CITY OF RINGGOLD, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2009

I. INTRODUCTORY SECTION

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CITY OF RINGGOLD, GEORGIA
Council Members and Management
December 31, 2009

Mayor ..... Joe Barger

Vice-Mayor ..... Terry Crawford

Council Member ..... O. C. Adcock

Council Member ..... Randall Franks

Council Member ..... G. Larry Black

Council Member ..... Bill McMillon

City Manager ..... Dan Wright

City Judge ..... Anthony Peters

Financial Director ..... Will Baerg

II. FINANCIAL SECTION

Certified Public Accountants

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Paul Johnson, III, CPA

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INDEPENDENT AUDITOR'S REPORT

Mayor and Council Members
City of Ringgold, Georgia
Ringgold, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ringgold, Georgia, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the City of Ringgold, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ringgold, Georgia as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Solid Waste Fund and Capital Projects Fund, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2010, on our consideration of the City of Ringgold, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statement but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ringgold, Georgia's basic financial statements. The Introductory Section, non-major governmental fund financial statements, Supplementary Information and Statistical Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and the Supplementary Information section have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
March 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ringgold, Georgia, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Ringgold, Georgia for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The assets of the City of Ringgold, Georgia exceeded its liabilities at December 31, 2009, by $17,529,978 (net assets). Of this amount, $7,901,362 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's governmental activities operated at a surplus of $327,320. The City's business-type activities operated at a surplus of $305,245.

As of the close of the current fiscal year, the City of Ringgold, Georgia's governmental funds reported combined ending fund balances of $5,315,197.

At the end of the current fiscal year, unreserved fund balance for the General Fund was $5,163,495, or 250.20%, of total General Fund expenditures. Expenditures do not include transfers to and from other funds, which netted to $(153,883) in the City's General Fund.

As of the close of the current fiscal year, the City of Ringgold, Georgia's enterprise funds reported combined ending net assets of $8,712,057. Of that balance, $2,900,983 is unrestricted and the remaining $5,811,074 of net assets is invested in capital assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction of the City of Ringgold, Georgia's basic financial statements. The City of Ringgold, Georgia's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements, and (3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements
The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Ringgold, Georgia's finances, in a manner similar to a private-sector business.

The government-wide financial statements are:

The *Statement of Net Assets* presents information on all of the City of Ringgold, Georgia's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Ringgold, Georgia is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Ringgold, Georgia that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Ringgold, Georgia include general government, public safety, public works, and public welfare and recreation. The business-type activities of the City of Ringgold, Georgia include the Sewer Fund and the Water Fund.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Ringgold, Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ringgold, Georgia can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand that long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The City of Ringgold, Georgia maintains nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Individual fund data for the Solid Waste, Hotel/Motel Tax, Haunted Depot, Downtown Development Authority, Capital Projects Grant, Confiscated Assets and Convention and Visitors Bureau funds are provided later in this report beginning on page 50.

The City of Ringgold, Georgia adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 and 17 of this report.

Proprietary Funds
The City of Ringgold, Georgia maintains one type of proprietary fund: enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Ringgold, Georgia uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund and Water Fund, which are considered to be major funds of the City of Ringgold, Georgia.

The basic proprietary fund financial statements can be found on pages 26 through 28 of this report.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 29 through 48 of this report.

Other Information
Non-major fund statements and schedules can be found on pages 50 through 60 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Ringgold, Georgia, assets exceeded liabilities by $17,529,978 at the close of this fiscal year.

The largest portion of the City of Ringgold, Georgia's net assets (54.21%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The City of Ringgold, Georgia uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Ringgold, Georgia's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, .71%, or $124,873, represents resources that are subject to external restrictions on how they may be used. The remaining 45.08% of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At December 31, 2009, the City of Ringgold, Georgia is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. Restricted net assets net to $124,873, however, the Capital Projects Grant Fund has ending net assets of $(10,431).

The table below provides a summary of the City's net assets broken down by governmental and business type activities.

City of Ringgold, Georgia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 5,455,793	$ 5,013,962	$ 3,302,873	$ 2,972,420	$ 8,758,666	$ 7,986,382
Capital assets	3,692,669	3,641,458	14,929,792	15,237,357	18,622,461	18,878,815
Total assets	$ 9,148,462	$ 8,655,420	$ 18,232,665	$ 18,209,777	$ 27,381,127	$ 26,865,197
Non-current liabilities	$ 270,920	$ 88,017	$ 9,394,219	$ 9,768,149	$ 9,665,139	$ 9,856,166
Other liabilities	59,621	76,802	126,389	34,816	186,010	111,618
Total liabilities	$ 330,541	$ 164,819	$ 9,520,608	$ 9,802,965	$ 9,851,149	$ 9,967,784
Net assets:						
Invested in capital assets - net of related debt	$ 3,692,669	$ 3,641,458	$ 5,811,074	$ 5,719,009	$ 9,503,743	$ 9,360,467
Restricted	124,873	126,245	-	-	124,873	126,245
Unrestricted	5,000,379	4,722,898	2,900,983	2,687,803	7,901,362	7,410,701
Total net assets	$ 8,817,921	$ 8,490,601	$ 8,712,057	$ 8,406,812	$ 17,529,978	$ 16,897,413

Changes in Net Assets

Governmental activities increased the City's net assets by $327,320, and business-type activities increased the City's net assets by $305,245. However, the City can only use the net assets obtained through business-type activities to finance the continuing operations of the sewer and water systems.

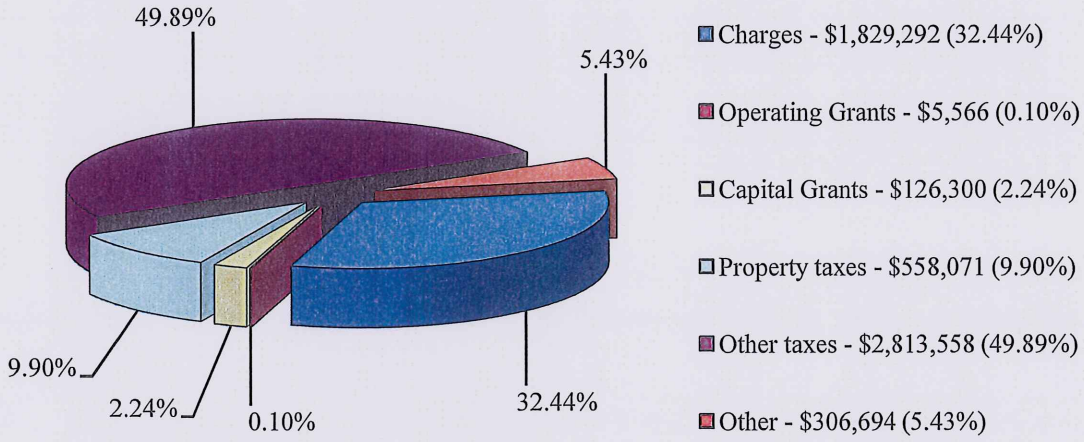
The table below provides a summary of the City's net assets broken down by governmental and business-type activities.

City of Ringgold, Georgia's Changes in Net Assets

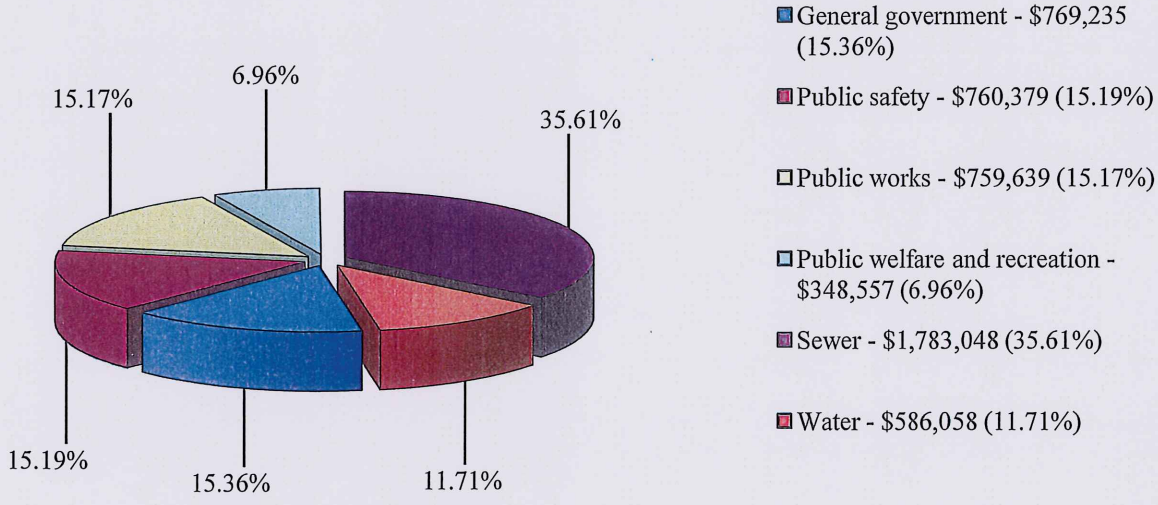
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 188,562	$ 145,030	$ 1,640,730	$ 1,526,609	$ 1,829,292	$ 1,671,639
Operating grants and contributions	5,566	6,117	-	-	5,566	6,117
Capital grants and contributions	105,000	53,626	21,300	525	126,300	54,151
General revenues:						
Property taxes	558,071	527,202	-	-	558,071	527,202
Other taxes	2,813,558	2,564,960	-	-	2,813,558	2,564,960
Other income	252,554	303,291	54,140	36,237	306,694	339,528
Interfund transfers	(958,181)	(509,132)	958,181	509,132	-	-
Total revenues	2,965,130	3,091,094	2,674,351	2,072,503	5,639,481	5,163,597
Expenses:						
General government	769,235	768,851	-	-	769,235	768,851
Public safety	760,379	761,312	-	-	760,379	761,312
Public works	759,639	701,686	-	-	759,639	701,686
Public welfare and recreation	348,557	301,417	-	-	348,557	301,417
Sewer	-	-	1,783,048	1,800,062	1,783,048	1,800,062
Water	-	-	586,058	637,309	586,058	637,309
Total expenses	2,637,810	2,533,266	2,369,106	2,437,371	5,006,916	4,970,637
Change in net assets	327,320	557,828	305,245	(364,868)	632,565	192,960
Net assets - beginning	8,490,601	7,932,773	8,406,812	8,771,680	16,897,413	16,704,453
Net assets - end	$ 8,817,921	$ 8,490,601	$ 8,712,057	$ 8,406,812	$ 17,529,978	$ 16,897,413

The graphs below summarize the $5,639,481 of city-wide revenues by source, and the associated $5,006,916 of expense by program. The graphs combine data from both governmental and business-type activities.

