CITY OF RINGGOLD, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2011

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I. INTRODUCTORY SECTION

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CITY OF RINGGOLD, GEORGIA
Council Members and Management
December 31, 2011

Mayor ..... Joe Barger

Vice-Mayor ..... Terry Crawford

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

Council Member ..... Randall Franks

Council Member ..... G. Larry Black

Council Member ..... Earl Henderson

City Manager ..... Dan Wright

City Judge ..... Gene Lowery

Financial Director ..... Will Baerg

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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ringgold, Georgia, as of and for the year ended December 31, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Capital Projects Fund, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2012, on our consideration of the City of Ringgold, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
March 12, 2012

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, 2011. 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, 2011, by $20,009,774 (net assets). Of this amount, $8,168,819 (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 deficit of $(70,326). The City's business-type activities operated at a surplus of $2,084,745.

As of the close of the current fiscal year, the City of Ringgold, Georgia's governmental funds reported combined ending fund balances of $5,650,070.

At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,374,892, or 174.73%, of total General Fund expenditures. Expenditures do not include transfers to and from other funds, which netted to $(11,952) 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 $11,245,499. Of that balance, $3,316,643 is unrestricted and the remaining $7,928,856 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 eleven 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 Hotel/Motel Tax, Haunted Depot, Downtown Development Authority, Capital Projects Grant, Confiscated Assets, Convention and Visitors Bureau, Flag, Ringgold Depot and Visitor Center funds are provided later in this report beginning on page 51.

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

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

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

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

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

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 29 through 49 of this report.

Other Information
Non-major fund statements and schedules can be found on pages 51 through 63 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 $20,043,043 at the close of this fiscal year.

The largest portion of the City of Ringgold, Georgia's net assets (58.32%) 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, 0.86%, or $171,832, represents resources that are subject to external restrictions on how they may be used. The remaining 40.82% of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

At December 31, 2011, 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 $171,832.

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	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 5,951,418	$ 5,760,168	$ 4,385,163	$ 3,604,339	$ 10,336,581	$ 9,364,507
Capital assets	3,740,267	3,573,492	16,513,839	14,838,249	20,254,106	18,411,741
Total assets	$ 9,691,685	$ 9,333,660	$ 20,899,002	$ 18,442,588	$ 30,590,687	$27,776,248
Non-current liabilities	$ 634,755	$ 451,108	$ 8,930,150	$ 9,161,584	$ 9,564,905	$ 9,612,692
Other liabilities	292,655	47,951	723,353	120,250	1,016,008	168,201
Total liabilities	$ 927,410	$ 499,059	$ 9,653,503	$ 9,281,834	$ 10,580,913	$ 9,780,893
Net assets:						
Invested in capital assets - net of related debt	$ 3,740,267	$ 3,573,492	$ 7,928,856	$ 5,980,898	$ 11,669,123	$ 9,554,390
Restricted	171,832	195,988	-	-	171,832	195,988
Unrestricted	4,852,176	5,065,121	3,316,643	3,179,856	8,168,819	8,244,977
Total net assets	$ 8,764,275	$ 8,834,601	$ 11,245,499	$ 9,160,754	$ 20,009,774	$ 17,995,355

Changes in Net Assets

Governmental activities decreased the City's net assets by $(70,326), and business-type activities increased the City's net assets by $2,084,745. 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.

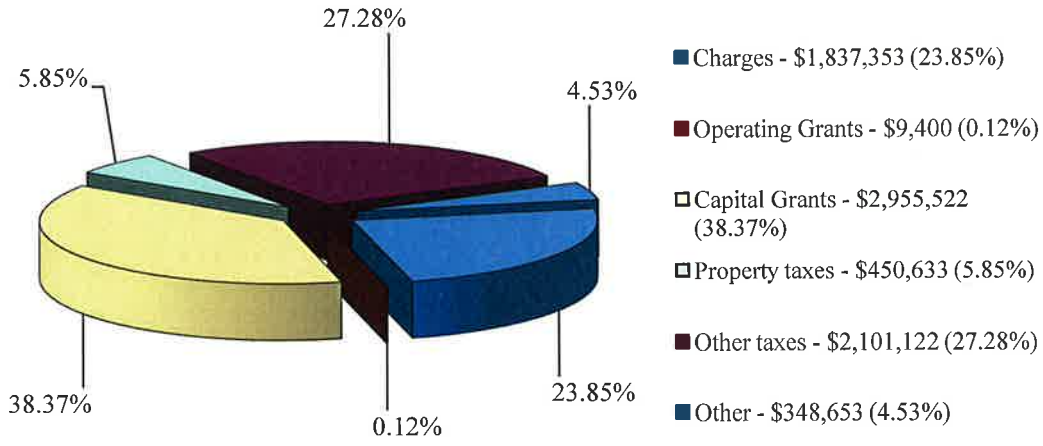
The table below provides a summary of the City's net assets broken down by governmental and business-type activities.

