ 29,154
Ringgold sewer, water and capital outlay projects	2,520,000	-	2,520,000	1,191,615	-	854,136	2,045,751	81%	33,163
Catoosa Utility District water projects	4,000,000	-	4,000,000	3,231,921	-	-	3,231,921	81%	15,518
Catoosa County sewer projects	15,750,000	-	15,750,000	9,917,544	-	1,044,509	10,962,053	70%	-
Recreation	2,000,000	-	2,000,000	1,149,030	-	62,388	1,211,418	61%	-
Public safety equipment	5,509,000	-	5,509,000	2,743,873	-	112,230	2,856,103	52%	-
Public works vehicles	1,500,000	-	1,500,000	1,077,662	-	124,608	1,202,270	80%	-
Multi-purpose buildings	1,190,000	-	1,190,000	522,925	-	349,130	872,055	73%	-
Roads, buildings, and stormwater	9,869,000	-	9,869,000	10,022,727	-	-	10,022,727	100%	2,087,050
Library enhancement	500,000	-	500,000	50,060	-	42,643	92,703	19%	-
Economic development	2,000,000	-	2,000,000	1,419,635	-	188,566	1,608,201	80%	-
GIS department	400,000	-	400,000	54,366	-	40,342	94,708	24%	5,940
Historical tourism/greenspace	<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>391,000</u>	<u>-</u>	<u>221,531</u>	<u>612,531</u>	82%	<u>10,000</u>
	<u>\$ 53,100,000</u>	<u>\$ -</u>	<u>\$ 53,100,000</u>	<u>\$ 37,520,281</u>	<u>\$ -</u>	<u>\$ 3,040,083</u>	<u>\$ 40,560,364</u>		<u>\$ 2,180,825</u>
Reconciliation of current year expenditures -									
SPLOST 2009 expenditures per financial statements						\$ 3,381,437			
Less debt service principal						<u>(341,354)</u>			
						<u>\$ 3,040,083</u>			

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS - 2014 CYCLE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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	\$ 7,150,000	\$ -	\$ 7,150,000	\$ 70,806	\$ -	\$ 773,131	\$ 843,937	12%	\$ 213
Ringgold sewer, water and capital outlay projects	2,500,000	-	2,500,000	-	-	39	39	0%	183
Catoosa Utility District water projects	2,300,000	-	2,300,000	27,126	-	373,236	400,362	17%	27
Catoosa County sewer projects	12,400,000	-	12,400,000	-	-	10,714	10,714	0%	-
Recreation	2,263,101	-	2,263,101	-	-	320,419	320,419	14%	-
Public safety equipment and buildings	9,222,399	-	9,222,399	45,965	-	1,079,865	1,125,830	12%	-
Roads and bridges	9,000,000	-	9,000,000	1,032,959	-	395,466	1,428,425	16%	532,881
Equipment and vehicles	2,164,500	-	2,164,500	-	-	102,720	102,720	5%	-
Public buildings and grounds	800,000	-	800,000	-	-	52,980	52,980	7%	-
Courthouse renovation	2,200,000	-	2,200,000	-	-	337,536	337,536	15%	-
Stormwater projects	3,000,000	-	3,000,000	-	-	432,592	432,592	14%	-
Economic development	6,700,000	-	6,700,000	-	-	1,072,171	1,072,171	16%	3,593
GIS department	300,000	-	300,000	-	-	4,795	4,795	2%	-
	<u>\$ 60,000,000</u>	<u>\$ -</u>	<u>\$ 60,000,000</u>	<u>\$ 1,176,856</u>	<u>\$ -</u>	<u>\$ 4,955,664</u>	<u>\$ 6,132,520</u>		<u>\$ 536,897</u>
Reconciliation of current year expenditures -									
SPLOST 2014 expenditures per financial statements						\$ 4,955,664			
Less debt service principal						-			
						<u>\$ 4,955,664</u>			