City-Wide Sources of Revenue

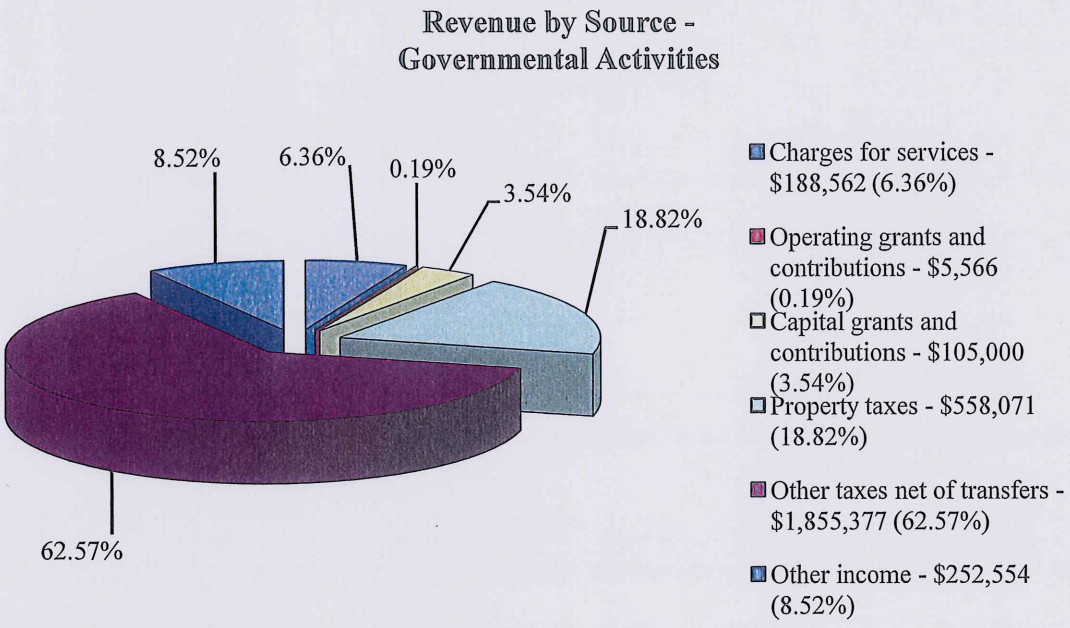


City-Wide Program Expenses

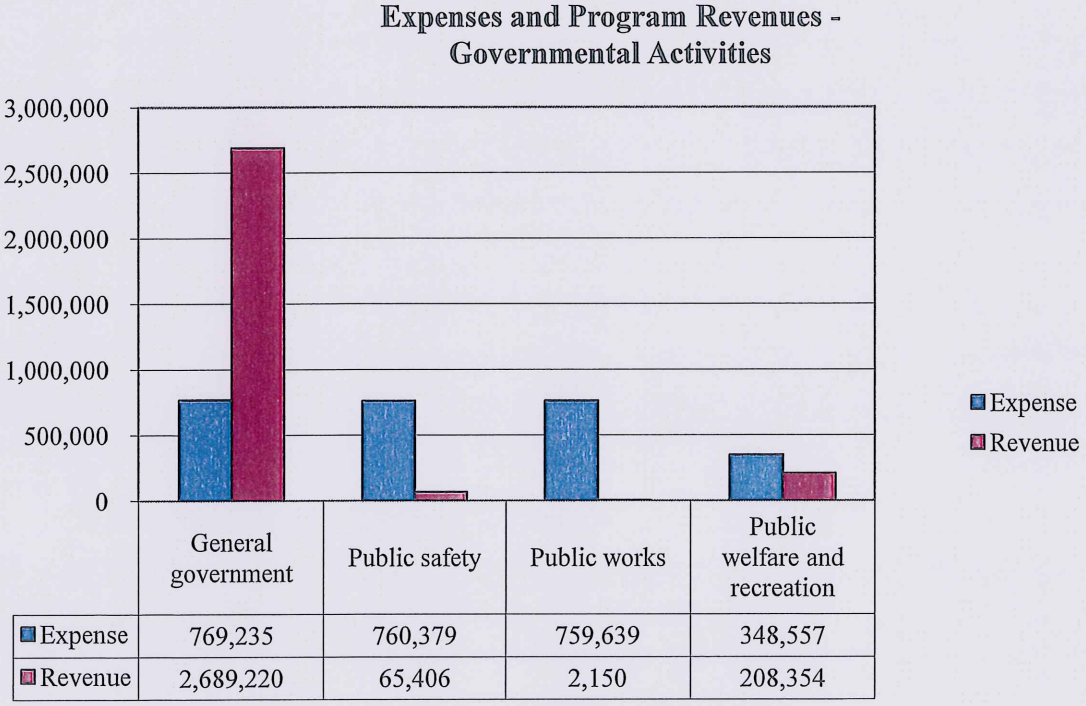


Governmental Activities

Governmental activities accounted for revenues of $2,965,130. The following graph summarizes the revenue by source.



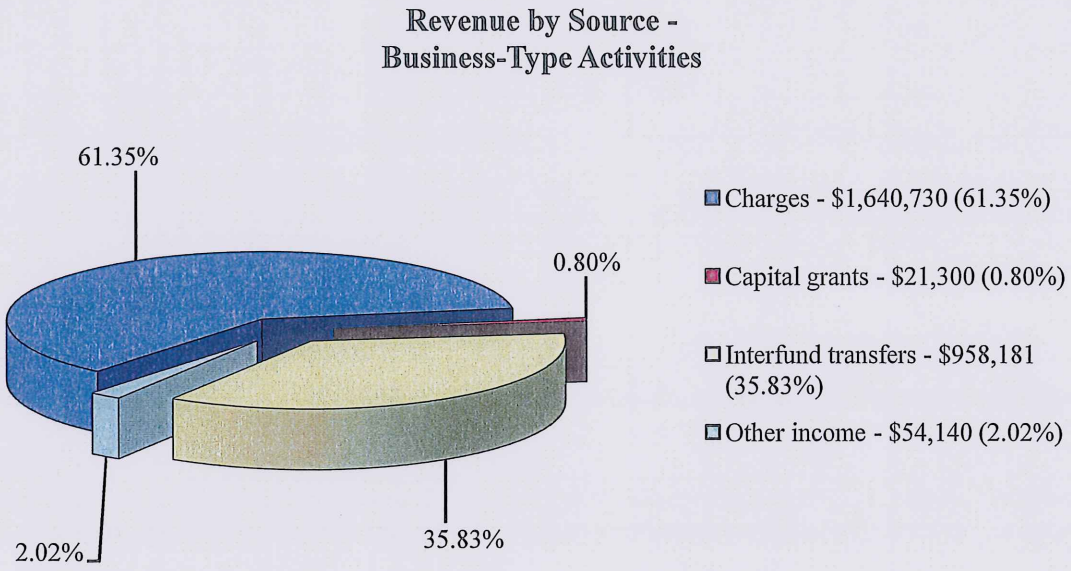
The following graph summarizes the revenue and related expense for each government program of the City. The difference between expense and revenue is the financial burden placed on the City's taxpayers for each program.



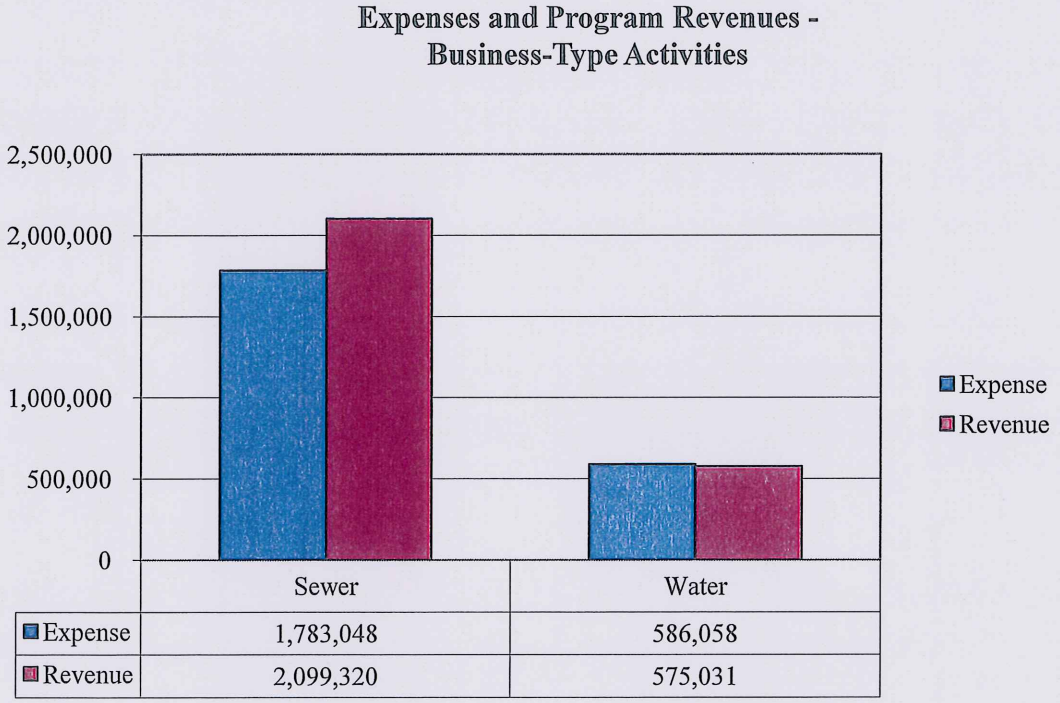
	General government	Public safety	Public works	Public welfare and recreation
Expense	769,235	760,379	759,639	348,557
Revenue	2,689,220	65,406	2,150	208,354

Business-type activities

Business-type activities accounted for revenues of $2,674,351. The following graph summarizes the revenue by source.



The following graph summarizes the revenue and related expense of operating the water and sewer systems.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds
The focus of the City of Ringgold, Georgia's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Ringgold, Georgia's financing requirements. The unreserved fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year for future unforeseen emergencies.

As of the end of the current fiscal year, the City of Ringgold, Georgia's governmental funds reported combined ending fund balances of $5,315,197.

The General Fund is the chief operating fund of the City of Ringgold, Georgia. At the end of the current fiscal year, unreserved fund balance of the General Fund was $5,163,495. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total General Fund expenditures. Unreserved fund balance represents 250.20% of total General Fund expenditures.

Proprietary Funds
The City of Ringgold, Georgia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to $2,788,043 for the Sewer Fund and $112,940 for the Water Fund.

General Fund Budgetary Highlights
Differences between the original budget and the final amended budget netted to $0 in fund balance change. The offsetting changes are listed below:

There was $(4,000) in various decreases in revenues.

Capital outlay expenditures were increased by $8,000.

Transfers out were decreased by $(12,000).

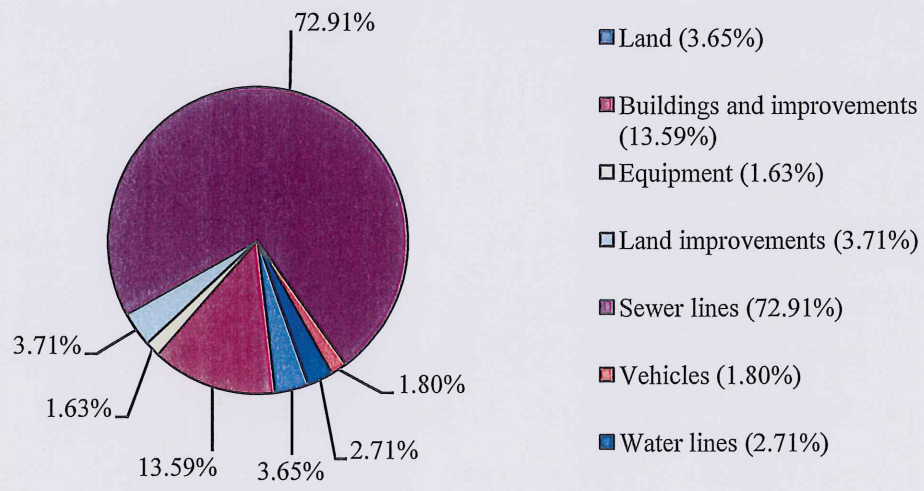
CAPITAL ASSET AND DEBT ADMINISTRATION

The table below summarizes the city's investment in capital assets and is broken down by governmental and business-type activities.

