CITY OF RINGGOLD, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010

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December 31, 2010

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CITY OF RINGGOLD, GEORGIA
Council Members and Management
December 31, 2010

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 ..... Gene Lowery

Financial Director ..... Will Baerg

II. FINANCIAL SECTION

Certified Public Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

John H. Shipp, CPA

Marianne Greene, CPA

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, 2010, 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, 2010, 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 April 8, 2011, 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
April 8, 2011

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, 2010. 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, 2010, by $17,995,355 (net assets). Of this amount, $8,244,977 (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 $16,680. The City's business-type activities operated at a surplus of $448,697.

As of the close of the current fiscal year, the City of Ringgold, Georgia's governmental funds reported combined ending fund balances of $5,669,062.

At the end of the current fiscal year, unreserved fund balance for the General Fund was $5,425,828, or 263.16%, of total General Fund expenditures. Expenditures do not include transfers to and from other funds, which netted to $(142,325) 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 $9,160,754. Of that balance, $3,179,856 is unrestricted and the remaining $5,980,898 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 ten 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, Convention and Visitors Bureau, and Flag funds are provided later in this report beginning on page 53.

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 31 through 51 of this report.

Other Information
Non-major fund statements and schedules can be found on pages 53 through 64 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 $17,995,355 at the close of this fiscal year.

The largest portion of the City of Ringgold, Georgia's net assets (53.09%) 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, 1.08%, or $195,988, represents resources that are subject to external restrictions on how they may be used. The remaining 45.83% of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At December 31, 2010, 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 total $195,988.

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	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 5,760,168	$ 5,455,793	$ 3,604,339	$ 3,302,873	$ 9,364,507	$ 8,758,666
Capital assets	3,573,492	3,692,669	14,838,249	14,929,792	18,411,741	18,622,461
Total assets	$ 9,333,660	$ 9,148,462	$ 18,442,588	$ 18,232,665	$ 27,776,248	$ 27,381,127
Non-current liabilities	$ 451,108	$ 270,920	$ 9,161,584	$ 9,394,219	$ 9,612,692	$ 9,665,139
Other liabilities	47,951	59,621	120,250	126,389	168,201	186,010
Total liabilities	$ 499,059	$ 330,541	$ 9,281,834	$ 9,520,608	$ 9,780,893	$ 9,851,149
Net assets:						
Invested in capital assets - net of related debt	$ 3,573,492	$ 3,692,669	$ 5,980,898	$ 5,811,074	$ 9,554,390	$ 9,503,743
Restricted	195,988	124,873	-	-	195,988	124,873
Unrestricted	5,065,121	5,000,379	3,179,856	2,900,983	8,244,977	7,901,362
Total net assets	$ 8,834,601	$ 8,817,921	$ 9,160,754	$ 8,712,057	$ 17,995,355	$ 17,529,978

Changes in Net Assets

Governmental activities increased the City's net assets by $16,680, and business-type activities increased the City's net assets by $448,697. 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.

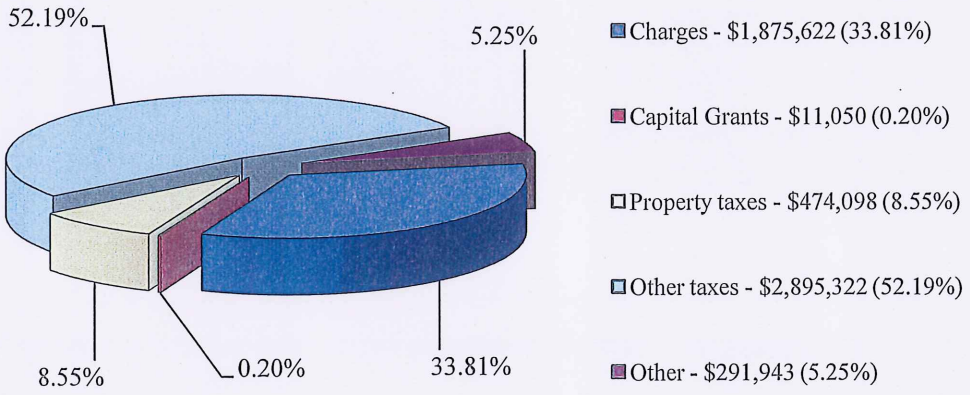
The table below provides a summary of the City's net assets broken down by governmental and business-type activities.

City of Ringgold, Georgia's Changes in Net Assets

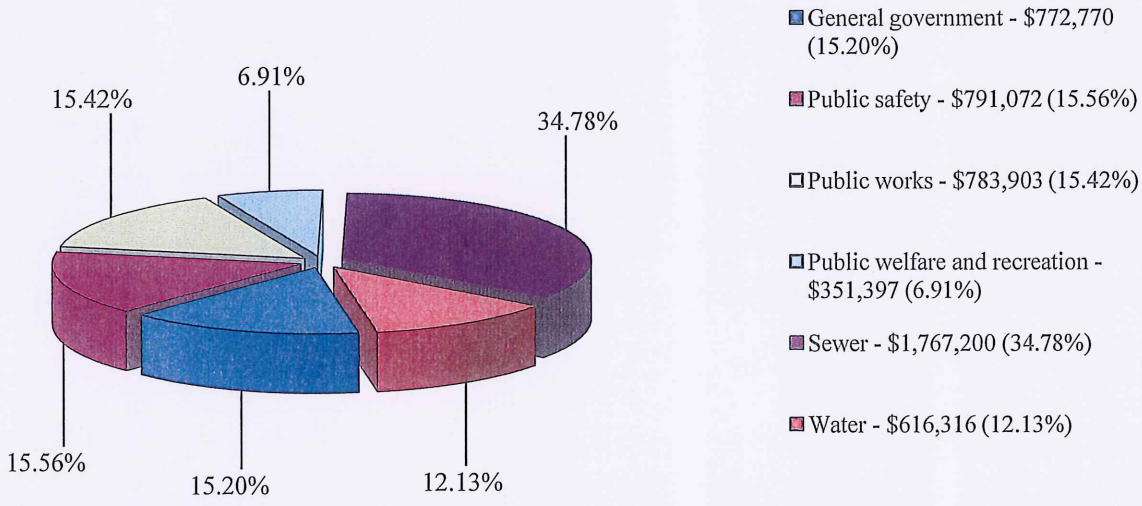
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$ 208,557	$ 188,562	$ 1,667,065	$ 1,640,730	$ 1,875,622	$ 1,829,292
Operating grants and contributions	-	5,566	-	-	-	5,566
Capital grants and contributions	-	105,000	11,050	21,300	11,050	126,300
General revenues:						
Property taxes	474,098	558,071	-	-	474,098	558,071
Other taxes	2,895,322	2,813,558	-	-	2,895,322	2,813,558
Other income	262,508	252,554	29,435	54,140	291,943	306,694
Interfund transfers	(1,124,663)	(958,181)	1,124,663	958,181	-	-
Total revenues	2,715,822	2,965,130	2,832,213	2,674,351	5,548,035	5,639,481
Expenses:						
General government	772,770	769,235	-	-	772,770	769,235
Public safety	791,072	760,379	-	-	791,072	760,379
Public works	783,903	759,639	-	-	783,903	759,639
Public welfare and recreation	351,397	348,557	-	-	351,397	348,557
Sewer	-	-	1,767,200	1,783,048	1,767,200	1,783,048
Water	-	-	616,316	586,058	616,316	586,058
Total expenses	2,699,142	2,637,810	2,383,516	2,369,106	5,082,658	5,006,916
Change in net assets	16,680	327,320	448,697	305,245	465,377	632,565
Net assets - beginning	8,817,921	8,490,601	8,712,057	8,406,812	17,529,978	16,897,413
Net assets - end	$ 8,834,601	$ 8,817,921	$ 9,160,754	$ 8,712,057	$17,995,355	$17,529,978

The graphs below summarize the $5,548,035 of city-wide revenues by source, and the associated $5,082,658 of expense by program. The graphs combine data from both governmental and business-type activities.