City of Ringgold, Georgia's Changes in Net Assets

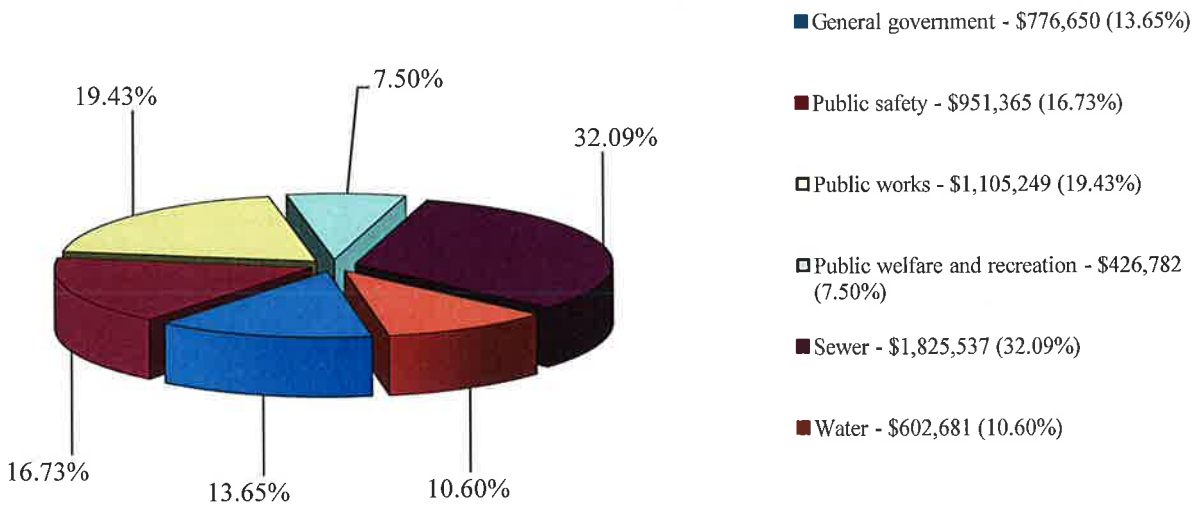
	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 239,917	$ 208,557	$ 1,597,436	$ 1,667,065	$ 1,837,353	$ 1,875,622
Operating grants and contributions	9,400	-	-	-	9,400	-
Capital grants and contributions	2,947,327	-	8,195	11,050	2,955,522	11,050
General revenues:						
Property taxes	450,633	474,098	-	-	450,633	474,098
Other taxes	2,101,122	2,895,322	-	-	2,101,122	2,895,322
Other income	341,677	262,508	6,976	29,435	348,653	291,943
Interfund transfers	(2,900,356)	(1,124,663)	2,900,356	1,124,663	-	-
Total revenues	3,189,720	2,715,822	4,512,963	2,832,213	7,702,683	5,548,035
Expenses:						
General government	776,650	772,770	-	-	776,650	772,770
Public safety	951,365	791,072	-	-	951,365	791,072
Public works	1,105,249	783,903	-	-	1,105,249	783,903
Public welfare and recreation	426,782	351,397	-	-	426,782	351,397
Sewer	-	-	1,825,537	1,767,200	1,825,537	1,767,200
Water	-	-	602,681	616,316	602,681	616,316
Total expenses	3,260,046	2,699,142	2,428,218	2,383,516	5,688,264	5,082,658
Change in net assets	(70,326)	16,680	2,084,745	448,697	2,014,419	465,377
Net assets - beginning	8,834,601	8,817,921	9,160,754	8,712,057	17,995,355	17,529,978
Net assets - end	$ 8,764,275	$ 8,834,601	$11,245,499	$ 9,160,754	$20,009,774	$17,995,355

The graphs below summarize the $7,702,683 of city-wide revenues by source, and the associated $5,688,264 of expense by program. The graphs combine data from both governmental and business-type activities.