City of Ringgold, Georgia's Capital Assets
(Net of Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	$ 502,086	$ 177,837	$ 679,923
Buildings and improvements	2,077,348	453,617	2,530,965
Equipment	160,521	143,298	303,819
Land improvements	690,562	-	690,562
Sewer lines	-	13,577,608	13,577,608
Vehicles	262,152	72,374	334,526
Water lines	-	505,058	505,058
Total capital assets	$ 3,692,669	$ 14,929,792	$ 18,622,461

The following graph provides a breakdown of which assets make up the largest portion of the City's total investment in capital assets. The graph combines assets used in both governmental and business-type activities.



Additional information on the City of Ringgold, Georgia's capital assets can be found in Note 8 on pages 38 and 39.

City of Ringgold, Georgia's Outstanding Debt

At the end of the current fiscal year, the City of Ringgold, Georgia had total debt outstanding of $9,665,139. Of that amount $269,000 is due in the next fiscal year. The table below summarizes outstanding debt broken down by governmental and business type activities.

	Governmental Activities	Business-type Activities	Total
Bond payable	$ -	$ 9,279,000	$ 9,279,000
Less current portion	-	(269,000)	(269,000)
Compensated absences	98,646	40,815	139,461
Customer deposits	-	42,587	42,587
Accrued post-employment benefits	172,274	31,817	204,091
Total long-term debt	$270,920	$ 9,125,219	$ 9,396,139

Additional information on outstanding debt can be found in Note 11 on pages 40 through 43 of this report.

Currently Known Conditions Effecting Future Years

The City is currently considering a large sewer project known as the Exit 345 Project. This line will cost approximately $7,500,000 and will be funded from the 2009 SPLOST.

The City is also supervising the installation of sewer in the following subdivisions in the unincorporated areas of Catoosa County: Townsend Estates, Townsend Place and Meadow Green Subdivision. The City will continue to work with Catoosa County to provide sewer service to existing subdivisions, which will provide additional sewer revenues for the City.

The City Water Plant demand has been reduced due to commercial and industrial cutbacks and plant closures. The City has eliminated the second shift at the Water Plant. Instead of two eight-hour shifts per day, the City now operates the Water Plant on a ten-hour day, and transfers operators to the Public Works and Streets Departments to retain the operators for the future. This will reduce the cost of the payroll for the Water Plant.

The TE Grant is in the preliminary engineering phase, and the plans have been sent to the Georgia Department of Transportation for review. The City is waiting on approval to move forward. Once the plan is approved for construction, the City will spend approximately $100,000 of local funds and receive a grant for $250,000 to complete the project.

Training and traveling expenses have been reduced and monitored closely due to the current economical downturn in Local Option Sales Tax and the loss of water and sewer revenues.

The City has applied for another Trails Grant and could be required to match the grant with $14,082 of local money if the grant is awarded.

The City continues the meter change out program, and the large water meters continue to be tested and recalibrated to assure accuracy for water billing purposes. Fire hydrant flow data is being collected jointly by the Catoosa County Fire Department and the City of Ringgold Water Department to determine critical areas. Once the needs are determined, a plan of action will be created to address the needs, and new lines to create loops or upgrading of smaller lines will be proposed.

Requests for Information

This financial report is designed to provide a general overview of the City of Ringgold, Georgia's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Ringgold, Georgia, P. O. Box 579, Ringgold, GA 30736.

BASIC FINANCIAL STATEMENTS

CITY OF RINGGOLD, GEORGIA
Statement of Net Assets
December 31, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash	$ 61,886	$ 199,241	$ 261,127
Investments	4,463,465	2,562,756	7,026,221
Accounts receivable - net	325,926	377,994	703,920
Property tax receivable - net	111,048	-	111,048
Prepaid expenses	26,111	-	26,111
Due from other governments	467,357	-	467,357
Restricted assets	-	162,882	162,882
Capital assets			
Land and construction in progress	502,086	177,837	679,923
Other capital assets - net of accumulated depreciation	3,190,583	14,751,955	17,942,538
TOTAL ASSETS	$ 9,148,462	$ 18,232,665	$ 27,381,127
LIABILITIES			
Current Liabilities			
Accounts payable	$ 20,814	$ 12,919	$ 33,733
Accrued wages	5,985	2,523	8,508
Accrued liabilities	30,007	110,947	140,954
Due to other governments	2,815	-	2,815
Non-current liabilities:			
Due within one year -			
Bond payable	-	269,000	269,000
Due in more than one year -			
Accrued post-employment benefits	172,274	31,817	204,091
Compensated absences	98,646	40,815	139,461
Customer deposits	-	42,587	42,587
Bond payable	-	9,010,000	9,010,000
TOTAL LIABILITIES	$ 330,541	$ 9,520,608	$ 9,851,149
NET ASSETS			
Invested in capital assets - net of related debt	$ 3,692,669	$ 5,811,074	$ 9,503,743
Restricted for:			
Capital project grants	(10,431)	-	(10,431)
Tourism	135,304	-	135,304
Unrestricted	5,000,379	2,900,983	7,901,362
TOTAL NET ASSETS	$ 8,817,921	$ 8,712,057	$ 17,529,978

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

CITY OF RINGGOLD, GEORGIA
Statement of Activities
Year Ended December 31, 2009

Functions/Programs		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Primary Government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 769,235	$ 23,218	$ -	$ -	$ (746,017)	$ -	$ (746,017)
Public safety	760,379	65,406	-	-	(694,973)	-	(694,973)
Public works	759,639	2,150	-	-	(757,489)	-	(757,489)
Public welfare and recreation	348,557	97,788	5,566	105,000	(140,203)	-	(140,203)
Total governmental activities	2,637,810	188,562	5,566	105,000	(2,338,682)	-	(2,338,682)
Business-type activities:							
Sewer	1,783,048	1,217,381	-	21,300	-	(544,367)	(544,367)
Water	586,058	423,349	-	-	-	(162,709)	(162,709)
Total business-type activities	2,369,106	1,640,730	-	21,300	-	(707,076)	(707,076)
Total primary government	$ 5,006,916	$ 1,829,292	$ 5,566	$ 126,300	(2,338,682)	(707,076)	(3,045,758)
General revenues:							
Property tax					558,071	-	558,071
Franchise tax					574,356	-	574,356
Local option sales tax					792,827	-	792,827
Motor vehicle tax					13,944	-	13,944
Occupational tax					78,086	-	78,086
Hotel/motel tax					219,655	-	219,655
Payment in lieu of taxes - TVA					9,167	-	9,167
SPLOST tax					857,060	-	857,060
Other taxes					268,463	-	268,463
Interest revenue					212,769	54,140	266,909
Other revenue					39,785	-	39,785
Transfers					(958,181)	958,181	-
Total general revenues and transfers					2,666,002	1,012,321	3,678,323
Change in net assets					327,320	305,245	632,565
Net assets - beginning					8,490,601	8,406,812	16,897,413
Net assets - end					$ 8,817,921	$ 8,712,057	$ 17,529,978

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

CITY OF RINGGOLD, GEORGIA
Governmental Funds
Balance Sheet
December 31, 2009

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash	$ -	$ -	$ 61,886	$ 61,886
Investments	4,463,465	-	-	4,463,465
Accounts receivable - net	304,709	-	21,217	325,926
Property tax receivable - net	111,048	-	-	111,048
Prepaid expenses	26,111	-	-	26,111
Due from other governments	462,357	-	5,000	467,357
Due from other funds	-	-	118,348	118,348
TOTAL ASSETS	$ 5,367,690	$ -	$ 206,451	$ 5,574,141
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 15,440	$ -	$ 5,374	$ 20,814
Accrued wages	5,561	-	424	5,985
Accrued liabilities	22,722	-	7,285	30,007
Due to other governments	-	-	2,815	2,815
Due to other funds	79,497	-	38,851	118,348
Deferred revenue - property taxes	80,975	-	-	80,975
Total liabilities	204,195	-	54,749	258,944
Fund Balances				
Unreserved, reported in				
General fund	5,163,495	-	-	5,163,495
Special revenue funds	-	-	151,702	151,702
Total fund balances	5,163,495	-	151,702	5,315,197
TOTAL LIABILITIES AND FUND BALANCES	$ 5,367,690	$ -	$ 206,451	$ 5,574,141

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

CITY OF RINGGOLD, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2009

Total fund balances per governmental funds balance sheet	$ 5,315,197
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,692,669
Long-term liabilities, including compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(98,646)
The other post-employment benefit plan has not been funded to meet annual requirement contributions, creating an accrued post-employment benefit liability. This liability is not due and payable in the current period and, therefore, is not reported in the funds.	(172,274)
Some of the City's 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.	80,975
Net assets of governmental activities	$ 8,817,921

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

CITY OF RINGGOLD, GEORGIA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2009

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	$ 2,286,771	$ 857,060	$ 219,655	$ 3,363,486
License and permits	18,200	-	-	18,200
Intergovernmental	10,983	-	33,750	44,733
Fines and forfeitures	42,668	-	22,738	65,406
Interest revenue	212,769	-	-	212,769
Other revenue	93,068	-	126,673	219,741
TOTAL REVENUES	2,664,459	857,060	402,816	3,924,335
EXPENDITURES				
Current expenditures				
General government	627,644	-	-	627,644
Public safety	653,463	-	11,477	664,940
Public works	461,684	-	157,303	618,987
Public welfare and recreation	149,334	-	145,345	294,679
Capital outlay	171,650	-	128,218	299,868
TOTAL EXPENDITURES	2,063,775	-	442,343	2,506,118
Excess (deficiency) of revenues over (under) expenditures	600,684	857,060	(39,527)	1,418,217
OTHER FINANCING SOURCES (USES)				
Transfers in	109,828	-	279,887	389,715
Transfers out	(263,711)	(857,060)	(227,125)	(1,347,896)
Total other financing sources (uses)	(153,883)	(857,060)	52,762	(958,181)
Net changes in fund balances	446,801	-	13,235	460,036
Fund balances - beginning	4,716,694	-	138,467	4,855,161
Fund balances - end	$ 5,163,495	$ -	$ 151,702	$ 5,315,197

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

CITY OF RINGGOLD, GEORGIA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended December 31, 2009

Net change in fund balances for total governmental funds	$ 460,036
Governmental funds report capital outlay as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	51,211
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,023)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:	
Post-employment benefits	(172,274)
Compensated absences	(10,629)
Change in net assets of governmental activities	$ 327,321

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

CITY OF RINGGOLD, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
City property tax	$ 512,200	$ 506,200	$ 559,095	$ 52,895
Premium tax	134,000	134,000	134,283	283
Franchise tax	559,000	569,000	574,356	5,356
Local option sales tax	775,000	785,000	792,827	7,827
Malt beverage tax	129,000	129,000	129,926	926
Motor vehicle tax	13,000	13,000	13,944	944
Occupational tax	76,500	76,500	78,086	1,586
Intangible tax	3,000	3,000	3,509	509
Real estate transfer tax	-	-	745	745
Total taxes	2,201,700	2,215,700	2,286,771	71,071
License and permits				
Massage therapy license	400	400	450	50
Malt beverage license	14,000	14,000	17,750	3,750
Total license and permits	14,400	14,400	18,200	3,800
Intergovernmental				
Payment in lieu of taxes - TVA	9,000	9,000	9,167	167
Grant revenue	1,800	1,800	1,816	16
Total intergovernmental	10,800	10,800	10,983	183
Fines and forfeitures				
Police and courts	41,650	41,650	42,668	1,018
Interest revenue				
Interest	196,000	178,000	212,769	34,769
Other revenue				
Fees	6,800	6,800	7,168	368
Pool fees and concessions	47,900	47,900	47,935	35
Miscellaneous	37,600	37,600	37,815	215
Rent income	150	150	150	-
Total other revenue	92,450	92,450	93,068	618
TOTAL REVENUES	2,557,000	2,553,000	2,664,459	111,459