City-Wide Sources of Revenue

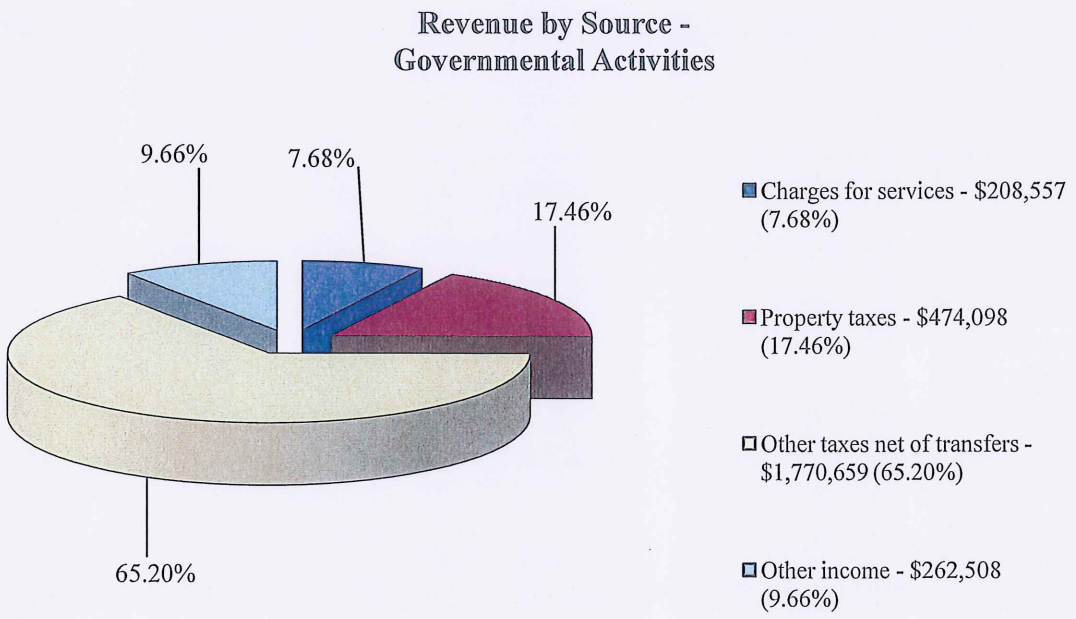


City-Wide Program Expenses

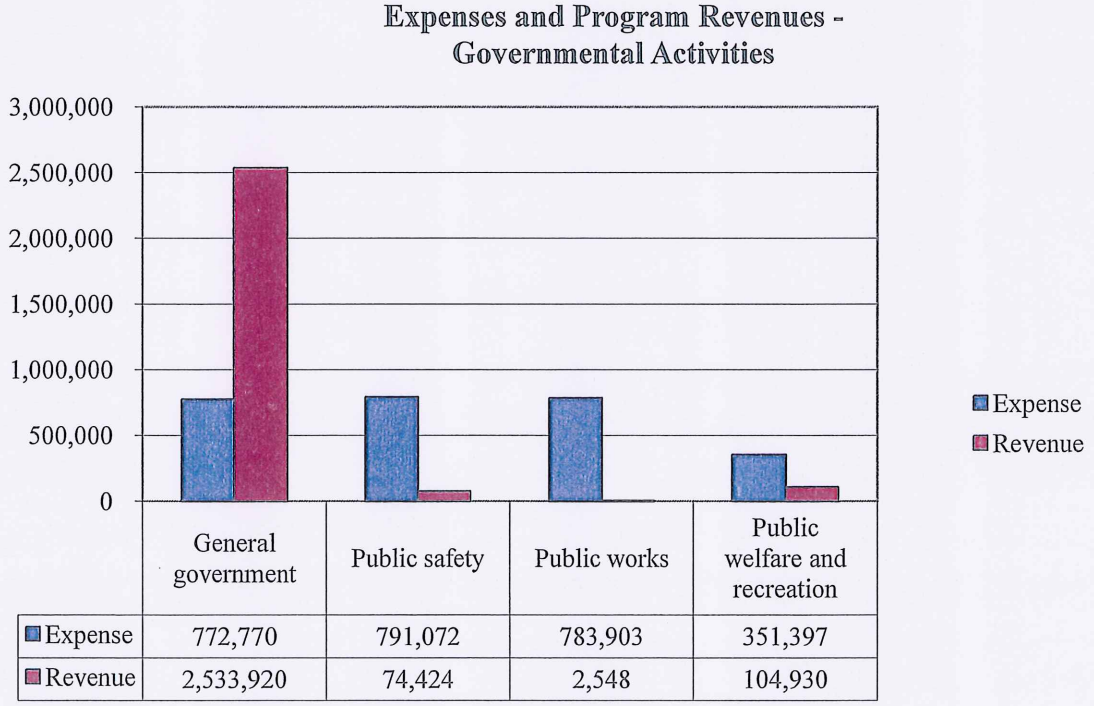


Governmental Activities

Governmental activities accounted for revenues of $2,715,822. The following graph summarizes the revenue by source.



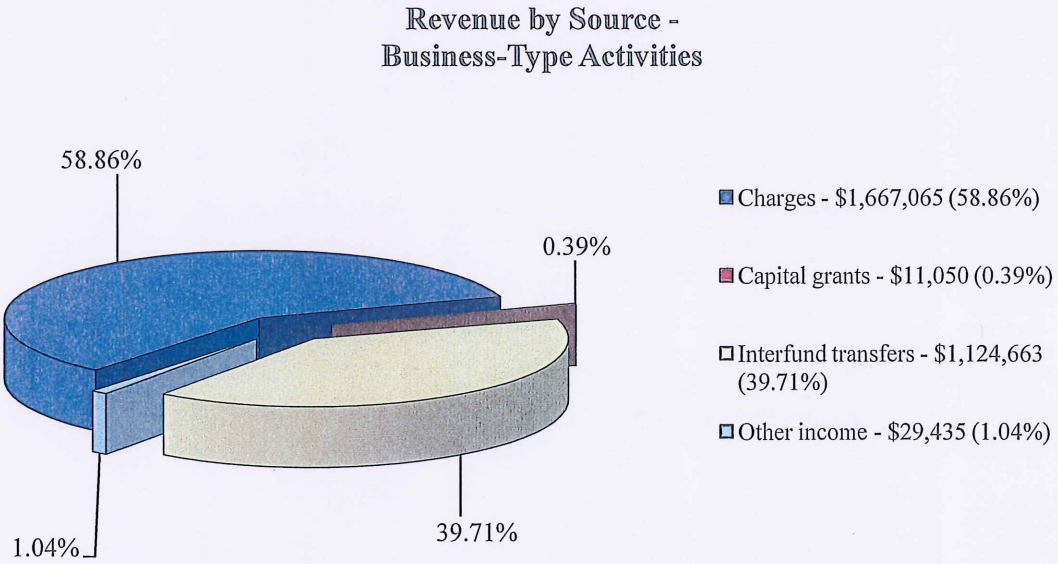
The following graph summarizes the revenue and related expense for each government program of the City. The difference between expense and revenue is the financial burden placed on the City's taxpayers for each program.



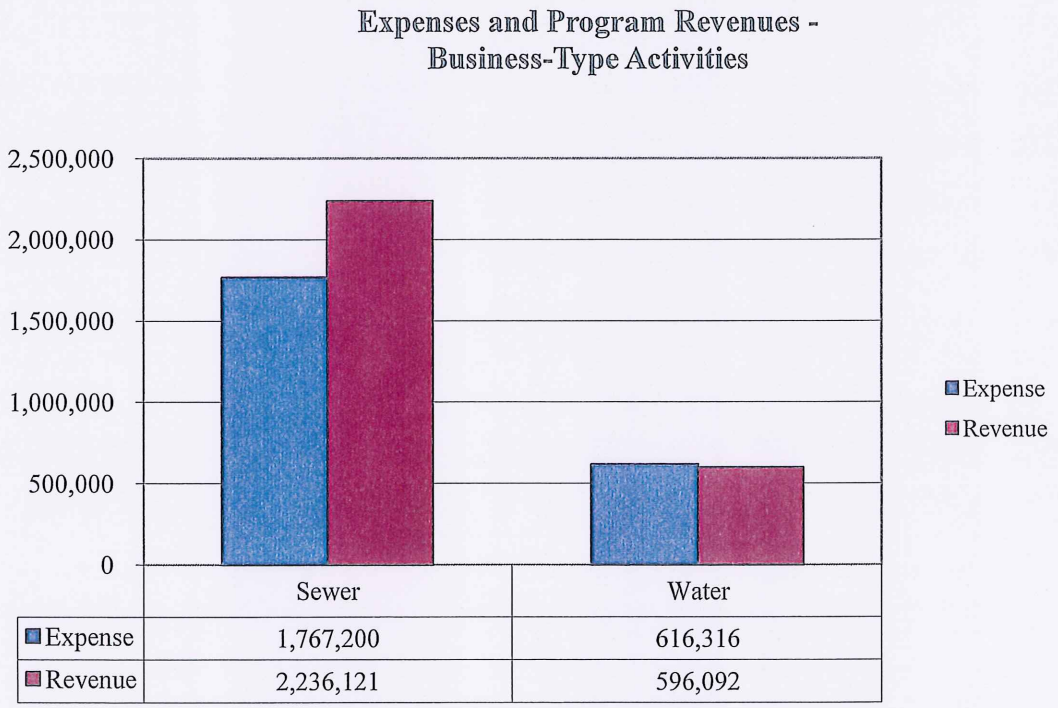
	General government	Public safety	Public works	Public welfare and recreation
Expense	772,770	791,072	783,903	351,397
Revenue	2,533,920	74,424	2,548	104,930

Business-type activities

Business-type activities accounted for revenues of $2,832,213. 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 $5,669,062.

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 $5,425,828. 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 263.16% 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 $3,013,832 for the Sewer Fund and $166,024 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 $124,000 in various decreases in revenues.

Current and capital outlay expenditures were decreased by $77,000.