City-Wide Sources of Revenue



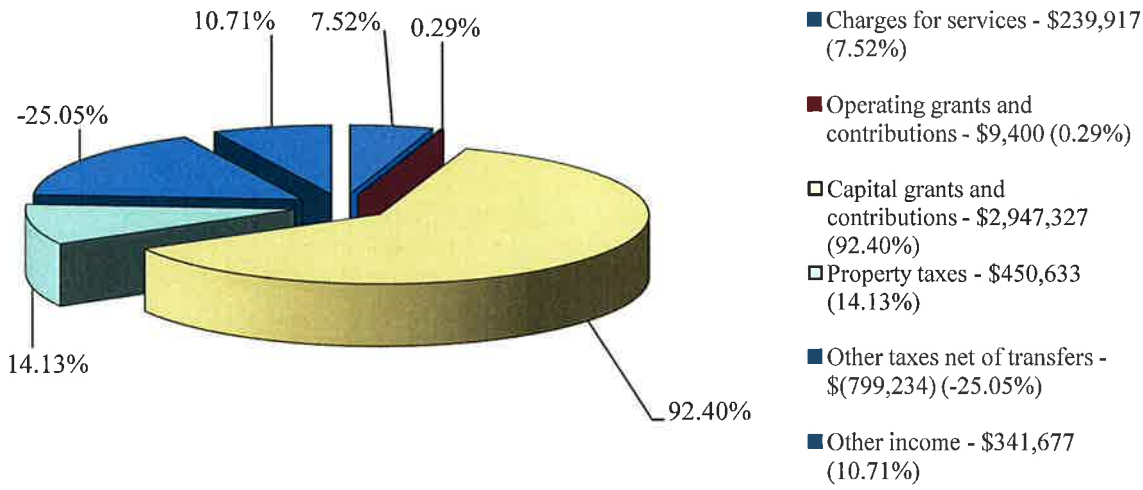
City-Wide Program Expenses



Governmental Activities

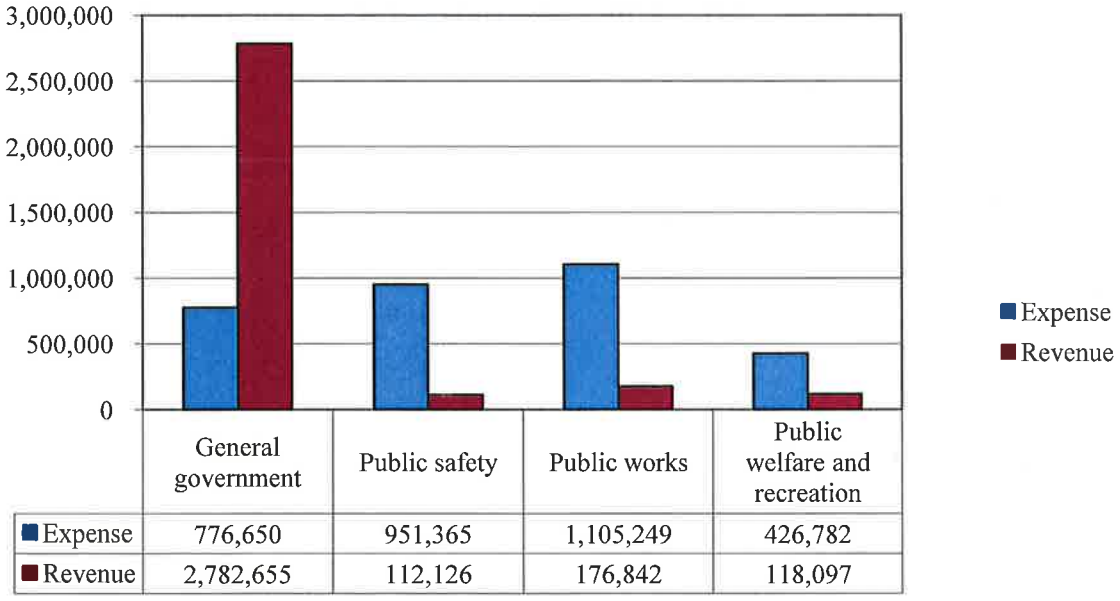
Governmental activities accounted for revenues of $3,189,720. The following graph summarizes the revenue by source.

Revenue by Source - Governmental Activities



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.