(Continued)

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

CITY OF RINGGOLD, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES				
Current expenditures				
General government				
Administration				
Administrative salaries	$ 270,000	$ 270,000	$ 268,995	$ 1,005
Zoning board pay	2,000	2,000	1,750	250
Payroll taxes	20,500	20,500	19,918	582
Utilities	5,000	5,000	-	5,000
Communications and postage	3,500	3,500	3,124	376
Telephone	9,000	9,000	7,812	1,188
Office supplies	15,000	15,000	9,978	5,022
Administrative	7,000	7,000	4,946	2,054
Dues and subscriptions	23,000	23,000	21,715	1,285
Professional services	10,000	10,000	8,101	1,899
Retirement	26,000	26,000	23,656	2,344
Insurance	65,500	65,500	63,592	1,908
Flag fund	8,000	8,000	5,599	2,401
Repairs and maintenance	4,500	4,500	3,257	1,243
Drug testing fees	2,000	2,000	1,652	348
Vehicles repair and maintenance	2,000	2,000	3,775	(1,775)
Education and travel	10,000	10,000	7,838	2,162
Total administration	483,000	483,000	455,708	27,292
Building and plant				
Insurance	26,000	26,000	23,002	2,998
Utilities	22,000	22,000	17,144	4,856
Supplies and materials	2,000	2,000	651	1,349
Repairs and maintenance	24,000	24,000	10,178	13,822
Total building and plant	74,000	74,000	50,975	23,025
Council				
Council salaries	17,900	17,900	17,475	425
Payroll taxes	1,500	1,500	1,056	444
Insurance	100	100	72	28
Education and travel	19,500	19,500	14,497	5,003
Total council	39,000	39,000	33,100	5,900

(Continued)

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

CITY OF RINGGOLD, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Court				
City judge	$ 4,200	$ 4,200	$ 4,200	$ -
Payroll taxes	400	400	353	47
Fees	4,150	4,150	4,061	89
Supplies and materials	200	200	173	27
Education and travel	550	550	509	41
Miscellaneous	20,500	20,500	20,382	118
Total court	30,000	30,000	29,678	322
Elections				
Contract labor	2,500	2,500	1,938	562
Office supplies	1,100	1,100	207	893
Election	500	500	50	450
Education and travel	1,900	1,900	1,217	683
Total elections	6,000	6,000	3,412	2,588
Law				
Professional services	61,000	61,000	45,981	15,019
Total law	61,000	61,000	45,981	15,019
Mayor				
Mayor salaries	6,000	6,000	6,000	-
Payroll taxes	500	500	459	41
Insurance	100	100	25	75
Education and travel	2,900	2,900	2,306	594
Total mayor	9,500	9,500	8,790	710
Total general government (Continued)	702,500	702,500	627,644	74,856

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

CITY OF RINGGOLD, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public safety				
Police department				
Salaries	$ 384,000	$ 384,000	$ 348,489	$ 35,511
Payroll taxes	27,000	27,000	25,287	1,713
Telephone	2,100	2,100	1,298	802
Office supplies	1,500	1,500	846	654
Dues and subscriptions	1,000	1,000	370	630
Retirement	25,000	25,000	24,179	821
Insurance	114,000	114,000	92,584	21,416
Uniforms	2,000	2,000	740	1,260
Fuel	17,000	17,000	14,927	2,073
Supplies and materials	3,000	3,000	1,330	1,670
Repairs and maintenance	9,000	9,000	4,534	4,466
Professional services	1,000	1,000	570	430
Advertising	500	500	264	236
Equipment	4,000	4,000	3,258	742
Education and travel	3,300	3,300	504	2,796
Total police department	594,400	594,400	519,180	75,220
Fire department				
Operations	135,000	135,000	134,283	717
Total public safety	729,400	729,400	653,463	75,937
Public works				
Street department				
Salaries	200,000	200,000	195,930	4,070
Payroll taxes	15,000	15,000	14,249	751
Utilities	15,000	15,000	11,149	3,851
Retirement	18,000	18,000	16,898	1,102
Miscellaneous	4,000	4,000	2,809	1,191
Insurance	73,000	73,000	67,962	5,038
Uniforms	7,000	7,000	6,754	246
Fuel	15,000	15,000	12,700	2,300
Supplies and materials	41,000	41,000	26,656	14,344
Repairs and maintenance	50,000	50,000	30,244	19,756
Prison crew	45,000	45,000	43,242	1,758
Street lights	33,000	33,000	31,201	1,799
Equipment	9,500	9,500	1,561	7,939
Education and travel	1,000	1,000	329	671
Total public works	526,500	526,500	461,684	64,816

(Continued)

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

CITY OF RINGGOLD, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public welfare and recreation				
Pool operations				
Salaries	$ 24,300	$ 24,300	$ 24,233	$ 67
Payroll taxes	2,000	2,000	1,853	147
Utilities	5,000	5,000	4,055	945
Telephone	500	500	357	143
Insurance	1,600	1,600	1,166	434
Supplies and materials	2,000	2,000	1,986	14
Repairs and maintenance	2,400	2,400	1,905	495
Concessions	1,400	1,400	1,083	317
Equipment	2,000	2,000	1,752	248
Chemicals	2,800	2,800	2,602	198
Total pool operations	44,000	44,000	40,992	3,008
Parks and recreation				
Salaries	61,300	61,300	61,207	93
Payroll taxes	4,600	4,600	4,339	261
Retirement	5,300	5,300	5,259	41
Insurance	20,500	20,500	20,173	327
Repairs and maintenance	5,300	5,300	5,106	194
Utilities	3,100	3,100	3,029	71
Supplies and materials	9,900	9,900	9,229	671
Total parks and recreation	110,000	110,000	108,342	1,658
Total public welfare and recreation	154,000	154,000	149,334	4,666
Capital outlay				
General government	22,000	22,000	1,173	20,827
Public safety	5,600	5,600	1,662	3,938
Public works	82,000	82,000	45,752	36,248
Public welfare and recreation	116,000	124,000	123,063	937
Total capital outlay	225,600	233,600	171,650	61,950
TOTAL EXPENDITURES (Continued)	2,338,000	2,346,000	2,063,775	282,225

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

CITY OF RINGGOLD, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	$ 219,000	$ 207,000	$ 600,684	$ 393,684
OTHER FINANCING SOURCES (USES)				
Transfers in	108,000	108,000	109,828	1,828
Transfers out	(327,000)	(315,000)	(263,711)	51,289
Total other financing sources (uses)	(219,000)	(207,000)	(153,883)	53,117
Net changes in fund balances	-	-	446,801	446,801
Fund balances - beginning	4,716,694	4,716,694	4,716,694	-
Fund balances - end	$ 4,716,694	$ 4,716,694	$ 5,163,495	$ 446,801

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

CITY OF RINGGOLD, GEORGIA
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
Special Local Option Sales Tax	$ 885,000	$ 855,000	$ 857,060	$ 2,060
TOTAL REVENUES	885,000	855,000	857,060	2,060
Excess (deficiency) of revenues over (under) expenditures	885,000	855,000	857,060	2,060
OTHER FINANCING SOURCES (USES)				
Transfers out	(885,000)	(855,000)	(857,060)	(2,060)
Net changes in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ -	$ -

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

CITY OF RINGGOLD, GEORGIA
Proprietary Funds
Statement of Net Assets
December 31, 2009

	Enterprise		
	Sewer Fund	Water Fund	Totals
ASSETS			
Current Assets			
Cash	$ 64,312	$ 134,929	$ 199,241
Investments	2,562,756	-	2,562,756
Accounts receivable	313,683	64,311	377,994
Total current assets	2,940,751	199,240	3,139,991
Non-current Assets			
Restricted assets			
Restricted investments	2,600	-	2,600
Bond issue cost	160,282	-	160,282
Total restricted assets	162,882	-	162,882
Capital assets			
Land	116,437	61,400	177,837
Other capital assets - net of accumulated depreciation	13,786,383	965,572	14,751,955
Total capital assets	13,902,820	1,026,972	14,929,792
Total non-current assets	14,065,702	1,026,972	15,092,674
TOTAL ASSETS	$ 17,006,453	$ 1,226,212	$ 18,232,665
LIABILITIES			
Current Liabilities			
Accounts payable	$ 6,018	$ 6,901	$ 12,919
Accrued wages	1,492	1,031	2,523
Accrued liabilities	110,947	-	110,947
Current portion of bond payable	269,000	-	269,000
Total current liabilities	387,457	7,932	395,389
Non-current Liabilities			
Accrued post-employment benefits	19,541	12,276	31,817
Compensated absences	17,310	23,505	40,815
Customer deposits	-	42,587	42,587
Long-term debt due after one year	9,010,000	-	9,010,000
Total non-current liabilities	9,046,851	78,368	9,125,219
TOTAL LIABILITIES	$ 9,434,308	$ 86,300	$ 9,520,608
NET ASSETS			
Invested in capital assets - net of related debt	$ 4,784,102	$ 1,026,972	$ 5,811,074
Unrestricted net assets	2,788,043	112,940	2,900,983
TOTAL NET ASSETS	$ 7,572,145	$ 1,139,912	$ 8,712,057

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

CITY OF RINGGOLD, GEORGIA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended December 31, 2009

	Enterprise		
	Sewer Fund	**Water Fund**	**Totals**
OPERATING REVENUES			
Sewer charges	$ 1,166,471	$ -	$ 1,166,471
Water sales	-	402,198	402,198
Installation charges	50,910	2,900	53,810
Penalties	-	18,251	18,251
Total operating revenues	1,217,381	423,349	1,640,730
OPERATING EXPENSES			
Operating and maintenance	896,375	493,955	1,390,330
Administration and general	15,435	10,602	26,037
Depreciation	461,560	81,501	543,061
Total operating expenses	1,373,370	586,058	1,959,428
Operating income (loss)	(155,989)	(162,709)	(318,698)
NON-OPERATING REVENUES (EXPENSES)			
Amortization expense	(7,632)	-	(7,632)
Interest revenue	54,140	-	54,140
Interest expense	(402,046)	-	(402,046)
Total non-operating revenues (expenses)	(355,538)	-	(355,538)
Income (loss) before capital contributions and transfers	(511,527)	(162,709)	(674,236)
Capital contributions	21,300	-	21,300
Transfers in	857,060	151,682	1,008,742
Transfers out	(50,561)	-	(50,561)
Changes in net assets	316,272	(11,027)	305,245
Total net assets - beginning	7,255,873	1,150,939	8,406,812
Total net assets - end	$ 7,572,145	$ 1,139,912	$ 8,712,057

The accompanying notes are in integral part of the financial statements.