Transfers were decreased by $47,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

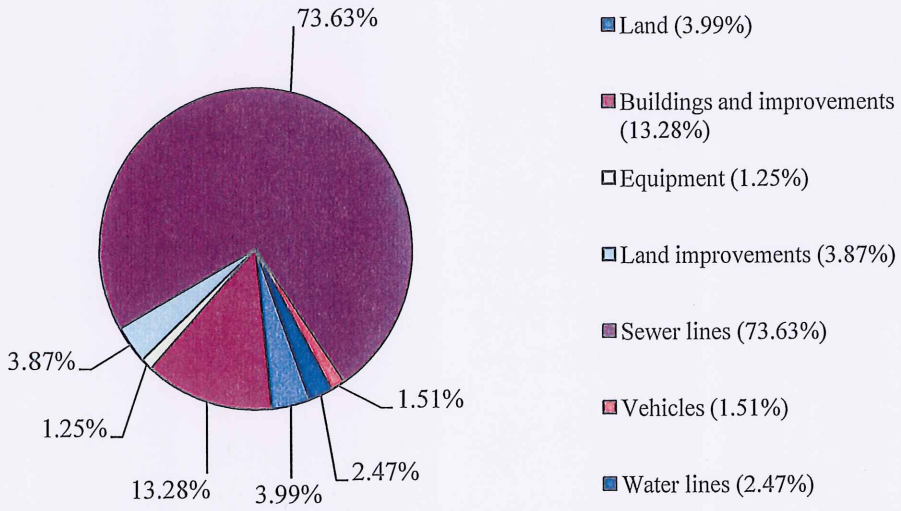
The table below summarizes the city's investment in capital assets and is broken down by governmental and business-type activities.

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

	Governmental Activities	Business-type Activities	Total
Land	$ 502,086	$ 232,544	$ 734,630
Buildings and improvements	2,007,425	437,220	2,444,645
Equipment	123,627	106,618	230,245
Land improvements	712,666	-	712,666
Sewer lines	-	13,556,679	13,556,679
Vehicles	227,688	50,638	278,326
Water lines	-	454,550	454,550
Total capital assets	$ 3,573,492	$ 14,838,249	$ 18,411,741

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.

City-Wide Capital Assets



Additional information on the City of Ringgold, Georgia's capital assets can be found in Note 8 on pages 40 and 41.

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 $9,612,692. Of that amount $280,000 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	$ -	$ 9,010,000	$ 9,010,000
Compensated absences	81,994	41,306	123,300
Customer deposits	-	42,934	42,934
Accrued post-employment benefits	369,114	67,344	436,458
Total	451,108	9,161,584	9,612,692
Less current portion	-	(280,000)	(280,000)
Total long-term debt	$451,108	$ 8,881,584	$ 9,332,692

Additional information on outstanding debt can be found in Note 10 on pages 42 through 45 of this report.

Currently Known Conditions Effecting Future Years

The City of Ringgold has retained the engineering firm of RMA, and currently the design is completed and permitting is almost complete for the Exit 345 Phase I. The City has acquired all but three easements, and the project should bid out before summer. Completion of the project should be December 31, 2011, and the funding approximately $4,000,000 is coming from the 2009 SPLOST. Phase II is currently in design and is estimated at $3,500,000 and will also be funded by the 2009 SPLOST. The City has been awarded a $300,000 ARC grant that we are planning to use on Phase I.

The City is also managing the design and permitting on the following subdivisions located in the unincorporated area of Catoosa County: Lehon Estates, Melody Estates, Three Notch Estates, Woods Road Area and Foster Hills Subdivision.

The City was awarded a $500,000 CDBG grant to install sewer in Pine Forest Mobile Home Park which is located outside the City Limits but is in the City of Ringgold's sewer service area.

The TE Grant conceptual plans have been approved by GDOT, the Mayor and Council, and plans are now being developed for permitting and bidding. The project has been narrowed down into phases to keep the City of Ringgold's contribution down. The Grant award is $250,000 and $116,000 local.

The City continues with its meter change out program and has purchased large meter testing equipment. This large meter testing equipment is allowing City personnel to test, repair and calibrate the large meters in the system more often and more cost effectively.

City Hall is in the process of having a plan designed to finish the upstairs to house the Police Department and add an additional Courtroom. This project is expected to cost approximately $165,000 and to be funded by General Fund.

Ringgold Recreational Complex will have a Master Plan Study completed in 2011 to see how the recreational complex can be improved.

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, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash	$ 4,289,114	$ 2,599,095	$ 6,888,209
Investments	512,481	536,129	1,048,610
Accounts receivable - net	314,665	316,466	631,131
Property tax receivable - net	73,882	-	73,882
Prepaid expenses	13,464	-	13,464
Due from other governments	556,562	-	556,562
Restricted assets	-	152,649	152,649
Capital assets			
Land and construction in progress	502,086	232,544	734,630
Other capital assets - net of accumulated depreciation	3,071,406	14,605,705	17,677,111
TOTAL ASSETS	$ 9,333,660	$ 18,442,588	$ 27,776,248
LIABILITIES			
Current Liabilities			
Accounts payable	$ 30,136	$ 85,037	$ 115,173
Accrued wages	11,165	5,312	16,477
Accrued liabilities	6,650	29,901	36,551
Non-current liabilities:			
Due within one year -			
Bond payable	-	280,000	280,000
Due in more than one year -			
Accrued post-employment benefits	369,114	67,344	436,458
Compensated absences	81,994	41,306	123,300
Customer deposits	-	42,934	42,934
Bond payable	-	8,730,000	8,730,000
TOTAL LIABILITIES	$ 499,059	$ 9,281,834	$ 9,780,893
NET ASSETS			
Invested in capital assets - net of related debt	$ 3,573,492	$ 5,980,898	$ 9,554,390
Restricted for:			
Capital project grants	3,801	-	3,801
Tourism	192,187	-	192,187
Unrestricted	5,065,121	3,179,856	8,244,977
TOTAL NET ASSETS	$ 8,834,601	$ 9,160,754	$ 17,995,355

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

CITY OF RINGGOLD, GEORGIA
Statement of Activities
Year Ended December 31, 2010

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	$ 772,770	$ 26,655	$ -	$ -	$ (746,115)	$ -	$ (746,115)
Public safety	791,072	74,424	-	-	(716,648)	-	(716,648)
Public works	783,903	2,548	-	-	(781,355)	-	(781,355)
Public welfare and recreation	351,397	104,930	-	-	(246,467)	-	(246,467)
Total governmental activities	2,699,142	208,557	-	-	(2,490,585)	-	(2,490,585)
Business-type activities:							
Sewer	1,767,200	1,259,558	-	11,050	-	(496,592)	(496,592)
Water	616,316	407,507	-	-	-	(208,809)	(208,809)
Total business-type activities	2,383,516	1,667,065	-	11,050	-	(705,401)	(705,401)
Total primary government	$ 5,082,658	$ 1,875,622	$ -	$ 11,050	(2,490,585)	(705,401)	(3,195,986)
General revenues:							
Property tax					474,098	-	474,098
Franchise tax					436,303	-	436,303
Local option sales tax					814,174	-	814,174
Motor vehicle tax					13,812	-	13,812
Occupational tax					67,006	-	67,006
Hotel/motel tax					279,900	-	279,900
Payment in lieu of taxes - TVA					7,953	-	7,953
SPLOST tax					998,940	-	998,940
Other taxes					277,234	-	277,234
Interest revenue					165,160	29,435	194,595
Other revenue					97,348	-	97,348
Transfers					(1,124,663)	1,124,663	-
Total general revenues and transfers					2,507,265	1,154,098	3,661,363
Change in net assets					16,680	448,697	465,377
Net assets - beginning					8,817,921	8,712,057	17,529,978
Net assets - end					$ 8,834,601	$ 9,160,754	$ 17,995,355

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

CITY OF RINGGOLD, GEORGIA
Governmental Funds
Balance Sheet
December 31, 2010

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash	$ 4,116,317	$ -	$ 172,797	$ 4,289,114
Investments	512,481	-	-	512,481
Accounts receivable - net	291,502	-	23,163	314,665
Property tax receivable - net	73,882	-	-	73,882
Prepaid expenses	13,464	-	-	13,464
Due from other governments	493,512	-	63,050	556,562
Due from other funds	-	-	86,213	86,213
TOTAL ASSETS	$ 5,501,158	$ -	$ 345,223	$ 5,846,381
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 21,918	$ -	$ 8,218	$ 30,136
Accrued wages	10,117	-	1,048	11,165
Accrued liabilities	140	-	6,510	6,650
Due to other funds	-	-	86,213	86,213
Deferred revenue - property taxes	43,155	-	-	43,155
Total liabilities	75,330	-	101,989	177,319
Fund Balances				
Unreserved, reported in				
General fund	5,425,828	-	-	5,425,828
Special revenue funds	-	-	243,234	243,234
Total fund balances	5,425,828	-	243,234	5,669,062
TOTAL LIABILITIES AND FUND BALANCES	$ 5,501,158	$ -	$ 345,223	$ 5,846,381

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, 2010

Total fund balances per governmental funds balance sheet	$ 5,669,062
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,573,492
Long-term liabilities, including compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(81,994)
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.	(369,114)
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.	43,155
Net assets of governmental activities	$ 8,834,601