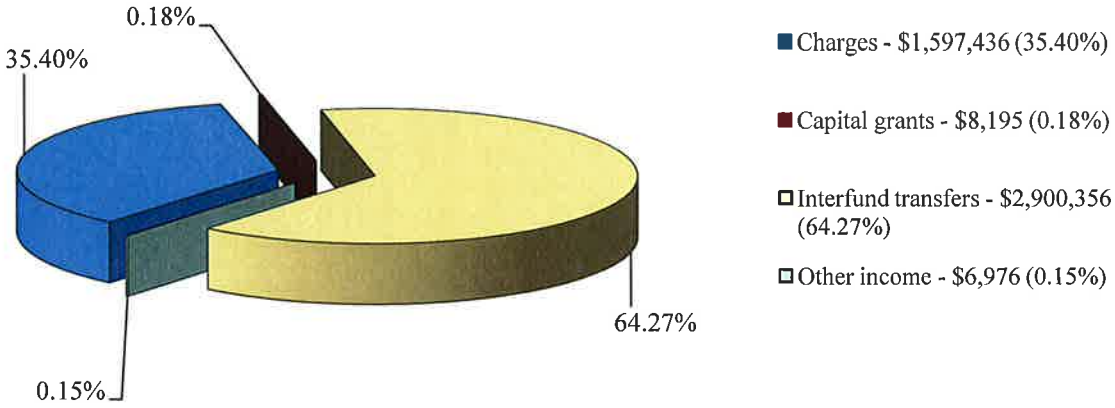
Expenses and Program Revenues - Governmental Activities



	General government	Public safety	Public works	Public welfare and recreation
Expense	776,650	951,365	1,105,249	426,782
Revenue	2,782,655	112,126	176,842	118,097

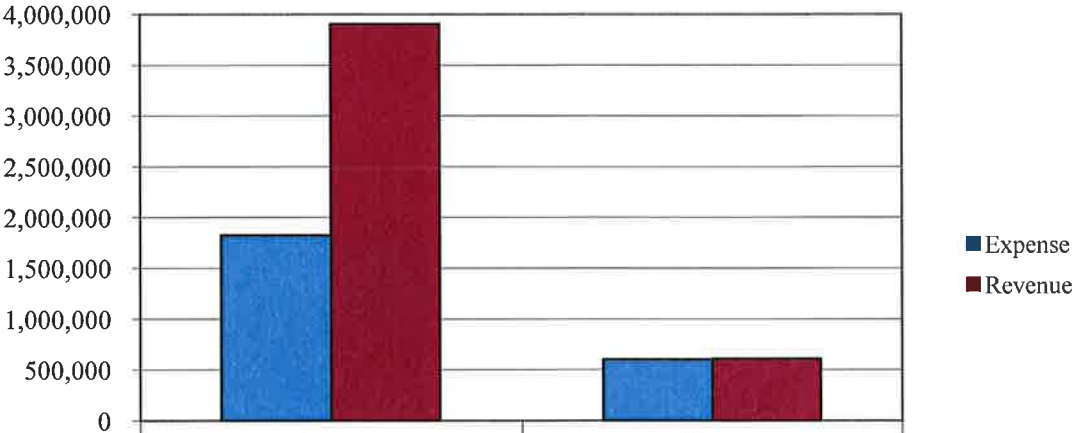
Business-type activities
Business-type activities accounted for revenues of $4,512,963. The following graph summarizes the revenue by source.

Revenue by Source - Business-Type Activities



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

Expenses and Program Revenues - Business-Type Activities



	Sewer	Water
Expense	1,825,537	602,681
Revenue	3,905,177	607,786

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 unassigned 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 $5,650,070.

The General Fund is the chief operating fund of the City of Ringgold, Georgia. At the end of the current fiscal year, unassigned fund balance of the General Fund was $5,374,892. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 174.73% 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 $3,171,663 for the Sewer Fund and $144,980 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 $625,000 in various increases in revenues.

Current and capital outlay expenditures were increased by $595,600.

Transfers in were decreased by $15,000.

Transfers out were increased by $14,400.