CITY OF RINGGOLD, GEORGIA
Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2009

	Enterprise		
	Sewer Fund	Water Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	$ 963,885	$ 421,708	$ 1,385,593
Payments to suppliers	(485,900)	(296,131)	(782,031)
Payments to employees	(298,622)	(210,809)	(509,431)
Net cash provided (used) by operating activities	179,363	(85,232)	94,131
Cash Flows from Capital and Related Financing Activities			
Acquiring and construction of capital assets	(230,504)	(4,992)	(235,496)
Capital contributions	21,300	-	21,300
Principal paid on long-term debt	(407,262)	-	(407,262)
Interest paid on long-term debt	(402,046)	-	(402,046)
Net cash provided (used) for capital and related financing activities	(1,018,512)	(4,992)	(1,023,504)
Cash Flows from Non-Capital Financing Activities			
Net transfers to/from other funds	806,499	151,682	958,181
(Increase) decrease in due from other funds	1,237,353	-	1,237,353
Net cash provided (used) for non-capital financing activities	2,043,852	151,682	2,195,534
Cash Flows from Investing Activities			
Purchase of investments	(1,526,519)	-	(1,526,519)
Interest revenue	54,140	-	54,140
Net cash provided (used) by investing activities	(1,472,379)	-	(1,472,379)
Net increase (decrease) in cash	(267,676)	61,458	(206,218)
Cash - beginning	331,988	73,471	405,459
Cash - end	$ 64,312	$ 134,929	$ 199,241
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (155,989)	$ (162,709)	$ (318,698)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	461,560	81,501	543,061
Change in assets and liabilities:			
(Increase) decrease in current assets	(253,496)	(1,641)	(255,137)
Increase (decrease) in current liabilities	105,998	(14,425)	91,573
Increase (decrease) in customer deposits	-	237	237
Increase (decrease) in accrued post-employment benefits	19,541	12,276	31,817
Increase (decrease) in compensated absences	1,749	(471)	1,278
Net cash provided (used) by operating activities	$ 179,363	$ (85,232)	$ 94,131
Reconciliation of Cash to Statement of Net Assets			
Cash	$ 64,312	$ 134,929	$ 199,241
Cash - end	$ 64,312	$ 134,929	$ 199,241

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ringgold, Georgia operates under the City Manager - Council form of government within the following departments: general government, public safety, public works and public welfare and recreation.

The financial statements of the City of Ringgold, Georgia have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies:

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP and GASB issued Statement No. 14, *The Financial Reporting Entity*. This statement requires that the financial statements present the City of Ringgold, Georgia (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

Based on the foregoing criteria, there are no entities, which meet the above criteria for inclusion in the City of Ringgold, Georgia's financial statements.

Related Organizations

The Housing Authority of the City of Ringgold, Georgia is considered a related organization based upon the criteria in GASB Statement No. 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Ringgold, Georgia. The City of Ringgold, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Ringgold, Georgia is a related organization.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

Government-wide Statements - The Statement of Net Assets and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis for column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property or sales taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is designed to view the City as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including its governmental funds and enterprise funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund - This fund is used to account for the Special Local Option Sales Tax (SPLOST) receipts of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)
The City reports the following major enterprise funds:

Water Fund - This fund is used to account for the provision of water services to the City.

Sewer Fund - This fund is used to account for the provision of sewer services to the City.

C. Measurement Focus - Basis of Accounting
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, gasoline taxes, wholesale beer taxes, income taxes, mixed drink taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Since the governmental fund 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 each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus - Basis of Accounting (Continued)

All governmental and business-type activities of the City follow FASB ASC, unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

D. Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

In accordance with OCGA 36-81-3, budgets are legally adopted for the general, special revenue and capital projects funds.

During the last weeks of the year, budget requests are prepared for each department based on the activities of the current year with anticipated changes for the next year including needed capital expenditures. The budget requests are submitted to the Council at a scheduled meeting. The Council formally adopts an annual appropriated budget for the General and special revenue funds. These budgets are adopted on a departmental basis. The City Manager is authorized to transfer budgeted amounts within departments. The Council adopts a flexible budget for the Water and Sewer Funds. The expense estimates of the flexible budget are not appropriations but approved plans.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis. Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted or as amended by the Council. Individual amendments are not material in relation to the original appropriations. All annual appropriations, which are not expended, lapse at year-end.

E. Cash and Cash Equivalents

For purposes of reporting cash on the Statement of Net Assets, the City considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash consists of cash-on-hand and on deposit with financial institutions. These are classified on the Statement of Cash Flows as "Cash". There were no cash equivalents at December 31, 2009.

F. Investments

Investments are reported at fair value, which is based on quoted market price.

The City of Ringgold, Georgia is authorized by Georgia statutes to invest in the following:

1. Deposit accounts with eligible depository institutions.
2. Obligations of the State of Georgia or of other states.
3. Obligations issued by the United States government.
4. Obligations fully insured or guaranteed by the United States government or a United States government agency.
5. Obligations of any corporation of the United States government.
6. Prime bankers' acceptance.
7. The local government investment pool established by Georgia Code Section 36-83-8.
8. Repurchase agreements
9. Obligations of other political subdivisions of the State of Georgia.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Assets

Certain resources are classified as restricted assets on the Statement of Net Assets because their use is limited.

H. Inventories

Supplies and materials are recorded as expenditures/expenses at the time items are purchased and are not inventoried at year-end due to lack of materiality.

I. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. However, bond discounts and issuance costs for the government-wide financial statements and proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as unamortized bond expense.

J. Interfund Transactions

Interfund Receivables and Payables

Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated but treated as operating transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Land improvements	20
Buildings and improvements	5-40
Vehicles	4-15
Equipment	3-20

Capital assets of the proprietary funds are accounted for in the proprietary fund and are stated at cost or estimated fair market value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Asset Class	Years
Buildings	5-40
Equipment	5-40
Sewer lines	4-50
Vehicles	3-10
Water lines	5-40

Donated fixed assets are valued at their estimated fair value on the date donated. The City's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

L. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets.

M. Compensated Absences

City employees are paid for vacation and absence due to sickness by prescribed formulas based on length of service. Vacation and sick leave for employees of governmental funds is recorded as an expenditure in the period it is used and considered payable from current financial resources. Sick leave does not vest for City employees, so no liability exists at year-end. Vacation leave is based on employment date, and unused vacation leave does not carryover beyond employment anniversary. Some employees have vacation leave remaining since their anniversary dates cross the fiscal year-end. Government-wide proprietary funds accrue vacation benefits in the period they are earned. A liability for these amounts is reported in governmental funds only if they have matured.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Restricted Net Assets

The City records restrictions of net assets, which are maintained for specific purposes.

O. Property Taxes

Property taxes levied by the City are assessed by the Assessor of Property in Catoosa County and collected by the City. Property tax revenues are recognized on the modified accrual basis on the governmental fund financial statements.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	October 20, 2009
Levy date	October 20, 2009
Tax bills mailed	October 20, 2009
Payment due date	October 20, 2009 through February 28, 2010
Delinquency date	March 1, 2010

P. Prepayment of Expenditures

Government fund expenditures for insurance and similar services extending over more than one accounting period are allocated between accounting periods.

Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Proprietary Accounting and Financial Reporting

For its proprietary activities, the City of Ringgold, GA has applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB) as well as those Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

S. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between December 31, 2009, and March 30, 2010, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits
At year-end, the carrying amount of the City's deposits and investments was $7,289,948. The financial institution balance was $7,468,834. Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a policy for custodial risk. As of December 31, 2009, none of the City's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

The carrying amount of the City's deposits is classified as follows on the Statement of Net Assets:

Cash	$ 261,127
Restricted assets	162,882
Investments	7,026,221
Less: Restricted bond issue cost	(160,282)
Total	$ 7,289,948

Investments
The City's investments are carried at fair value, and consist of certificates of deposit at three local banks. The City's investments are classified as follows on the Statement of Net Assets:

Investments	$ 7,026,221
Restricted assets	162,882
Less: Restricted bond issue cost	(160,282)
Restricted cash	(2,600)
Total	$ 7,026,221

NOTE 3 - ACCOUNTS RECEIVABLE - NET

Accounts receivable at December 31, 2009, consist of the following:

	General Fund	Hotel/Motel Tax Fund	Water Fund	Sewer Fund	Total
Franchise taxes	$ 293,864	$ -	$ -	$ -	$ 293,864
Local beer/beverage tax collected	10,845	-	-	-	10,845
Hotel/motel tax	-	21,217	-	-	21,217
Customer receivables	-	-	64,311	313,683	377,994
Total	$ 304,709	$ 21,217	$ 64,311	$ 313,683	$ 703,920

NOTE 4 - PROPERTY TAXES RECEIVABLE - NET

Property taxes receivable as of December 31, 2009, consist of the following:

Year of Levy	
2009	$ 111,932
2008	9,116
2007	261
2006	69
	121,378
Less: allowance for uncollectibles	(10,330)
Property taxes receivable - net	$ 111,048

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at December 31, 2009, consists of the following:

	Governmental Activities
Property tax collected by Catoosa County	$ 323,810
State of Georgia - local sales tax collected	2,527
Catoosa County - motor vehicle tax collected	1,179
Local Option Sales Tax receivable	134,841
Grant revenue	5,000
Totals	$ 467,357

NOTE 6 - RESTRICTED ASSETS

Restricted assets include funds restricted for specific expenditures.

Restricted assets at December 31, 2009, consist of the following:

	Sewer Fund
Investment - capital asset construction	$ 2,600
Bond issue cost	160,282
Total	$ 162,882

NOTE 7 - INTERNAL BALANCES

Internal balances at December 31, 2009, consist of the following:

Due to:	Due from:				
	General Fund	Hotel/Motel Tax Fund	Haunted Depot Fund	Capital Projects Grant Fund	Total
Convention and Visitors Bureau Fund	$ 79,497	$ 21,217	$ 2,245	$ 15,389	$ 118,348

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 473,086	$ 29,000	$ -	$ 502,086
Total capital assets not being depreciated	473,086	29,000	-	502,086
Capital assets being depreciated:				
Land improvements	533,854	201,782	-	735,636
Building and improvements	2,777,079	-	-	2,777,079
Vehicles	1,110,962	-	(63,372)	1,047,590
Equipment	633,345	52,845	(21,150)	665,040
Total capital assets being depreciated	5,055,240	254,627	(84,522)	5,225,345
Less accumulated depreciation for:				
Land improvements	13,337	31,737	-	45,074
Buildings and improvements	626,377	73,354	-	699,731
Vehicles	773,224	75,586	(63,372)	785,438
Equipment	473,930	51,739	(21,150)	504,519
Total accumulated depreciation	1,886,868	232,416	(84,522)	2,034,762
Total capital assets being depreciated - net	3,168,372	22,211	-	3,190,583
Governmental activities capital assets - net	$ 3,641,458	$ 51,211	$ -	$ 3,692,669

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

General government	$ 92,000
Public safety	32,444
Public welfare and recreation	31,573
Public works	76,399
Total	$ 232,416

(Continued)

NOTE 8 - CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 177,837	$ -	$ -	$ 177,837
Total capital assets not being depreciated	177,837	-	-	177,837
Capital assets being depreciated:				
Buildings	819,938	-	-	819,938
Equipment	1,069,155	4,993	(7,678)	1,066,470
Sewer lines	15,900,928	230,503	-	16,131,431
Vehicles	270,315	-	(9,185)	261,130
Water lines	1,191,022	-	-	1,191,022
Total capital assets being depreciated	19,251,358	235,496	(16,863)	19,469,991
Less accumulated depreciation for:				
Buildings	349,920	16,401	-	366,321
Equipment	876,791	54,059	(7,678)	923,172
Sewer lines	2,166,147	387,676	-	2,553,823
Vehicles	166,690	31,251	(9,185)	188,756
Water lines	632,290	53,674	-	685,964
Total accumulated depreciation	4,191,838	543,061	(16,863)	4,718,036
Total capital assets being depreciated - net	15,059,520	(307,565)	-	14,751,955
Business-type activities capital assets - net	$ 15,237,357	$ (307,565)	$ -	$ 14,929,792

NOTE 9 - DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Total
Property taxes	$ 80,975	$ 80,975

Funds that are earned, but not available, are realized as revenue under GASB No. 33.