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, 2010

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	$ 2,120,447	$ 998,940	$ 279,900	$ 3,399,287
License and permits	21,580	-	-	21,580
Intergovernmental	7,953	-	63,050	71,003
Fines and forfeitures	74,424	-	-	74,424
Interest revenue	165,160	-	-	165,160
Other revenue	76,912	-	69,940	146,852
TOTAL REVENUES	2,466,476	998,940	412,890	3,878,306
EXPENDITURES				
Current expenditures				
General government	620,495	-	-	620,495
Public safety	710,200	-	-	710,200
Public works	496,090	-	158,606	654,696
Public welfare and recreation	158,191	-	135,823	294,014
Capital outlay	76,842	-	43,531	120,373
TOTAL EXPENDITURES	2,061,818	-	337,960	2,399,778
Excess (deficiency) of revenues over (under) expenditures	404,658	998,940	74,930	1,478,528
OTHER FINANCING SOURCES (USES)				
Transfers in	139,950	-	309,653	449,603
Transfers out	(287,562)	(998,940)	(287,764)	(1,574,266)
Total other financing sources (uses)	(147,612)	(998,940)	21,889	(1,124,663)
Changes in fund balances before residual equity transfer	257,046	-	96,819	353,865
Residual equity transfer	5,287	-	(5,287)	-
Net changes in fund balances	262,333	-	91,532	353,865
Fund balances - beginning	5,163,495	-	151,702	5,315,197
Fund balances - end	$ 5,425,828	$ -	$ 243,234	$ 5,669,062

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, 2010

Net change in fund balances for total governmental funds	$ 353,865
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 depreciation exceeds capital outlay in the current period.	(119,177)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(37,820)
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	(196,840)
Compensated absences	16,652
Change in net assets of governmental activities	$ 16,680

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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
City property tax	$ 525,150	$ 525,150	$ 524,468	$ (682)
Premium tax	130,400	130,400	130,381	(19)
Franchise tax	452,000	437,000	436,303	(697)
Local option sales tax	814,900	814,900	814,174	(726)
Malt beverage tax	135,000	130,000	129,752	(248)
Motor vehicle tax	14,000	14,000	13,812	(188)
Occupational tax	69,450	67,450	67,006	(444)
Intangible tax	3,700	3,700	3,604	(96)
Real estate transfer tax	1,000	1,000	947	(53)
Total taxes	2,145,600	2,123,600	2,120,447	(3,153)
License and permits				
Massage therapy license	800	800	750	(50)
Malt beverage license	20,900	20,900	20,830	(70)
Total license and permits	21,700	21,700	21,580	(120)
Intergovernmental				
Payment in lieu of taxes - TVA	8,000	8,000	7,953	(47)
Fines and forfeitures				
Police and courts	75,950	75,950	74,424	(1,526)
Interest revenue				
Interest	269,000	167,000	165,160	(1,840)
Other revenue				
Fees	7,850	7,850	7,619	(231)
Pool fees and concessions	50,700	50,700	50,406	(294)
Miscellaneous	16,600	16,600	16,312	(288)
Rent income	2,600	2,600	2,575	(25)
Total other revenue	77,750	77,750	76,912	(838)
TOTAL REVENUES	2,598,000	2,474,000	2,466,476	(7,524)

(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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES				
Current expenditures				
General government				
Administration				
Administrative salaries	$ 272,200	$ 272,200	$ 271,098	$ 1,102
Zoning board pay	2,050	2,050	2,050	-
Payroll taxes	20,300	20,300	20,098	202
Communications and postage	4,000	4,000	3,542	458
Telephone	9,000	9,000	7,727	1,273
Office supplies	17,000	17,000	15,175	1,825
Administrative	8,000	8,000	4,134	3,866
Dues and subscriptions	27,000	27,000	23,960	3,040
Professional services	12,800	12,800	12,680	120
Retirement	25,000	25,000	24,144	856
Miscellaneous	1,000	1,000	663	337
Insurance	67,050	67,050	65,589	1,461
Repairs and maintenance	6,600	6,600	5,090	1,510
Drug testing fees	2,000	2,000	1,026	974
Vehicles repair and maintenance	8,000	8,000	4,541	3,459
Education and travel	13,000	13,000	6,990	6,010
Total administration	495,000	495,000	468,507	26,493
Building and plant				
Insurance	25,000	25,000	24,305	695
Utilities	22,000	20,000	17,828	2,172
Supplies and materials	2,000	2,000	1,078	922
Travel	1,000	1,000	545	455
Repairs and maintenance	20,000	16,000	13,048	2,952
Total building and plant	70,000	64,000	56,804	7,196
Council				
Council salaries	18,600	18,600	18,300	300
Payroll taxes	1,800	1,800	1,400	400
Insurance	100	100	70	30
Education and travel	17,500	17,500	14,835	2,665
Total council	38,000	38,000	34,605	3,395

(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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Court				
City judge	$ 4,400	$ 4,800	$ 4,375	$ 425
Payroll taxes	400	400	334	66
Fees	4,000	-	-	-
Supplies and materials	500	500	312	188
Education and travel	1,300	1,100	509	591
Miscellaneous	23,400	200	22	178
Total court	34,000	7,000	5,552	1,448
Elections				
Contract labor	2,500	2,500	-	2,500
Office supplies	1,100	1,100	-	1,100
Election	500	500	-	500
Education and travel	1,900	1,900	-	1,900
Total elections	6,000	6,000	-	6,000
Law				
Professional services	71,000	51,000	47,193	3,807
Total law	71,000	51,000	47,193	3,807
Mayor				
Mayor salaries	6,000	6,000	6,000	-
Payroll taxes	500	500	459	41
Insurance	100	100	23	77
Education and travel	3,400	3,400	1,352	2,048
Total mayor	10,000	10,000	7,834	2,166
Total general government (Continued)	724,000	671,000	620,495	50,505

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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public safety				
Police department				
Salaries	$ 388,000	$ 388,000	$ 372,508	$ 15,492
Payroll taxes	27,400	27,400	27,276	124
Telephone	1,600	1,600	1,321	279
Prisoner medical	3,100	3,100	3,074	26
Office supplies	3,600	3,600	3,495	105
Dues and subscriptions	1,300	1,300	1,269	31
Retirement	30,000	30,000	24,876	5,124
Insurance	107,600	107,600	98,354	9,246
Uniforms	4,200	4,200	3,731	469
Fuel	20,100	20,100	20,034	66
Supplies and materials	3,400	3,400	3,346	54
Repairs and maintenance	11,000	11,000	10,077	923
Professional services	500	500	390	110
Advertising	500	500	465	35
Equipment	6,600	6,600	6,548	52
Education and travel	3,100	3,100	3,055	45
Total police department	612,000	612,000	579,819	32,181
Fire department				
Operations	135,000	135,000	130,381	4,619
Total public safety	747,000	747,000	710,200	36,800
Public works				
Street department				
Salaries	261,000	261,000	224,641	36,359
Payroll taxes	19,000	19,000	16,243	2,757
Utilities	14,300	14,300	14,090	210
Telephone	1,000	1,000	992	8
Retirement	20,000	20,000	19,056	944
Miscellaneous	4,100	4,100	2,528	1,572
Insurance	79,000	79,000	69,693	9,307
Uniforms	7,000	7,000	4,166	2,834
Fuel	18,600	18,600	18,566	34
Supplies and materials	40,300	40,300	18,406	21,894
Repairs and maintenance	57,000	57,000	32,523	24,477
Prison crew	45,000	45,000	41,371	3,629
Street lights	33,000	33,000	32,189	811
Equipment	7,000	7,000	1,425	5,575
Education and travel	700	700	201	499
Total public works	607,000	607,000	496,090	110,910

(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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public welfare and recreation				
Pool operations				
Salaries	$ 25,200	$ 25,200	$ 22,710	$ 2,490
Payroll taxes	1,900	1,900	1,736	164
Utilities	5,000	5,000	3,399	1,601
Telephone	400	400	268	132
Insurance	1,600	1,600	952	648
Supplies and materials	2,300	2,300	2,207	93
Repairs and maintenance	5,600	5,600	5,476	124
Concessions	3,000	3,000	2,726	274
Chemicals	3,000	3,000	2,731	269
Total pool operations	48,000	48,000	42,205	5,795
Parks and recreation				
Salaries	68,000	68,000	67,565	435
Payroll taxes	5,200	5,200	5,150	50
Retirement	7,000	7,000	6,717	283
Insurance	18,550	18,550	17,199	1,351
Repairs and maintenance	10,150	10,150	8,930	1,220
Utilities	3,400	3,400	3,371	29
Supplies and materials	7,700	7,700	7,054	646
Total parks and recreation	120,000	120,000	115,986	4,014
Total public welfare and recreation	168,000	168,000	158,191	9,809
Capital outlay				
General government	24,000	-	-	-
Public safety	4,000	4,000	3,887	113
Public works	79,000	79,000	26,809	52,191
Public welfare and recreation	49,000	49,000	46,146	2,854
Total capital outlay	156,000	132,000	76,842	55,158
TOTAL EXPENDITURES (Continued)	2,402,000	2,325,000	2,061,818	263,182

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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	$ 196,000	$ 149,000	$ 404,658	$ 255,658
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	140,000	139,950	(50)
Transfers out	(322,000)	(295,000)	(287,562)	7,438
Total other financing sources (uses)	(202,000)	(155,000)	(147,612)	7,388
Changes in fund balances before residual equity transfer	(6,000)	(6,000)	257,046	263,046
Residual equity transfer	6,000	6,000	5,287	(713)
Net changes in fund balances	-	-	262,333	262,333
Fund balances - beginning	5,163,495	5,163,495	5,163,495	-
Fund balances - end	$ 5,163,495	$ 5,163,495	$ 5,425,828	$ 262,333