CAPITAL ASSET AND DEBT ADMINISTRATION

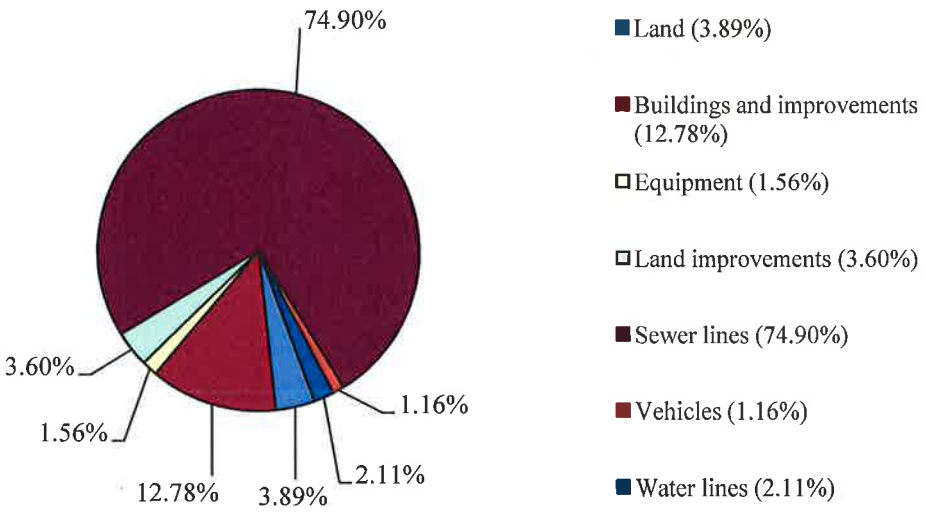
The table below summarizes the City's investment in capital assets and is broken down by governmental and business-type activities.

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

	Governmental Activities	Business-type Activities	Total
Land	$ 522,786	$ 265,815	$ 788,601
Buildings and improvements	2,167,626	420,826	2,588,452
Equipment	121,553	194,081	315,634
Land improvements	729,594	-	729,594
Sewer lines	-	15,171,280	15,171,280
Vehicles	198,708	36,170	234,878
Water lines	-	425,667	425,667
Total capital assets	$ 3,740,267	$ 16,513,839	$ 20,254,106

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 38 and 39.

City of Ringgold, Georgia's Outstanding Debt

At the end of the current fiscal year, the City of Ringgold, Georgia had total debt outstanding of $9,564,905. Of that amount $292,000 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	$ -	$ 8,730,000	$ 8,730,000
Compensated absences	81,608	44,530	126,138
Customer deposits	-	49,594	49,594
Accrued post-employment benefits	553,147	106,026	659,173
Total	634,755	8,930,150	9,564,905
Less current portion	-	(292,000)	(292,000)
Total long-term debt	$ 634,755	$ 8,638,150	$ 9,272,905

Additional information on outstanding debt can be found in Note 10 on pages 40 through 42 of this report.

Currently Known Conditions Effecting Future Years

The City of Ringgold will receive grant funds to install emergency watershed protection to relieve hazards and damages created by the April, 2011 tornadoes. Total U.S. Department of Agriculture funds will not exceed $152,015 and local funds are estimated at $50,672.

The City will also receive ARC grant funding of $300,000 and local funding of $2,655,900 for sewer improvements. These improvements should be completed by June, 2012.

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, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash	$ 6,249,263	$ -	$ 6,249,263
Investments	517,520	500,000	1,017,520
Accounts receivable - net	320,772	126,168	446,940
Property tax receivable - net	56,036	-	56,036
Prepaid expenses	3,838	-	3,838
Due from other governments	2,333,689	-	2,333,689
Internal balances	(3,529,700)	3,529,700	-
Restricted assets	-	229,295	229,295
Capital assets			
Land and construction in progress	522,786	265,815	788,601
Other capital assets - net of accumulated depreciation	3,217,481	16,248,024	19,465,505
TOTAL ASSETS	$ 9,691,685	$ 20,899,002	$ 30,590,687
LIABILITIES			
Current Liabilities			
Accounts payable	$ 270,717	$ 684,581	$ 955,298
Accrued wages	11,991	5,517	17,508
Accrued liabilities	9,947	33,255	43,202
Non-current liabilities:			
Due within one year -			
Bond payable	-	292,000	292,000
Due in more than one year -			
Accrued post-employment benefits	553,147	106,026	659,173
Compensated absences	81,608	44,530	126,138
Customer deposits	-	49,594	49,594
Bond payable	-	8,438,000	8,438,000
TOTAL LIABILITIES	$ 927,410	$ 9,653,503	$ 10,580,913
NET ASSETS			
Invested in capital assets - net of related debt	$ 3,740,267	$ 7,928,856	$ 11,669,123
Restricted for:			
Capital project grants	801	-	801
Tourism	171,031	-	171,031
Unrestricted	4,852,176	3,316,643	8,168,819
TOTAL NET ASSETS	$ 8,764,275	$ 11,245,499	$ 20,009,774