NOTE 10 - DUE TO OTHER GOVERNMENTS

Due to other governments consists of $2,815 owed to the Catoosa County Sheriff's Department for their share of seized property.

NOTE 11 - LONG-TERM DEBT

A. Governmental Debt

Long-term debt, payable by the Governmental Funds, is summarized as follows:

	Principal Balance
Compensated absences	$ 98,646
Accrued post-employment benefits	172,274
Total governmental long-term debt	$ 270,920

A summary of changes in governmental long-term debt for the year ended December 31, 2009, are as follows:

	Balance December 31, 2008	Additions	Retirements	Balance December 31, 2009	Amount Due Within One Year
Compensated absences	$ 88,017	$ 10,629	$ -	$ 98,646	$ -
Accrued post-employment benefits	-	172,274	-	172,274	-
Total	$ 88,017	$ 182,903	$ -	270,920	$ -
Less: current portion of governmental long-term debt				-	
Total governmental long-term debt				$ 270,920	

Interest paid during the year ended December 31, 2009, on governmental long-term debt was $0.

Note: A debt service requirements schedule for compensated absences and accrued post-employment benefits is not included. Compensated absences are generally liquidated by the General Fund.

NOTE 11 - LONG-TERM DEBT (Continued)

B. Business-Type Debt

Sewer Fund
Long-term debt, payable by the Sewer Fund, which consists of revenue bonds, compensated absences and accrued post-employment benefits, is summarized as follows:

	Principal Balance
Sewer Bond Debt	
Sewer System Revenue Improvement Bonds, Series 2005, 4.15%, due 2031, original balance $9,600,000	$ 9,279,000
Less: current portion of sewer debt	(269,000)
Total sewer debt	9,010,000
Compensated absences	17,310
Accrued post-employment benefits	19,541
Total sewer long-term debt	$ 9,046,851

A summary of changes in sewer long-term debt for the year ended December 31, 2009, are as follows:

	Balance December 31, 2008	Additions	Retirements	Balance December 31, 2009	Amount Due Within One Year
2005 bond	$ 9,600,000	$ -	$ (321,000)	$ 9,279,000	$ 269,000
Gateway Bank Trust	86,262	-	(86,262)	-	-
Compensated absences	15,561	1,749	-	17,310	-
Accrued post-employment benefits	-	19,541	-	19,541	-
Total	$ 9,701,823	$ 21,290	$ (407,262)	9,315,851	$ 269,000
Less: current portion of sewer long-term debt				(269,000)	
Total sewer long-term debt				$ 9,046,851	

NOTE 11 - LONG-TERM DEBT (Continued)

Interest paid during the year ended December 31, 2009, on business-type long-term debt was $402,046.

Sewer fund debt service requirements to maturity, including interest of $4,949,097, are as follows:

Bonds

Year ended December 31	Principal	Interest	Total Requirements
2010	$ 269,000	$ 387,360	$ 656,360
2011	277,000	372,462	649,462
2012	289,000	360,780	649,780
2013	301,000	348,600	649,600
2014	314,000	335,922	649,922
2015-2019	1,778,000	1,469,660	3,247,660
2020-2024	2,186,000	1,061,995	3,247,995
2025-2029	2,687,000	560,830	3,247,830
2030-2031	1,178,000	51,488	1,229,488
Total bonds	$ 9,279,000	$ 4,949,097	$ 14,228,097

Note: The above debt service requirements schedules do not include compensated absences or accrued post-employment benefits.

Water Fund

Long-term debt, payable by the Water Fund, which consists of customer deposits, compensated absences and accrued post-employment benefits, is summarized as follows:

Customer deposits	$ 42,587
Compensated absences	23,505
Accrued post-employment benefits	12,276
Total Water Fund long-term debt	$ 78,368

(Continued)

NOTE 11 - LONG-TERM DEBT (Continued)

Water Fund (Continued)

A summary of changes in Water Fund long-term debt for the year ended December 31, 2009, are as follows:

	Balance December 31, 2008	Additions	Retirements	Balance December 31, 2009	Amount Due Within One Year
Customer deposits	$ 42,350	$ 237	$ -	$ 42,587	$ -
Compensated absences	23,976	-	(471)	23,505	-
Accrued post-employment benefits	-	12,276	-	12,276	-
Total	$ 66,326	$ 12,513	$ (471)	78,368	$ -
Less: current portion of Water Fund long-term debt				-	
Total Water Fund long-term debt				$ 78,368	

NOTE 12 - NET ASSET RESTRICTIONS AND DESIGNATIONS

The City can restrict net assets and designate portions of unrestricted net assets to be maintained for specific purposes. The nature and purpose of these are explained as follows:

Net Assets - Restricted

Restricted for Tourism - Reserves of $135,304 are legally segregated for use in promoting tourism in the Ringgold area.

Restricted for Capital Projects Grants - Reserves of $(10,431) are legally restricted for a Capital Grant Project.

NOTE 13 - TRANSFERS

Interfund transfers as of December 31, 2009, consist of the following:

	Transfers to:							
	General Fund	Solid Waste Fund	Downtown Dev. Authority Fund	Capital Projects Fund	Convention and Visitors Bureau Fund	Water Fund	Sewer Fund	Total
Transfer from:								
General Fund	$ -	$ 157,303	$ -	$ 5,287	$ -	$ 101,121	$ -	$ 263,711
Capital Projects Fund	-	-	-	-	-	-	857,060	857,060
Hotel/Motel Fund	109,828	-	-	-	109,827	-	-	219,655
Haunted Depot Fund	-	-	7,470	-	-	-	-	7,470
Sewer Fund	-	-	-	-	-	50,560	-	50,560
Total	$ 109,828	$ 157,303	$ 7,470	$ 5,287	$ 109,827	$ 151,681	$ 857,060	$ 1,398,456

Transfers from the General, Haunted Depot and Sewer funds were transferred to supplement operations.

Capital Projects Fund transfers were Special Local Options Sales Tax (SPLOST) funds that flowed through the Capital Projects Fund to the Sewer Fund for designated projects.

Funds were transferred out of the Hotel/Motel Fund into the General and Convention and Visitors Bureau funds to close the Hotel/Motel Fund.

NOTE 14 - HOTEL/MOTEL LODGING TAX

The City of Ringgold levies a 6% lodging tax as authorized in Official Code of Georgia Annotated (OCGA) 48-13-50(a)(3.2). All expenditures were for the promotion of tourism. A summary of the transactions for the year ended December 31, 2009, is as follows:

Fund Balance - January 1, 2009	$ 118,745
Lodging tax services	219,655
Amount available for disbursements	338,400
Disbursements:	
Transfer to General Fund	109,828
Transfer to Convention and Visitors Bureau Fund	109,827
Residual equity transfer to Convention and Visitors Bureau Fund	118,745
Total disbursed	338,400
Balance - held in reserve for future hotel/motel tax projects	$ -

NOTE 15 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets:

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that, "long-term liabilities, including compensated absences are not due and payable in the current period and, therefore, are not reported in the funds". The details of this $(98,646) difference are as follows:

Compensated absences	$ (98,646)
Net adjustment	$ (98,646)

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities:

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance, includes a reconciliation between net changes in fund balances for total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that, "Governmental funds report capital outlay as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this $51,211 difference are as follows:

Depreciation expense	$ (232,416)
Capital outlay	283,627
Net adjustment	$ 51,211

NOTE 16 - COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City has no material violations of finance related legal and contractual provisions.

NOTE 17 - INSURANCE

The City of Ringgold is exposed to various risks of losses. These risks include loss related to torts; theft, of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Laws of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding a compensation, therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The fund is to pay all costs 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.

The City is responsible for paying the prescribed premiums and cooperating with the Fund's attorneys.

The City carries insurance for all other risks of loss (except employees health insurance), including general liability and property and casualty insurance through the St. Paul's Travelers Company. Employee's health insurance is provided by Blue Cross-Blue Shield through the Georgia Municipal Association. There have been no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

NOTE 18 - PENSION PLAN

The City of Ringgold provides pension benefits for all its full-time employees through a defined contribution pension plan the City of Ringgold Pension Plan administered by Chandler & Assoc., P.C. The plan was authorized by Council action in 1976 and amended in 1995. All employees who have attained age 18 and have completed one year of service are eligible. No class of employee is excluded. Vesting is 100% full and immediate, and retirement age is 65 or the fifth anniversary of participation, whichever is later.

The City contributes 10% of total compensation for each employee. Employees are required to contribute 2% and are allowed to make an additional contribution of up to 10% of total compensation. Contribution requirements were established under, and can only be amended by, the City Council.

All assets of the plan are held in individual income endowments, life contracts, individual annuities or other investments. There are no outstanding loans to any participant, fiduciary, or party of interest.

(Continued)

NOTE 18 - PENSION PLAN (Continued)

The City's total payroll for the year was $1,399,180. The amount of covered payroll was $1,293,685. Total contributions required was $155,243, which was 12% of covered payroll. The City's contribution required and actual was $128,338, which was 10% of covered payroll. The mandatory employee contributions required and actual was $25,874 which was 2% of covered payroll. Employee voluntary contributions totaled $55,247, making a total employee contribution of $73,091, which is 6.0% of covered payroll. The total City and employee contribution actually made was $201,429, which was 16.0% of covered payroll. There were no current year changes in plan provisions.

NOTE 19 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description
The City of Ringgold, Georgia administers a single-employer defined benefit healthcare plan. The plan provides lifetime healthcare insurance to the retired employee and family coverage after the age of 55 plus 25 years of service. The plan does not issue a publicly available financial report.

Funding Policy
The City has not funded the healthcare plan and pays the benefits monthly on a "pay as you go" policy.

Annual OPEB Cost and Net OPEB Obligation
The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	$ 136,834
Interest on net OPEB obligation	7,526
Adjustment to annual required contribution	59,731
Annual OPEB cost (expense)	204,091
Contributions made	-
Increase in net OPEB obligation	204,091
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	$ 204,091

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-09	$ 204,091	100%	$ 204,091

NOTE 19 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress
As of June 30, 2009, the actuarial accrued liability for benefits was $204,091, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $1,373,663 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 92.62 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 67, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The United States Life Tables for Males and for Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on a rate of 5.5 percent.

Health Insurance Premiums - 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - The expected long-term inflation assumption of 5.5 percent was used.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

NOTE 19 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 5.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009, was thirty years.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress
For the Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06-30-09	$ 0	$1,272,222	$ 1,272,222	0.00%	$ 1,373,663	92.62%

NOTE 20 - LITIGATION AND CLAIMS

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

NOTE 21 - CONTINGENT LIABILITIES

As of December 31, 2009, the City does not have any material contingent liabilities.

NOTE 22 - JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Northwest Georgia area, is a member of the Northwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2009, the City paid $2,803 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Separate financial statements may be obtained from:

Northwest Georgia Regional Commission
P.O. Box 1798
Rome, Georgia 30161

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenues that are legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other assets.

Solid Waste Fund:

This fund is used to account for the City's solid waste program.

Hotel/Motel Tax Fund:

This fund is used to account for the receipt of Hotel/Motel Tax and used to promote tourism in the Ringgold area.

Haunted Depot Fund:

This fund is used to account for the receipt and use of funds for the Haunted Depot.

Downtown Development Authority Fund:

This fund is used to account for the receipt and use of funds for the Downtown Development Authority.

Capital Projects Grant Fund:

This fund is used to account for the receipt and use of grant funds for capital projects.