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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
Special Local Option Sales Tax	$ 980,000	$ 980,000	$ 998,940	$ 18,940
TOTAL REVENUES	980,000	980,000	998,940	18,940
Excess (deficiency) of revenues over (under) expenditures	980,000	980,000	998,940	18,940
OTHER FINANCING SOURCES (USES)				
Transfers out	(980,000)	(980,000)	(998,940)	(18,940)
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, 2010

	Enterprise		
	Sewer Fund	Water Fund	Totals
ASSETS			
Current Assets			
Cash	$ 2,391,193	$ 207,902	$ 2,599,095
Investments	536,129	-	536,129
Accounts receivable	251,452	65,014	316,466
Total current assets	3,178,774	272,916	3,451,690
Non-current Assets			
Restricted assets			
Bond issue cost	152,649	-	152,649
Total restricted assets	152,649	-	152,649
Capital assets			
Land	171,144	61,400	232,544
Other capital assets -			
net of accumulated depreciation	13,713,441	892,264	14,605,705
Total capital assets	13,884,585	953,664	14,838,249
Total non-current assets	14,037,234	953,664	14,990,898
TOTAL ASSETS	$ 17,216,008	$ 1,226,580	$ 18,442,588
LIABILITIES			
Current Liabilities			
Accounts payable	$ 75,149	$ 9,888	$ 85,037
Accrued wages	3,137	2,175	5,312
Accrued liabilities	29,901	-	29,901
Current portion of bond payable	280,000	-	280,000
Total current liabilities	388,187	12,063	400,250
Non-current Liabilities			
Accrued post-employment benefits	41,622	25,722	67,344
Compensated absences	15,133	26,173	41,306
Customer deposits	-	42,934	42,934
Long-term debt due after one year	8,730,000	-	8,730,000
Total non-current liabilities	8,786,755	94,829	8,881,584
TOTAL LIABILITIES	$ 9,174,942	$ 106,892	$ 9,281,834
NET ASSETS			
Invested in capital assets - net of related debt	$ 5,027,234	$ 953,664	$ 5,980,898
Unrestricted net assets	3,013,832	166,024	3,179,856
TOTAL NET ASSETS	$ 8,041,066	$ 1,119,688	$ 9,160,754

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, 2010

	Enterprise		
	Sewer Fund	Water Fund	Totals
OPERATING REVENUES			
Sewer charges	$ 1,192,078	$ -	$ 1,192,078
Water sales	-	388,319	388,319
Installation charges	67,480	715	68,195
Penalties	-	18,473	18,473
Total operating revenues	1,259,558	407,507	1,667,065
OPERATING EXPENSES			
Operating and maintenance	915,365	523,042	1,438,407
Administration and general	15,057	12,096	27,153
Depreciation	443,023	81,178	524,201
Total operating expenses	1,373,445	616,316	1,989,761
Operating income (loss)	(113,887)	(208,809)	(322,696)
NON-OPERATING REVENUES (EXPENSES)			
Amortization expense	(7,632)	-	(7,632)
Interest revenue	29,435	-	29,435
Interest expense	(386,123)	-	(386,123)
Total non-operating revenues (expenses)	(364,320)	-	(364,320)
Income (loss) before capital contributions and transfers	(478,207)	(208,809)	(687,016)
Capital contributions	11,050	-	11,050
Transfers in	998,940	188,585	1,187,525
Transfers out	(62,862)	-	(62,862)
Changes in net assets	468,921	(20,224)	448,697
Total net assets - beginning	7,572,145	1,139,912	8,712,057
Total net assets - end	$ 8,041,066	$ 1,119,688	$ 9,160,754

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, 2010

	Enterprise		
	Sewer Fund	Water Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	$ 1,321,789	$ 406,803	$ 1,728,592
Payments to suppliers	(618,124)	(319,794)	(937,918)
Payments to employees	(302,663)	(194,751)	(497,414)
Net cash provided (used) by operating activities	401,002	(107,742)	293,260
Cash Flows from Capital and Related Financing Activities			
Acquiring and construction of capital assets	(424,788)	(7,870)	(432,658)
Capital contributions	11,050	-	11,050
Principal paid on long-term debt	(269,000)	-	(269,000)
Interest paid on long-term debt	(386,123)	-	(386,123)
Net cash provided (used) for capital and related financing activities	(1,068,861)	(7,870)	(1,076,731)
Cash Flows from Non-Capital Financing Activities			
Net transfers to/from other funds	936,078	188,585	1,124,663
Net cash provided (used) for non-capital financing activities	936,078	188,585	1,124,663
Cash Flows from Investing Activities			
Sale (purchase) of investments in restricted assets	2,600	-	2,600
Sale (purchase) of investments	2,026,627	-	2,026,627
Interest revenue	29,435	-	29,435
Net cash provided (used) by investing activities	2,058,662	-	2,058,662
Net increase (decrease) in cash	2,326,881	72,973	2,399,854
Cash - beginning	64,312	134,929	199,241
Cash - end	$ 2,391,193	$ 207,902	$ 2,599,095
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (113,887)	$ (208,809)	$ (322,696)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	443,023	81,178	524,201
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	62,231	(703)	61,528
Increase (decrease) in current liabilities	(10,270)	4,132	(6,138)
Increase (decrease) in customer deposits	-	347	347
Increase (decrease) in accrued post-employment benefits	22,082	13,445	35,527
Increase (decrease) in compensated absences	(2,177)	2,668	491
Net cash provided (used) by operating activities	$ 401,002	$ (107,742)	$ 293,260
Reconciliation of Cash to Statement of Net Assets			
Cash	$ 2,391,193	$ 207,902	$ 2,599,095
Cash - end	$ 2,391,193	$ 207,902	$ 2,599,095

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

CITY OF RINGGOLD, GEORGIA
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2010

	Municipal Court Fund	Baxter Addition Fund
ASSETS		
Cash	$ 15,449	$ 27,171
TOTAL ASSETS	$ 15,449	$ 27,171
LIABILITIES		
Surety bonds payable	$ 2,915	$ -
Due to other governments	3,997	-
Due to other governements - City of Ringgold	8,537	-
TOTAL LIABILITIES	15,449	-
NET ASSETS		
Held in trust for municipal court and baxter addition	$ -	$ 27,171

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

CITY OF RINGGOLD, GEORGIA
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year Ended December 31, 2010

	Municipal Court Fund	Baxter Addition Fund
ADDITIONS		
Court fines	$ 37,219	$ -
Donations	-	29,083
Interest	-	463
TOTAL ADDITIONS	37,219	29,546
DEDUCTIONS		
Court expenses	37,219	-
Lawn care	-	2,375
TOTAL DEDUCTIONS	37,219	2,375
Change in net assets	-	27,171
Net assets - beginning	-	-
Net assets - end	$ -	$ 27,171

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.

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.

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, 2010.

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.

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.

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.

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, 2010
Levy date	October 20, 2010
Tax bills mailed	October 20, 2010
Payment due date	October 20, 2010 through February 28, 2011
Delinquency date	March 1, 2011

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, 2010, and April 8, 2011, 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 $7,935,419. The financial institution balance was $8,096,521. 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, 2010, 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	$ 6,888,209
Investments	1,048,610
Less: Petty cash	(1,400)
Total	$ 7,935,419

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	$ 1,048,610

NOTE 3 - ACCOUNTS RECEIVABLE - NET

Accounts receivable at December 31, 2010, consist of the following:

	General Fund	Hotel/Motel Tax Fund	Water Fund	Sewer Fund	Total
Franchise taxes	$ 278,226	$ -	$ -	$ -	$ 278,226
Local beer/beverage tax collected	11,813	-	-	-	11,813
Hotel/motel tax	-	23,163	-	-	23,163
Customer receivables	-	-	65,014	251,452	316,466
Other	1,463	-	-	-	1,463
Total	$ 291,502	$ 23,163	$ 65,014	$ 251,452	$ 631,131

NOTE 4 - PROPERTY TAXES RECEIVABLE - NET

Property taxes receivable as of December 31, 2010, consist of the following:

Year of Levy	
2010	$ 75,067
2009	11,673
2008	1,039
2007	10
	87,789
Less: allowance for uncollectibles	(13,907)
Property taxes receivable - net	$ 73,882

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at December 31, 2010, consists of the following:

	Governmental Activities
Property tax collected by Catoosa County	$ 346,312
State of Georgia - local sales tax collected	2,958
Catoosa County - motor vehicle tax collected	1,083
Local Option Sales Tax receivable	134,622
Grant revenue	63,050
Municipal Court Fund	8,537
Totals	$ 556,562

NOTE 6 - RESTRICTED ASSETS

Restricted assets include funds restricted for specific expenditures.