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

CITY OF RINGGOLD, GEORGIA
Statement of Activities
Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary Government							
Governmental activities:							
General government	$ 776,650	$ 21,462	$ -	2,768,117	$ 2,012,929	$ -	$ 2,012,929
Public safety	951,365	112,126	-	-	(839,239)	-	(839,239)
Public works	1,105,249	2,632	-	174,210	(928,407)	-	(928,407)
Public welfare and recreation	426,782	103,697	9,400	5,000	(308,685)	-	(308,685)
Total governmental activities	3,260,046	239,917	9,400	2,947,327	(63,402)	-	(63,402)
Business-type activities:							
Sewer	1,825,537	1,210,383	-	8,195	-	(606,959)	(606,959)
Water	602,681	387,053	-	-	-	(215,628)	(215,628)
Total business-type activities	2,428,218	1,597,436	-	8,195	-	(822,587)	(822,587)
Total primary government	$ 5,688,264	$ 1,837,353	$ 9,400	$ 2,955,522	(63,402)	(822,587)	(885,989)
General revenues:							
Property tax					450,633	-	450,633
Franchise tax					540,625	-	540,625
Local option sales tax					894,786	-	894,786
Motor vehicle tax					15,409	-	15,409
Occupational tax					84,576	-	84,576
Hotel/motel tax					244,723	-	244,723
Payment in lieu of taxes - TVA					7,885	-	7,885
Other taxes					313,118	-	313,118
Interest revenue					120,037	6,976	127,013
Other revenue					221,640	-	221,640
Transfers					(2,900,356)	2,900,356	-
Total general revenues and transfers					(6,924)	2,907,332	2,900,408
Change in net assets					(70,326)	2,084,745	2,014,419
Net assets - beginning					8,834,601	9,160,754	17,995,355
Net assets - end					$ 8,764,275	$ 11,245,499	$ 20,009,774

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

CITY OF RINGGOLD, GEORGIA
Governmental Funds
Balance Sheet
December 31, 2011

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash	$ 6,248,462	$ -	$ 801	$ 6,249,263
Investments	517,520	-	-	517,520
Accounts receivable - net	297,952	-	22,820	320,772
Property tax receivable - net	56,036	-	-	56,036
Prepaid expenses	3,838	-	-	3,838
Due from other governments	485,701	1,777,988	70,000	2,333,689
Due from other funds	4,632	-	289,282	293,914
TOTAL ASSETS	$ 7,614,141	$ 1,777,988	$ 382,903	$ 9,775,032
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 265,955	$ -	$ 4,762	$ 270,717
Accrued wages	11,608	-	383	11,991
Accrued liabilities	187	-	9,760	9,947
Due to other funds	1,952,806	1,777,988	92,820	3,823,614
Deferred revenue - property taxes	8,693	-	-	8,693
Total liabilities	2,239,249	1,777,988	107,725	4,124,962
Fund Balances				
Restricted	-	-	275,178	275,178
Unassigned	5,374,892	-	-	5,374,892
Total fund balances	5,374,892	-	275,178	5,650,070
TOTAL LIABILITIES AND FUND BALANCES	$ 7,614,141	$ 1,777,988	$ 382,903	$ 9,775,032

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, 2011

Total fund balances per governmental funds balance sheet	$ 5,650,071
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,740,267
Long-term liabilities, including compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(81,608)
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.	(553,147)
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.	8,692
Net assets of governmental activities	$ 8,764,275

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, 2011

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	$ 2,333,610	$ -	$ 244,723	$ 2,578,333
License and permits	14,440	-	-	14,440
Intergovernmental	185,095	2,768,117	18,350	2,971,562
Fines and forfeitures	111,126	-	1,000	112,126
Interest revenue	120,037	-	-	120,037
Other revenue	272,764	-	55,275	328,039
TOTAL REVENUES	3,037,072	2,768,117	319,348	6,124,537
EXPENDITURES				
Current expenditures				
General government	638,671	-	-	638,671
Public safety	864,131	-	1,000	865,131
Public works	760,380	-	-	760,380
Public welfare and recreation	210,547	-	151,167	361,714
Capital outlay	602,326	-	14,950	617,276
TOTAL EXPENDITURES	3,076,055	-	167,117	3,243,172
Excess (deficiency) of revenues over (under) expenditures	(38,983)	2,768,117	152,231	2,881,365
OTHER FINANCING SOURCES (USES)				
Transfers in	122,362	-	131,599	253,961
Transfers out	(134,314)	(2,768,117)	(251,886)	(3,154,317)
Total other financing sources (uses)	(11,952)	(2,768,117)	(120,287)	(2,900,356)
Net changes in fund balances	(50,935)	-	31,944	(18,991)
Fund balances - beginning	5,425,828	-	243,234	5,669,062
Fund balances - end	$ 5,374,893	$ -	$ 275,178	$ 5,650,071