Confiscated Assets Fund:

This fund is used to account for the receipt and use of confiscated assets.

Convention and Visitors Bureau Fund:

This fund is used to account for the receipt and use of funds for the Convention and Visitors Bureau.

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet
December 31, 2009

	Solid Waste Fund	Hotel/Motel Tax Fund	Haunted Depot Fund
ASSETS			
Cash	$ 3,382	$ -	$ -
Accounts receivable - net	-	21,217	-
Due from other governments	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	$ 3,382	$ 21,217	$ -
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 3,060	$ -	$ -
Accrued wages	322	-	-
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Due to other funds	-	21,217	2,245
Total liabilities	3,382	21,217	2,245
Fund Balances			
Fund balances	-	-	(2,245)
TOTAL LIABILITIES AND FUND BALANCES	$ 3,382	$ 21,217	$ -

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet (Continued)
December 31, 2009

Downtown Dev. Authority Fund	Capital Projects Grant Fund	Confiscated Assets Fund	Convention and Visitors Bureau Fund	Total Non-major Governmental Funds
$ 19,313	$ -	$ 14,076	$ 25,115	$ 61,886
-	-	-	-	21,217
-	5,000	-	-	5,000
-	-	-	118,348	118,348
$ 19,313	$ 5,000	$ 14,076	$ 143,463	$ 206,451
$ -	$ 42	$ -	$ 2,272	$ 5,374
-	-	-	102	424
1,500	-	-	5,785	7,285
-	-	2,815	-	2,815
-	15,389	-	-	38,851
1,500	15,431	2,815	8,159	54,749
17,813	(10,431)	11,261	135,304	151,702
$ 19,313	$ 5,000	$ 14,076	$ 143,463	$ 206,451

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2009

	Solid Waste Fund	Hotel/Motel Tax Fund	Haunted Depot Fund
REVENUES			
Taxes	$ -	$ 219,655	$ -
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Other revenue	-	-	16,940
TOTAL REVENUES	-	219,655	16,940
EXPENDITURES			
Current expenditures			
Public safety	-	-	-
Public works	157,303	-	-
Public welfare and recreation	-	-	13,267
Capital outlay	-	-	-
TOTAL EXPENDITURES	157,303	-	13,267
Excess (deficiency) of revenue over (under) expenditures	(157,303)	219,655	3,673
OTHER FINANCING SOURCES (USES)			
Transfers in	157,303	-	-
Transfers out	-	(219,655)	(7,470)
Total other financing sources (uses)	157,303	(219,655)	(7,470)
Changes in fund balances before residual equity transfer	-	-	(3,797)
Residual equity transfer	-	(118,745)	-
Net changes in fund balances	-	(118,745)	(3,797)
Fund balances - beginning	-	118,745	1,552
Fund balances - end	$ -	$ -	$ (2,245)

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Year Ended December 31, 2009

Downtown Dev. Authority Fund	Capital Projects Grant Fund	Confiscated Assets Fund	Convention and Visitors Bureau Fund	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ 219,655
-	30,000	-	3,750	33,750
-	-	22,738	-	22,738
4,500	75,000	-	30,233	126,673
4,500	105,000	22,738	33,983	402,816
-	-	11,477	-	11,477
-	-	-	-	157,303
4,827	-	-	127,251	145,345
-	128,218	-	-	128,218
4,827	128,218	11,477	127,251	442,343
(327)	(23,218)	11,261	(93,268)	(39,527)
7,470	5,287	-	109,827	279,887
-	-	-	-	(227,125)
7,470	5,287	-	109,827	52,762
7,143	(17,931)	11,261	16,559	13,235
-	-	-	118,745	-
7,143	(17,931)	11,261	135,304	13,235
10,670	7,500	-	-	138,467
$ 17,813	$ (10,431)	$ 11,261	$ 135,304	$ 151,702

CITY OF RINGGOLD, GEORGIA
Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES				
Current expenditures				
Public works				
Salaries	$ 64,000	$ 64,000	$ 62,489	$ 1,511
Payroll taxes	5,000	5,000	4,770	230
Office supplies	1,000	1,000	25	975
Retirement contribution	7,000	7,000	6,089	911
Insurance	26,000	25,000	23,753	1,247
Uniforms	1,000	1,000	677	323
Fuel	16,000	9,000	8,600	400
Repairs and maintenance	20,000	20,000	19,344	656
Landfill fees	35,000	32,000	31,556	444
Total public works	175,000	164,000	157,303	6,697
Capital outlay				
Solid waste	7,000	-	-	-
TOTAL EXPENDITURES	182,000	164,000	157,303	6,697
Excess (deficiency) of revenues over (under) expenditures	(182,000)	(164,000)	(157,303)	6,697
OTHER FINANCING SOURCES (USES)				
Transfers in	182,000	164,000	157,303	(6,697)
Net changes in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ -	$ -

CITY OF RINGGOLD, GEORGIA
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
Hotel/motel tax	$ 216,000	$ 216,000	$ 219,655	$ 3,655
TOTAL REVENUES	216,000	216,000	219,655	3,655
Excess (deficiency) of revenue over (under) expenditures	216,000	216,000	219,655	3,655
OTHER FINANCING SOURCES (USES)				
Transfers out	(216,000)	(216,000)	(219,655)	(3,655)
Changes in fund balances before residual equity transfer	-	-	-	-
Residual equity transfer	-	(118,000)	(118,745)	(745)
Net changes in fund balances	-	(118,000)	(118,745)	(745)
Fund balances - beginning	118,745	118,745	118,745	-
Fund balances - end	$ 118,745	$ 745	$ -	$ (745)

CITY OF RINGGOLD, GEORGIA
Haunted Depot Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Haunted Depot	$ 15,000	$ 16,500	$ 16,940	$ 440
TOTAL REVENUES	15,000	16,500	16,940	440
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Advertising	1,000	1,000	178	822
Supplies	6,500	8,000	13,089	(5,089)
Total public welfare and recreation	7,500	9,000	13,267	(4,267)
TOTAL EXPENDITURES	7,500	9,000	13,267	(4,267)
Excess (deficiency) of revenue over (under) expenditures	7,500	7,500	3,673	(3,827)
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,500)	(7,500)	(7,470)	30
Net changes in fund balances	-	-	(3,797)	(3,797)
Fund balances - beginning	1,552	1,552	1,552	-
Fund balances - end	$ 1,552	$ 1,552	$ (2,245)	$ (3,797)

CITY OF RINGGOLD, GEORGIA
Downtown Development Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Lease revenue	$ 10,800	$ 4,500	$ 4,500	$ -
TOTAL REVENUES	10,800	4,500	4,500	-
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Advertising	800	800	402	398
Grant expenses	16,500	10,200	3,425	6,775
Site purchases	1,000	1,000	1,000	-
Total public welfare and recreation	18,300	12,000	4,827	7,173
TOTAL EXPENDITURES	18,300	12,000	4,827	7,173
Excess (deficiency) of revenue over (under) expenditures	(7,500)	(7,500)	(327)	7,173
OTHER FINANCING SOURCES (USES)				
Transfers in	7,500	7,500	7,470	(30)
Net changes in fund balances	-	-	7,143	7,143
Fund balances - beginning	10,670	10,670	10,670	-
Fund balances - end	$ 10,670	$ 10,670	$ 17,813	$ 7,143

CITY OF RINGGOLD, GEORGIA
Capital Projects Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Grant revenue	$ 92,500	$ 62,500	$ 30,000	$ (32,500)
Other revenue				
Contribution	-	75,000	75,000	-
TOTAL REVENUES	92,500	137,500	105,000	(32,500)
EXPENDITURES				
Capital outlay				
Other services	82,500	58,500	43,218	15,282
Statue	-	-	75,000	(75,000)
Contract labor	1,500	1,500	1,408	92
Supplies	8,500	83,500	8,592	74,908
Total capital outlay	92,500	143,500	128,218	15,282
TOTAL EXPENDITURES	92,500	143,500	128,218	15,282
Excess (deficiency) of revenue over (under) expenditures	-	(6,000)	(23,218)	(17,218)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,000	5,287	(713)
Net changes in fund balances	-	-	(17,931)	(17,931)
Fund balances - beginning	7,500	7,500	7,500	-
Fund balances - end	$ 7,500	$ 7,500	$ (10,431)	$ (17,931)

CITY OF RINGGOLD, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Fines and forfeitures				
Cash confiscation	$ 22,000	$ 22,000	$ 22,738	$ 738
TOTAL REVENUES	22,000	22,000	22,738	738
EXPENDITURES				
Current expenditures				
Public safety				
Payments to others	12,000	12,000	11,379	621
Dues and fees	10,000	10,000	98	9,902
Total public safety	22,000	22,000	11,477	10,523
TOTAL EXPENDITURES	22,000	22,000	11,477	10,523
Excess (deficiency) of revenue over (under) expenditures	-	-	11,261	11,261
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ 11,261	$ 11,261

CITY OF RINGGOLD, GEORGIA
Convention and Visitors Bureau Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Grant revenue	$ 3,750	$ 3,750	$ 3,750	$ -
Other revenue				
Rental	21,500	21,500	27,851	6,351
Reimbursements	1,450	1,450	1,490	40
Concessions	800	800	892	92
Total other revenue	23,750	23,750	30,233	6,483
TOTAL REVENUES	27,500	27,500	33,983	6,483
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Salaries	39,000	30,000	29,222	778
Payroll taxes	3,200	2,700	2,237	463
Insurance	300	300	116	184
Events	45,450	66,700	64,449	2,251
Supplies	9,800	6,400	5,236	1,164
Repairs and maintenance	13,500	8,500	7,149	1,351
Telephone	2,550	2,550	1,681	869
Utilities	20,000	17,000	16,501	499
Miscellaneous	1,700	1,350	660	690
Total public welfare and recreation	135,500	135,500	127,251	8,249
TOTAL EXPENDITURES	135,500	135,500	127,251	8,249
Excess (deficiency) of revenue over (under) expenditures	(108,000)	(108,000)	(93,268)	14,732
OTHER FINANCING SOURCES (USES)				
Transfers in	108,000	108,000	109,827	1,827
Changes in fund balances before residual equity transfer	-	-	16,559	16,559
Residual equity transfer	-	118,000	118,745	745
Net changes in fund balances	-	118,000	135,304	17,304
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ 118,000	$ 135,304	$ 17,304

SUPPLEMENTARY INFORMATION

CITY OF RINGGOLD, GEORGIA
Water Fund
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING INCOME				
Water sales	$ 417,000	$ 402,000	$ 402,198	$ 198
Installation charges	2,900	2,900	2,900	-
Penalties	18,100	18,100	18,251	151
Total operating revenues	438,000	423,000	423,349	349
OPERATING EXPENSES				
Operating and maintenance	620,800	520,800	493,955	26,845
Administration and general	15,200	15,200	10,602	4,598
Depreciation	82,000	82,000	81,501	499
Total operating expenses	718,000	618,000	586,058	31,942
Operating income (loss) before transfers	(280,000)	(195,000)	(162,709)	32,291
Transfers in	280,000	195,000	151,682	(43,318)
Changes in net assets	-	-	(11,027)	(11,027)
Total net assets - beginning	1,150,939	1,150,939	1,150,939	-
Total net assets - end	$ 1,150,939	$ 1,150,939	$ 1,139,912	$ (11,027)

CITY OF RINGGOLD, GEORGIA
Sewer Fund
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2009