Restricted assets at December 31, 2010, consist of the following:

	Sewer Fund
Bond issue cost	$ 152,649

NOTE 7 - INTERNAL BALANCES

Internal balances at December 31, 2010, consist of the following:

Due to:	Due from:		
	Hotel/Motel Tax Fund	Capital Projects Grant Fund	Total
Convention and Visitors Bureau Fund	$ 23,163	$ 63,050	$ 86,213

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 502,086	$ -	$ -	$ 502,086
Total capital assets not being depreciated	502,086	-	-	502,086
Capital assets being depreciated:				
Land improvements	735,636	60,396	-	796,032
Building and improvements	2,777,079	3,467	-	2,780,546
Vehicles	1,047,590	33,667	-	1,081,257
Equipment	665,040	-	-	665,040
Total capital assets being depreciated	5,225,345	97,530	-	5,322,875
Less accumulated depreciation for:				
Land improvements	45,074	38,292	-	83,366
Buildings and improvements	699,731	73,390	-	773,121
Vehicles	785,438	68,131	-	853,569
Equipment	504,519	36,894	-	541,413
Total accumulated depreciation	2,034,762	216,707	-	2,251,469
Total capital assets being depreciated - net	3,190,583	(119,177)	-	3,071,406
Governmental activities capital assets - net	$ 3,692,669	$(119,177)	$ -	$ 3,573,492

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

General government	$ 91,038
Public safety	30,212
Public welfare and recreation	32,116
Public works	63,341
Total	$ 216,707

(Continued)

NOTE 8 - CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 177,837	$ 54,707	$ -	$ 232,544
Total capital assets not being depreciated	177,837	54,707	-	232,544
Capital assets being depreciated:				
Buildings	819,938	-	-	819,938
Equipment	1,066,470	4,825	(10,132)	1,061,163
Sewer lines	16,131,431	370,081	-	16,501,512
Vehicles	261,130	-	(12,317)	248,813
Water lines	1,191,022	3,045	-	1,194,067
Total capital assets being depreciated	19,469,991	377,951	(22,449)	19,825,493
Less accumulated depreciation for:				
Buildings	366,321	16,397	-	382,718
Equipment	923,172	41,505	(10,132)	954,545
Sewer lines	2,553,823	391,010	-	2,944,833
Vehicles	188,756	21,736	(12,317)	198,175
Water lines	685,964	53,553	-	739,517
Total accumulated depreciation	4,718,036	524,201	(22,449)	5,219,788
Total capital assets being depreciated - net	14,751,955	(142,250)	-	14,605,705
Business-type activities capital assets - net	$ 14,929,792	$(91,543)	$ -	$ 14,838,249

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	$ 43,155	$ 43,155

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

NOTE 10 - LONG-TERM DEBT

A. Governmental Debt

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

	Principal Balance
Compensated absences	$ 81,994
Accrued post-employment benefits	369,114
Total governmental long-term debt	$ 451,108

A summary of changes in governmental long-term debt for the year ended December 31, 2010, are as follows:

	Balance December 31, 2009	Additions	Retirements	Balance December 31, 2010	Amount Due Within One Year
Compensated absences	$ 98,646	$ -	$ (16,652)	$ 81,994	$ -
Accrued post-employment benefits	172,274	196,840	-	369,114	-
Total	$270,920	$ 196,840	$ (16,652)	451,108	$ -
Less: current portion of governmental long-term debt				-	
Total governmental long-term debt				$ 451,108	

Interest paid during the year ended December 31, 2010, 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 10 - 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	$ 9,010,000
Less: current portion of sewer debt	(280,000)
Total sewer debt	8,730,000
Compensated absences	15,133
Accrued post-employment benefits	41,622
Total sewer long-term debt	$ 8,786,755

A summary of changes in sewer long-term debt for the year ended December 31, 2010, are as follows:

	Balance December 31, 2009	Additions	Retirements	Balance December 31, 2010	Amount Due Within One Year
2005 bond	$ 9,279,000	$ -	$ (269,000)	$ 9,010,000	$ 280,000
Compensated absences	17,310	-	(2,177)	15,133	-
Accrued post-employment benefits	19,541	22,081	-	41,622	-
Total	$ 9,315,851	$ 22,081	$ (271,177)	9,066,755	$ 280,000
Less: current portion of sewer long-term debt				(280,000)	
Total sewer long-term debt				$ 8,786,755	

NOTE 10 - LONG-TERM DEBT (Continued)

Interest paid during the year ended December 31, 2010, on business-type long-term debt was $386,123.

Sewer fund debt service requirements to maturity, including interest of $4,561,737, are as follows:

Bonds

Year ended December 31	Principal	Interest	Total Requirements
2011	$ 280,000	$ 372,462	$ 652,462
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
2016-2020	1,853,000	1,394,690	3,247,690
2021-2025	2,278,000	969,844	3,247,844
2026-2030	2,800,000	447,599	3,247,599
2031	568,000	9,136	577,136
Total bonds	$ 9,010,000	$ 4,561,737	$ 13,571,737

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	$ 42,934
Compensated absences	26,173
Accrued post-employment benefits	25,722
Total Water Fund long-term debt	$94,829

(Continued)

NOTE 10 - LONG-TERM DEBT (Continued)

Water Fund (Continued)

A summary of changes in Water Fund long-term debt for the year ended December 31, 2010, are as follows:

	Balance December 31, 2009	Additions	Retirements	Balance December 31, 2010	Amount Due Within One Year
Customer deposits	$ 42,587	$ 347	$ -	$ 42,934	$ -
Compensated absences	23,505	2,668	-	26,173	-
Accrued post-employment benefits	12,276	13,446	-	25,722	-
Total	$ 78,368	$ 16,461	$ -	94,829	$ -
Less: current portion of Water Fund long-term debt				-	
Total Water Fund long-term debt				$ 94,829	

NOTE 11 - 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 $192,187 are legally segregated for use in promoting tourism in the Ringgold area.

Restricted for Capital Projects Grants - Reserves of $3,801 are legally restricted for a Capital Grant Project.

NOTE 12 - TRANSFERS

Interfund transfers as of December 31, 2010, consist of the following:

	Transfers to:								
	General Fund	Solid Waste Fund	Haunted Depot Fund	Downtown Development Authority Fund	Convention and Visitors Bureau Fund	Flag Fund	Sewer Fund	Water Fund	Total
Transfer from:									
General Fund	$ -	$ 158,606	$ 2,295	$ -	$ -	$ 938	$ -	$ 125,723	$ 287,562
Capital Projects Fund	-	-	-	-	-	-	998,940	-	998,940
Hotel/Motel Fund	139,950	-	-	-	139,950	-	-	-	279,900
Haunted Depot Fund	-	-	-	7,864	-	-	-	-	7,864
Sewer Fund	-	-	-	-	-	-	-	62,862	62,862
Total	$ 139,950	$ 158,606	$ 2,295	$ 7,864	$ 139,950	$ 938	$ 998,940	$ 188,585	$ 1,637,128

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 13 - 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, 2010, is as follows:

Fund Balance - January 1, 2010	$ -
Lodging tax services	279,900
Amount available for disbursements	279,900
Disbursements:	
Transfer to General Fund	139,950
Transfer to Convention and Visitors Bureau Fund	139,950
Total disbursed	279,900
Balance - held in reserve for future hotel/motel tax projects	$ -

NOTE 14 - 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 $(81,994) difference are as follows:

Compensated absences	$ (81,994)
Net adjustment	$ (81,994)

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 $(119,177) difference are as follows:

Depreciation expense	$ (216,707)
Capital outlay	97,530
Net adjustment	$ (119,177)

NOTE 15 - COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

NOTE 16 - 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 17 - 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 fulltime employees who have attained age 18 and have completed one year of service are eligible. 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 17 - PENSION PLAN (Continued)

The City's total payroll for the year was $1,579,506. The amount of covered payroll was $1,337,653. Total contributions required was $160,518, which was 12% of covered payroll. The City's contribution required and actual was $130,072, which was 10% of covered payroll. The mandatory employee contributions required and actual was $26,753 which was 2% of covered payroll. Employee voluntary contributions totaled $49,677, making a total employee contribution of $76,430, which is 5.7% of covered payroll. The total City and employee contribution actually made was $206,502, which was 15.44% of covered payroll. There were no current year changes in plan provisions.

NOTE 18 - 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	$ 159,005
Interest on net OPEB obligation	8,745
Adjustment to annual required contribution	64,617
Annual OPEB cost (expense)	232,367
Contributions made	-
Increase in net OPEB obligation	232,367
Net OPEB obligation - beginning of year	204,091
Net OPEB obligation - end of year	$ 436,458

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-10	$ 436,458	100%	$ 436,458

Funded Status and Funding Progress
As of June 30, 2010, the actuarial accrued liability for benefits was $436,458, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $1,435,195 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 95.89 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 - 2010 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 18 - 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, 2010, 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)
06-30-10	$ 0	$1,376,265	$ 1,376,265	0.00%	$ 1,435,195	95.89%

NOTE 19 - 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 20 - CONTINGENT LIABILITIES

As of December 31, 2010, the City does not have any material contingent liabilities.

NOTE 21 - 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, 2010, the City paid $2,850 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

NOTE 22 - AGENCY FUNDS

During the year, the City added two agency funds, Baxter Addition Fund and Municipal Court Fund. The City acts as fiscal agent under contract with the board of the Baxter Addition to Anderson Cemetery Care Fund. The Municipal Court Fund is used to handle the percentages of fines that are remitted to state agencies and the county. The City's portion of the fines is transferred back to the General Fund revenue each month.

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.

Flag Fund:

This fund is used to account for the receipt and use of funds for the City's flag project.