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, 2011

Net change in fund balances for total governmental funds	$ (18,991)
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.	166,775
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(34,463)
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	(184,033)
Compensated absences	386
Change in net assets of governmental activities	$ (70,326)

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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
City property tax	$ 511,000	$ 508,500	$ 489,527	$ (18,973)
Premium tax	130,000	168,000	167,917	(83)
Franchise tax	470,000	545,000	540,625	(4,375)
Local option sales tax	817,000	894,700	894,786	86
Malt beverage tax	140,000	133,100	133,173	73
Motor vehicle tax	14,000	15,400	15,409	9
Occupational tax	66,000	84,800	84,576	(224)
Intangible tax	3,000	6,100	6,110	10
Real estate transfer tax	1,000	1,600	1,487	(113)
Total taxes	2,152,000	2,357,200	2,333,610	(23,590)
License and permits				
Massage therapy license	500	900	900	-
Malt beverage license	13,800	13,500	13,540	40
Total license and permits	14,300	14,400	14,440	40
Intergovernmental				
Payment in lieu of taxes - TVA	8,000	8,000	7,885	(115)
Grant revenue	-	177,100	177,210	110
Total intergovernmental	8,000	185,100	185,095	(5)
Fines and forfeitures				
Police and courts	71,000	123,000	111,126	(11,874)
Interest revenue				
Interest	168,000	120,000	120,037	37
Other revenue				
Fees	4,400	9,575	9,652	77
Pool fees and concessions	50,000	52,625	52,561	(64)
Miscellaneous	1,800	7,180	7,549	369
Insurance recoveries	-	226,000	201,083	(24,917)
Rent income	2,500	1,920	1,919	(1)
Total other revenue	58,700	297,300	272,764	(24,536)
TOTAL REVENUES	2,472,000	3,097,000	3,037,072	(59,928)

(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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES				
Current expenditures				
General government				
Administration				
Administrative salaries	$ 280,000	$ 279,100	$ 279,017	$ 83
Zoning board pay	2,000	1,700	1,700	-
Payroll taxes	20,000	21,000	20,961	39
Communications and postage	4,000	3,800	3,739	61
Telephone	9,000	8,400	8,389	11
Office supplies	41,000	13,400	13,323	77
Administrative	5,000	5,900	5,822	78
Dues and subscriptions	18,000	20,700	20,594	106
Professional services	8,000	10,800	10,769	31
Retirement	28,000	19,900	19,815	85
Miscellaneous	1,000	3,200	3,151	49
Insurance	71,000	63,900	63,732	168
Repairs and maintenance	6,000	4,200	4,096	104
Drug testing fees	2,000	400	356	44
Vehicles repair and maintenance	6,000	2,900	2,762	138
Education and travel	9,000	6,000	5,910	90
Total administration	510,000	465,300	464,136	1,164
Building and plant				
Insurance	25,000	26,300	26,218	82
Utilities	21,000	17,900	17,814	86
Supplies and materials	1,000	800	724	76
Travel	1,000	300	219	81
Repairs and maintenance	31,000	32,300	32,117	183
Total building and plant	79,000	77,600	77,092	508
Council				
Council salaries	18,300	18,400	18,375	25
Payroll taxes	1,500	1,500	1,388	112
Insurance	200	100	58	42
Education and travel	18,000	15,800	15,696	104
Total council	38,000	35,800	35,517	283

(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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Court				
City judge	$ 4,900	$ 7,550	$ 7,500	$ 50
Payroll taxes	500	697	567	130
Supplies and materials	500	778	774	4
Education and travel	1,000	345	344	1
Insurance	100	30	23	7
Total court	7,000	9,400	9,208	192
Elections				
Contract labor	2,500	1,400	1,326	74
Office supplies	1,000	600	427	173
Election	600	100	30	70
Education and travel	1,900	300	250	50
Total elections	6,000	2,400	2,033	367
Law				
Professional services	65,000	43,300	43,133	167
Total law	65,000	43,300	43,133	167
Mayor				
Mayor salaries	6,000	6,000	6,000	-
Payroll taxes	500	500	459	41
Insurance	100	100	16	84
Education and travel	3,400	1,200	1,077	123
Total mayor	10,000	7,800	7,552	248
Total general government	715,000	641,600	638,671	2,929