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING REVENUES				
Sewer charges	$ 1,165,700	$ 1,165,700	$ 1,166,471	$ 771
Installation charges	50,300	50,300	50,910	610
Total operating revenues	1,216,000	1,216,000	1,217,381	1,381
OPERATING EXPENSE				
Operating and maintenance	908,200	927,200	896,375	30,825
Administration and general	24,300	24,300	15,435	8,865
Depreciation	460,000	462,000	461,560	440
Total operating expenses	1,392,500	1,413,500	1,373,370	40,130
Operating income (loss)	(176,500)	(197,500)	(155,989)	41,511
NON-OPERATING REVENUES (EXPENSES)				
Amortization expense	(8,000)	(8,000)	(7,632)	368
Interest revenue	45,500	49,000	54,140	5,140
Interest expense	(734,500)	(668,500)	(402,046)	266,454
Total non-operating revenues (expenses)	(697,000)	(627,500)	(355,538)	271,962
Income (loss) before capital contributions and transfers	(873,500)	(825,000)	(511,527)	313,473
Capital contributions	23,500	20,000	21,300	1,300
Transfers in	885,000	855,000	857,060	2,060
Transfers out	(35,000)	(50,000)	(50,561)	(561)
Changes in net assets	-	-	316,272	316,272
Total net assets - beginning	7,255,873	7,255,873	7,255,873	-
Total net assets - end	$ 7,255,873	$ 7,255,873	$ 7,572,145	$ 316,272

CITY OF RINGGOLD, GEORGIA
Proprietary Funds
Schedule of Operating Expenses
Year Ended December 31, 2009

	Enterprise		
Operating Expenses	**Sewer Fund**	**Water Fund**	**Totals**
Operating and maintenance			
Salaries	$ 298,622	$ 210,809	$ 509,431
Payroll taxes	22,103	14,743	36,846
Other postemployment benefits	14,563	12,276	26,839
Utilities	15,522	47,119	62,641
Catoosa utility charges	-	41,362	41,362
Telephone	679	1,574	2,253
Retirement	29,604	20,743	50,347
Insurance	61,057	57,112	118,169
Technical	-	1,739	1,739
Uniforms	3,048	3,798	6,846
Fuel	9,885	6,137	16,022
Repairs and maintenance	16,800	14,269	31,069
Water line repairs	-	8,267	8,267
Equipment	2,811	2,131	4,942
Chemicals	-	35,916	35,916
Drinking water program	-	4,267	4,267
Plant supplies	5,217	11,693	16,910
Sewer treatment charges	416,464	-	416,464
Total operating and maintenance	896,375	493,955	1,390,330
Administration and general			
Other post-employment benefits	4,979	-	4,979
Communications postage	66	4,520	4,586
Office supplies	138	980	1,118
Dues and subscriptions	2,300	1,534	3,834
Professional services	3,151	-	3,151
Insurance	3,361	3,222	6,583
Education and travel	1,440	346	1,786
Total administration and general	15,435	10,602	26,037
Depreciation	461,560	81,501	543,061
Total operating expenses	$ 1,373,370	$ 586,058	$ 1,959,428

CITY OF RINGGOLD, GEORGIA
Schedule of Property Taxes Receivable
General Fund
December 31, 2009

Year of Levy	
2009	$ 111,932
2008	9,116
2007	261
2006	69
Total property taxes receivable	121,378
Less: allowance for uncollectibles	(10,330)
Net property taxes receivable	$ 111,048

CITY OF RINGGOLD, GEORGIA
Schedule of Changes in Property Taxes Receivable
General Fund
Year Ended December 31, 2009

	Taxes Receivable December 31, 2008	Taxes Levied	Pickups and (Releases)	Collections	Taxes Receivable December 31, 2009
2009	$ -	$ 503,782	$ (6,726)	$ (385,124)	$ 111,932
2008	111,667	-	8,890	(111,441)	9,116
2007	52,294	-	(384)	(51,649)	261
2006	262	-	(193)	-	69
Total	$ 164,223	$ 503,782	$ 1,587	$ (548,214)	$ 121,378

CITY OF RINGGOLD, GEORGIA
Schedule of Debt Service Requirements
Sewer Fund
Year Ended December 31, 2009

Sewer System Revenue Improvement Bonds
Series 2005, 4.15%
Due 2031

Year Ended December 31	Principal	Interest	Total Requirements
2010	$ 269,000	$ 387,360	$ 656,360
2011	277,000	372,462	649,462
2012	289,000	360,780	649,780
2013	301,000	348,600	649,600
2014	314,000	335,922	649,922
2015	327,000	322,704	649,704
2016	341,000	308,884	649,884
2017	355,000	294,515	649,515
2018	370,000	279,565	649,565
2019	385,000	263,992	648,992
2020	402,000	247,734	649,734
2021	419,000	230,802	649,802
2022	436,000	213,134	649,134
2023	455,000	194,759	649,759
2024	474,000	175,566	649,566
2025	494,000	155,583	649,583
2026	515,000	134,771	649,771
2027	536,000	113,077	649,077
2028	559,000	90,470	649,470
2029	583,000	66,929	649,929
2030	607,000	42,352	649,352
2031	571,000	9,136	580,136
	$ 9,279,000	$ 4,949,097	$ 14,228,097

III. STATISTICAL INFORMATION

CITY OF RINGGOLD, GEORGIA
STATISTICAL INFORMATION
December 31, 2009

I. SCHEDULE OF TAX RATES AND ASSESSMENTS

Tax Year	City Tax Rate	Assessment	Levy
2009	.2707	$186,103,436	$503,782
2008	.2707	$199,217,584	$539,282
2007	.2751	$192,006,906	$528,211
2006	.2762	$177,475,018	$490,186
2005	.280	$165,191,784	$462,537
2004	.280	$155,262,143	$434,734
2003	.280	$144,039,221	$403,310
2002	.307	$131,703,583	$404,330
2001	.307	$128,434,882	$394,295
2000	.307	$121,508,143	$373,030

II. SCHEDULE OF BILLING RATES

The water and sewer rates for the City of Ringgold for the year ended December 31, 2009, were:

Water Rates

Meter Size	Minimum Usage (Gallons)	Minimum Monthly Bill
3/4" meter	0-2,000	$ 9.64 plus $2.62/1,000 gal.
1" meter	0-8,000	$ 25.36 plus $2.62/1,000 gal.
1-1/2" meter	0-17,000	$ 48.94 plus $2.62/1,000 gal.
2" meter	0-25,000	$ 69.90 plus $2.62/1,000 gal.
3" meter	0-45,000	$ 122.30 plus $2.62/1,000 gal.
4" meter	0-50,000	$ 135.40 plus $2.62/1,000 gal.

Sewer Rates

Meter Size	Minimum Usage (Gallons)	Minimum Monthly Bill
3/4" meter	0-2,000	$ 10.51 plus $2.62/1,000 gal.
1" meter	0-8,000	$ 26.23 plus $2.62/1,000 gal.
1-1/2" meter	0-17,000	$ 49.81 plus $2.62/1,000 gal.
2" meter	0-25,000	$ 70.77 plus $2.62/1,000 gal.
3" meter	0-45,000	$ 123.17 plus $2.62/1,000 gal.
4" meter	0-50,000	$ 136.27 plus $2.62/1,000 gal.

As of December 31, 2009, the City had 1,126 water customers and 960 sewer customers.

IV. INTERNAL CONTROL AND COMPLIANCE SECTION

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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*

Mayor and Council Members
City of Ringgold, Georgia
Ringgold, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Ringgold, Georgia, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 30, 2010. 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.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 09-1 and 09-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ringgold, Georgia'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

The City of Ringgold, Georgia's responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the City of Ringgold, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and Council Members, management, federal awarding agencies and the Georgia Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
March 30, 2010

CITY OF RINGGOLD, GEORGIA
Schedule of Findings and Responses
December 31, 2009

SUMMARY OF AUDIT RESULTS

Opinion:
Unqualified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Deficiencies:
Two significant deficiencies were disclosed which were also considered material weaknesses.

Material Noncompliance:
One instance of noncompliance or other matters was disclosed.

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

INTERNAL CONTROL DEFICIENCIES:

Finding 09-1 - Accounting expertise (Repeat 08-1)

Criteria:
SAS 112 states in part that the lack of accounting personnel with "sufficient expertise" to properly select and implement proper accounting principles and controls, anti-fraud programs and controls, and controls over the year-end financial reporting process, including the actual preparation of year-end adjustments and financial statements is a "significant deficiency" and a strong indication of a "material weakness".

Condition Found:
The City did not have accounting personnel on staff that had sufficient expertise as to the selection and implementation of proper accounting principles, anti-fraud programs or controls, and they also did not have any accounting personnel on staff who were capable of preparing their own year-end adjustments and financial statements.

Recommendation:
The City should consider the risk benefits of continuing to allow the outside auditors to perform these services for them, versus hiring an internal auditor/CPA to perform the year-end financial reporting process and provide sufficient expertise in the selection of proper accounting principals and controls.

Management's Response:
We concur. However, even though we are aware that we cannot theoretically rely on our outside CPA as a part of our system of internal controls anymore, we feel that this is still a very important and very reliable way to safeguard our assets and report the transactions of our City to our citizens.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS* (Continued)

INTERNAL CONTROL DEFICIENCIES: (Continued)

Finding 09-2 - Approvals and documentation (Repeat 08-2)

Criteria:
Government Auditing Standards Chapter A.04(h) states that, "....Inadequate controls for safeguarding of assets" is considered to be a control deficiency.

Condition Found:
Upon review of the accounts payable process, the following condition was found:

1) Checks were pre-signed on occasion to facilitate payment when one of the signers would be unavailable.

Upon review of the cash receipts/billing process the following condition was found:

2) Utility adjustments are not approved by the City Manager before being posted.

Upon review of the payroll process the following condition was found:

3) Direct deposit documentation was not reviewed by anyone other that the payroll preparer.

Recommendation:

1) Checks should never be presigned.
2) All utility adjustments should be approved by the City Manager before being posted.
3) Direct deposit documentation should be reviewed by someone other than the payroll preparer.

Management's Response:
We concur. We are making every effort to correct these items.

COMPLIANCE:

Finding 09-3 - Deficit fund balance

Criteria:
O.C.G.A. Section 36-81-3 states that, "Each unit of local government shall adopt and operate under an annual balanced budget for ... each special revenue fund."

Condition Found:
The Haunted Depot Fund and Capital Projects Grant Fund had deficit fund balances at year-end.

Recommendation:
The City should adopt a balanced budget and amend their budget to prevent a deficit fund balance from occurring.

Management's Response:
We concur. We will make every effort to resolve this issue in the future.

CITY OF RINGGOLD, GEORGIA
Schedule of Prior Audit Findings
December 31, 2009

Finding 08-1 - Accounting expertise

Still in effect.

Finding 08-2 - Approvals and documentation

1) Corrected.
2) Still in effect.
3) Corrected.
4) Still in effect.
5) Corrected.
6) Still in effect.

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

Independent Auditor's Report

Honorable Mayor and Council Members
City of Ringgold, Georgia
Ringgold, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Ringgold, Georgia for the year ended December 31, 2009. This schedule is the responsibility of the City of Ringgold, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

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

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note A and is not intended to be a complete presentation of the City of Ringgold, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the City of Ringgold, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
March 30, 2010

CITY OF RINGGOLD, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Year Ended December 31, 2009

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
2004 SPLOST -					
Ringgold water and sewer projects	$ 1,935,000	$1,019,980	$ 742,525	$ 1,762,505	91%
Ringgold Sewer Basin	$ 3,000,000	$1,531,835	$ 85,036	$ 1,616,871	54%
Peavine Basin	$ 8,000,000	$ 166,840	$ 29,499	$ 196,339	2%