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet
December 31, 2010

	Solid Waste Fund	Hotel/Motel Tax Fund	Haunted Depot Fund
ASSETS			
Cash	$ 3,262	$ -	$ -
Accounts receivable - net	-	23,163	-
Due from other governments	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	$ 3,262	$ 23,163	$ -
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 2,505	$ -	$ -
Accrued wages	757	-	-
Accrued liabilities	-	-	-
Due to other funds	-	23,163	-
Total liabilities	3,262	23,163	-
Fund Balances			
Fund balances	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 3,262	$ 23,163	$ -

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet (Continued)
December 31, 2010

Downtown Dev. Authority Fund	Capital Projects Grant Fund	Confiscated Assets Fund	Convention and Visitors Bureau Fund	Flag Fund	Total Non-major Governmental Funds
$ 25,453	$ 3,801	$ 11,261	$ 114,668	$ 14,352	$ 172,797
-	-	-	-	-	23,163
-	63,050	-	-	-	63,050
-	-	-	86,213	-	86,213
$ 25,453	$ 66,851	$ 11,261	$ 200,881	$ 14,352	$ 345,223
$ -	$ -	$ -	$ 2,643	$ 3,070	$ 8,218
-	-	-	291	-	1,048
750	-	-	5,760	-	6,510
-	63,050	-	-	-	86,213
750	63,050	-	8,694	3,070	101,989
24,703	3,801	11,261	192,187	11,282	243,234
$ 25,453	$ 66,851	$ 11,261	$ 200,881	$ 14,352	$ 345,223

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2010

	Solid Waste Fund	Hotel/Motel Tax Fund	Haunted Depot Fund
REVENUES			
Taxes	$ -	$ 279,900	$ -
Intergovernmental	-	-	-
Other revenue	-	-	17,728
TOTAL REVENUES	-	279,900	17,728
EXPENDITURES			
Current expenditures			
Public works	158,606	-	-
Public welfare and recreation	-	-	9,914
Capital outlay	-	-	-
TOTAL EXPENDITURES	158,606	-	9,914
Excess (deficiency) of revenue over (under) expenditures	(158,606)	279,900	7,814
OTHER FINANCING SOURCES (USES)			
Transfers in	158,606	-	2,295
Transfers out	-	(279,900)	(7,864)
Total other financing sources (uses)	158,606	(279,900)	(5,569)
Changes in fund balances before residual equity transfer	-	-	2,245
Residual equity transfer	-	-	-
Net changes in fund balances	-	-	2,245
Fund balances - beginning	-	-	(2,245)
Fund balances - end	$ -	$ -	$ -

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Year Ended December 31, 2010

Downtown Dev. Authority Fund	Capital Projects Grant Fund	Confiscated Assets Fund	Convention and Visitors Bureau Fund	Flag Fund	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 279,900
-	63,050	-	-	-	63,050
9,964	-	-	26,710	15,538	69,940
9,964	63,050	-	26,710	15,538	412,890
-	-	-	-	-	158,606
10,938	-	-	109,777	5,194	135,823
-	43,531	-	-	-	43,531
10,938	43,531	-	109,777	5,194	337,960
(974)	19,519	-	(83,067)	10,344	74,930
7,864	-	-	139,950	938	309,653
-	-	-	-	-	(287,764)
7,864	-	-	139,950	938	21,889
6,890	19,519	-	56,883	11,282	96,819
-	(5,287)	-	-	-	(5,287)
6,890	14,232	-	56,883	11,282	91,532
17,813	(10,431)	11,261	135,304	-	151,702
$ 24,703	$ 3,801	$ 11,261	$ 192,187	$ 11,282	$ 243,234

CITY OF RINGGOLD, GEORGIA
Solid Waste Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES				
Current expenditures				
Public works				
Salaries	$ 64,000	$ 64,000	$ 63,254	$ 746
Payroll taxes	5,000	5,000	4,828	172
Office supplies	4,000	3,000	2,142	858
Retirement contribution	7,000	7,000	6,285	715
Insurance	26,000	24,000	22,446	1,554
Uniforms	1,000	1,000	608	392
Fuel	12,000	12,000	11,072	928
Repairs and maintenance	20,000	13,000	12,765	235
Landfill fees	-	-	35,206	(35,206)
Total public works	139,000	129,000	158,606	(29,606)
Capital outlay				
Solid waste	39,000	36,000	-	36,000
TOTAL EXPENDITURES	178,000	165,000	158,606	6,394
Excess (deficiency) of revenues over (under) expenditures	(178,000)	(165,000)	(158,606)	6,394
OTHER FINANCING SOURCES (USES)				
Transfers in	178,000	165,000	158,606	(6,394)
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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
Hotel/motel tax	$ 240,000	$ 280,000	$ 279,900	$ (100)
TOTAL REVENUES	240,000	280,000	279,900	(100)
Excess (deficiency) of revenue over (under) expenditures	240,000	280,000	279,900	(100)
OTHER FINANCING SOURCES (USES)				
Transfers out	(240,000)	(280,000)	(279,900)	100
Net changes in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ -	$ -

CITY OF RINGGOLD, GEORGIA
Haunted Depot Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Haunted Depot	$ 14,000	$ 17,000	$ 17,728	$ 728
TOTAL REVENUES	14,000	17,000	17,728	728
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Contract labor	400	2,550	1,580	970
Advertising	600	600	573	27
Supplies	6,000	9,000	7,761	1,239
Total public welfare and recreation	7,000	12,150	9,914	2,236
TOTAL EXPENDITURES	7,000	12,150	9,914	2,236
Excess (deficiency) of revenue over (under) expenditures	7,000	4,850	7,814	2,964
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,000	2,295	(705)
Transfers out	(7,000)	(7,850)	(7,864)	(14)
Total other financing sources (uses)	(7,000)	(4,850)	(5,569)	(719)
Net changes in fund balances	-	-	2,245	2,245
Fund balances - beginning	(2,245)	(2,245)	(2,245)	-
Fund balances - end	$ (2,245)	$ (2,245)	$ -	$ 2,245

CITY OF RINGGOLD, GEORGIA
Downtown Development Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Lease revenue	$ 9,000	$ 9,000	$ 9,000	$ -
Miscellaneous	-	1,150	964	(186)
TOTAL REVENUES	9,000	10,150	9,964	(186)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Grant expenses	9,300	10,450	4,335	6,115
Vehicles	1,600	1,600	1,600	-
Supplies	5,100	5,950	5,003	947
Total public welfare and recreation	16,000	18,000	10,938	7,062
TOTAL EXPENDITURES	16,000	18,000	10,938	7,062
Excess (deficiency) of revenue over (under) expenditures	(7,000)	(7,850)	(974)	6,876
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	7,850	7,864	14
Net changes in fund balances	-	-	6,890	6,890
Fund balances - beginning	17,813	17,813	17,813	-
Fund balances - end	$ 17,813	$ 17,813	$ 24,703	$ 6,890

CITY OF RINGGOLD, GEORGIA
Capital Projects Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Grant revenue	$ 85,000	$ 63,000	$ 63,050	$ 50
TOTAL REVENUES	85,000	63,000	63,050	50
EXPENDITURES				
Capital outlay				
Other services	79,000	57,000	43,531	13,469
TOTAL EXPENDITURES	79,000	57,000	43,531	13,469
Changes in fund balances before residual equity transfer	6,000	6,000	19,519	13,519
Residual equity transfer	(6,000)	(6,000)	(5,287)	713
Net changes in fund balances	-	-	14,232	14,232
Fund balances - beginning	(10,431)	(10,431)	(10,431)	-
Fund balances - end	$ (10,431)	$ (10,431)	$ 3,801	$ 14,232

CITY OF RINGGOLD, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Fines and forfeitures				
Cash confiscation	$ 10,000	$ -	$ -	$ -
TOTAL REVENUES	10,000	-	-	-
EXPENDITURES				
Current expenditures				
Public safety				
Vehicles	10,000	-	-	-
TOTAL EXPENDITURES	10,000	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances - beginning	11,261	11,261	11,261	-
Fund balances - end	$ 11,261	$ 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, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Rental	$ 29,500	$ 29,500	$ 26,278	$ (3,222)
Miscellaneous	500	500	432	(68)
Total other revenue	30,000	30,000	26,710	(3,290)
TOTAL REVENUES	30,000	30,000	26,710	(3,290)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Salaries	39,100	39,100	35,792	3,308
Payroll taxes	3,200	3,200	2,738	462
Insurance	1,300	1,300	656	644
Events	52,000	65,300	43,240	22,060
Supplies	11,300	11,300	5,256	6,044
Repairs and maintenance	18,500	25,200	1,858	23,342
Telephone	3,000	3,000	1,874	1,126
Utilities	20,000	20,000	18,157	1,843
Miscellaneous	1,600	1,600	206	1,394
Total public welfare and recreation	150,000	170,000	109,777	60,223
TOTAL EXPENDITURES	150,000	170,000	109,777	60,223
Excess (deficiency) of revenue over (under) expenditures	(120,000)	(140,000)	(83,067)	56,933
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	140,000	139,950	(50)
Net changes in fund balances	-	-	56,883	56,883
Fund balances - beginning	135,304	135,304	135,304	-
Fund balances - end	$ 135,304	$ 135,304	$ 192,187	$ 56,883

CITY OF RINGGOLD, GEORGIA
Flag Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Flag charges	$ 3,000	$ 3,000	$ 3,038	$ 38
Donations	12,500	12,500	12,500	-
Total other revenue	15,500	15,500	15,538	38
TOTAL REVENUES	15,500	15,500	15,538	38
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Supplies	13,000	13,000	1,726	11,274
Construction	3,500	3,500	3,468	32
Total public welfare and recreation	16,500	16,500	5,194	11,306
TOTAL EXPENDITURES	16,500	16,500	5,194	11,306
Excess (deficiency) of revenue over (under) expenditures	(1,000)	(1,000)	10,344	11,344
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	938	(62)
Net changes in fund balances	-	-	11,282	11,282
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ 11,282	$ 11,282

SUPPLEMENTARY INFORMATION

CITY OF RINGGOLD, GEORGIA
Sewer Fund
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING REVENUES				
Sewer charges	$ 1,132,650	$ 1,132,750	$ 1,192,078	$ 59,328
Installation charges	67,500	67,500	67,480	(20)
Total operating revenues	1,200,150	1,200,250	1,259,558	59,308
OPERATING EXPENSE				
Operating and maintenance	933,300	933,300	915,365	17,935
Administration and general	9,700	9,700	15,057	(5,357)
Depreciation	448,000	448,000	443,023	4,977
Total operating expenses	1,391,000	1,391,000	1,373,445	17,555
Operating income (loss)	(190,850)	(190,750)	(113,887)	76,863
NON-OPERATING REVENUES (EXPENSES)				
Amortization expense	(8,000)	(8,000)	(7,632)	368
Interest revenue	29,750	29,750	29,435	(315)
Interest expense	(639,000)	(639,000)	(386,123)	252,877
Total non-operating revenues (expenses)	(617,250)	(617,250)	(364,320)	252,930
Income (loss) before capital contributions and transfers	(808,100)	(808,000)	(478,207)	329,793
Capital contributions	100	-	11,050	11,050
Transfers in	880,000	871,000	998,940	127,940
Transfers out	(72,000)	(63,000)	(62,862)	138
Changes in net assets	-	-	468,921	468,921
Total net assets - beginning	7,572,145	7,572,145	7,572,145	-
Total net assets - end	$ 7,572,145	$ 7,572,145	$ 8,041,066	$ 468,921

CITY OF RINGGOLD, GEORGIA
Water Fund
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2010

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING INCOME				
Water sales	$ 392,350	$ 392,350	$ 388,319	$ (4,031)
Installation charges	800	800	715	(85)
Penalties	17,850	17,850	18,473	623
Total operating revenues	411,000	411,000	407,507	(3,493)
OPERATING EXPENSES				
Operating and maintenance	630,300	540,300	523,042	17,258
Administration and general	14,700	14,700	12,096	2,604
Depreciation	82,000	82,000	81,178	822
Total operating expenses	727,000	637,000	616,316	20,684
Operating income (loss) before transfers	(316,000)	(226,000)	(208,809)	17,191
Transfers in	316,000	226,000	188,585	(37,415)
Changes in net assets	-	-	(20,224)	(20,224)
Total net assets - beginning	1,139,912	1,139,912	1,139,912	-
Total net assets - end	$ 1,139,912	$ 1,139,912	$ 1,119,688	$ (20,224)

CITY OF RINGGOLD, GEORGIA
Proprietary Funds
Schedule of Operating Expenses
Year Ended December 31, 2010

	Enterprise		
Operating Expenses	**Sewer Fund**	**Water Fund**	**Totals**
Operating and maintenance			
Salaries	$ 302,663	$ 194,751	$ 497,414
Payroll taxes	21,990	13,602	35,592
Other postemployment benefits	13,734	13,446	27,180
Utilities	12,680	46,629	59,309
Catoosa utility charges	-	31,940	31,940
Telephone	1,764	1,629	3,393
Retirement	30,349	19,147	49,496
Insurance	62,201	50,468	112,669
Technical	244	3,542	3,786
Uniforms	2,859	3,459	6,318
Fuel	12,350	8,136	20,486
Repairs and maintenance	26,650	39,168	65,818
Water line repairs	-	11,196	11,196
Equipment	4,037	714	4,751
Chemicals	-	48,101	48,101
Drinking water program	-	4,774	4,774
Plant supplies	13,833	32,340	46,173
Sewer treatment charges	410,011	-	410,011
Total operating and maintenance	915,365	523,042	1,438,407
Administration and general			
Other post-employment benefits	8,347	-	8,347
Communications postage	18	4,622	4,640
Office supplies	332	997	1,329
Dues and subscriptions	1,636	668	2,304
Professional services	530	-	530
Insurance	3,288	2,994	6,282
Education and travel	906	2,815	3,721
Total administration and general	15,057	12,096	27,153
Depreciation	443,023	81,178	524,201
Total operating expenses	$ 1,373,445	$ 616,316	$ 1,989,761

CITY OF RINGGOLD, GEORGIA
Schedule of Property Taxes Receivable
General Fund
December 31, 2010

Year of Levy	
2010	$ 75,067
2009	11,673
2008	1,039
2007	10
2006	-
Total property taxes receivable	87,789
Less: allowance for uncollectibles	(13,907)
Net property taxes receivable	$ 73,882

CITY OF RINGGOLD, GEORGIA
Schedule of Changes in Property Taxes Receivable
General Fund
Year Ended December 31, 2010

	Taxes Receivable December 31, 2009	Taxes Levied	Pickups and (Releases)	Collections	Taxes Receivable December 31, 2010
2010	$ -	$ 473,110	$ 1,687	$ (399,730)	$ 75,067
2009	111,932	-	10,633	(110,892)	11,673
2008	9,116	-	27	(8,104)	1,039
2007	261	-	6	(257)	10
2006	69	-	4	(73)	-
Total	$ 121,378	$ 473,110	$ 12,357	$ (519,056)	$ 87,789

CITY OF RINGGOLD, GEORGIA
Schedule of Debt Service Requirements
Sewer Fund
Year Ended December 31, 2010

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

Year Ended December 31	Principal	Interest	Total Requirements
2011	$ 280,000	$ 372,462	$ 652,462
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	568,000	9,136	577,136
	$ 9,010,000	$ 4,561,737	$ 13,571,737

III. STATISTICAL INFORMATION

CITY OF RINGGOLD, GEORGIA
STATISTICAL INFORMATION
December 31, 2010

I. SCHEDULE OF TAX RATES AND ASSESSMENTS

Tax Year	City Tax Rate	Assessment	Levy
2010	.2707	$ 174,772,811	$ 473,110
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

II. SCHEDULE OF BILLING RATES

The water and sewer rates for the City of Ringgold for the year ended December 31, 2010, 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, 2010, the City had 1,133 water customers and 961 sewer customers.

IV. INTERNAL CONTROL AND COMPLIANCE SECTION

Certified Public Accountants

301 N. Market
Chattanooga, TN
37405

Office: 423-756-1170
Fax: 423-756-1436
www.jmw-cpa.com

Members
American Institute
of Certified
Public Accountants

Paul Johnson, III, CPA

Brian T. Wright, CPA

Karen Hutcherson, CPA

John H. Shipp, CPA

Marianne Greene, CPA

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, 2010, and have issued our report thereon dated April 8, 2011. 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 10-1 and 10-2 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 no instances of noncompliance or other matters that are 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.

Chattanooga, Tennessee
April 8, 2011

Johnson, Murphey & Wright, P.C.

CITY OF RINGGOLD, GEORGIA
Schedule of Findings and Responses
December 31, 2010

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:

No instances of noncompliance or other matters were 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 10-1 - Accounting expertise (Repeat 09-1)

Criteria:

SAS 115 states in part that the lack of accounting personnel with sufficient "training" to properly design controls over significant accounting processes and controls over the year-end financial reporting process, including the actual "preparation of 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 knowledge as to the design and implementation of proper accounting controls, and they also did not have any accounting personnel on staff with the skills and knowledge to prepare their own year-end financial statements.

Recommendation:

The City should consider the risk benefits of continuing to allow the outside auditors to perform these services for them, versus having an internal auditor/CPA to perform the year-end financial reporting process.

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 10-2 - Approvals and documentation (Repeat 09-2)

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) A signature stamp is used to approve disbursements. The stamp is not always in the custody of the City Manager.

Recommendation:

1) Only the City Manager should have custody of the signature stamp.

Management's Response:
We concur. We are making every effort to correct this item.

CITY OF RINGGOLD, GEORGIA
Schedule of Prior Audit Findings
December 31, 2010

Finding 09-1 - Accounting expertise

Still in effect.

Finding 09-2 - Approvals and documentation

1) Corrected.
2) Corrected.
3) Corrected.

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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, 2010. 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, 2010, in conformity with accounting principles generally accepted in the United States of America.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
April 8, 2011

CITY OF RINGGOLD, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Year Ended December 31, 2010

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
2004 SPLOST -					
Ringgold water and sewer projects	$ 1,935,000	$ 1,762,505	$ 193,046	$ 1,955,551	100%
Ringgold Sewer Basin	$ 3,000,000	$ 1,616,871	$ 520,870	$ 2,137,741	71%
Peavine Basin	$ 8,000,000	$ 196,339	$ 8,777	$ 205,116	3%
2009 SPLOST -					
Ringgold water and sewer projects	$ 13,270,000	$ -	$ 276,247	$ 276,247	2%