(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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public safety				
Police department				
Salaries	$ 343,000	$ 421,700	$ 421,546	$ 154
Payroll taxes	25,000	29,700	29,586	114
Telephone	1,600	1,300	1,216	84
Office supplies	2,800	1,200	1,165	35
Dues and subscriptions	2,000	21,200	21,182	18
Retirement	26,000	23,200	23,167	33
Insurance	107,000	117,500	117,330	170
Uniforms	3,500	4,000	3,908	92
Fuel	20,000	29,300	29,276	24
Supplies and materials	6,100	25,300	25,186	114
Repairs and maintenance	9,000	16,500	16,420	80
Professional services	-	1,000	960	40
Education and travel	12,000	5,400	5,272	128
Total police department	558,000	697,300	696,214	1,086
Fire department				
Operations	130,000	168,000	167,917	83
Total public safety	688,000	865,300	864,131	1,169
Public works				
Street department				
Salaries	269,000	241,900	241,760	140
Payroll taxes	20,000	17,600	17,453	147
Utilities	14,000	17,200	17,115	85
Telephone	1,000	900	861	39
Retirement	20,000	20,300	20,247	53
Miscellaneous	2,500	4,600	4,438	162
Insurance	82,000	79,700	79,521	179
Uniforms	5,000	4,100	4,021	79
Fuel	18,000	27,900	27,889	11
Supplies and materials	28,000	33,100	32,960	140
Repairs and maintenance	31,000	46,500	46,379	121
Prison crew	53,000	41,900	41,734	166
Street lights	33,000	36,700	36,652	48
Equipment	7,000	5,900	5,754	146
Education and travel	500	800	712	88
Total street department	584,000	579,100	577,496	1,604

(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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public works (Continued)				
Solid waste department				
Salaries	$ 65,000	$ 68,100	$ 67,935	$ 165
Payroll taxes	5,000	5,300	5,186	114
Supplies and materials	3,000	5,700	5,634	66
Retirement contributions	7,000	6,800	6,734	66
Insurance	24,000	19,600	19,444	156
Uniforms	1,000	600	586	14
Fuel	12,000	15,000	14,885	115
Repairs and maintenance	18,000	14,500	14,163	337
Landfill fees	38,000	48,400	48,317	83
Total solid waste department	173,000	184,000	182,884	1,116
Total public works	757,000	763,100	760,380	2,720
Public welfare and recreation				
Pool operations				
Salaries	26,000	29,055	29,039	16
Payroll taxes	2,000	2,230	2,221	9
Utilities	4,000	4,447	4,446	1
Telephone	400	308	305	3
Insurance	1,600	797	779	18
Supplies and materials	7,000	2,862	2,850	12
Repairs and maintenance	3,000	4,122	4,107	15
Concessions	3,000	3,443	3,442	1
Education and travel	-	35	35	-
Chemicals	3,000	2,801	2,800	1
Total pool operations	50,000	50,100	50,024	76
Parks and recreation				
Salaries	71,000	75,100	75,076	24
Payroll taxes	5,000	5,800	5,728	72
Retirement	7,000	7,500	7,455	45
Insurance	23,000	17,100	17,022	78
Repairs and maintenance	10,000	10,700	10,558	142
Professional services	-	16,400	16,379	21
Utilities	3,000	3,900	3,861	39
Supplies and materials	11,000	24,700	24,444	256
Total parks and recreation	130,000	161,200	160,523	677
Total public welfare and recreation	180,000	211,300	210,547	753

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

(Continued)

CITY OF RINGGOLD, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Continued)
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Capital outlay				
General government	$ -	$ 253,300	$ 252,207	$ 1,093
Public safety	98,000	40,200	39,762	438
Public works	40,000	283,200	282,881	319
Public welfare and recreation	12,000	27,600	27,476	124
Total capital outlay	150,000	604,300	602,326	1,974
TOTAL EXPENDITURES	2,490,000	3,085,600	3,076,055	9,545
Excess (deficiency) of revenues over (under) expenditures	(18,000)	11,400	(38,983)	(50,383)
OTHER FINANCING SOURCES (USES)				
Transfers in	138,000	123,000	122,362	(638)
Transfers out	(120,000)	(134,400)	(134,314)	86
Total other financing sources (uses)	18,000	(11,400)	(11,952)	(552)
Net changes in fund balances	-	-	(50,935)	(50,935)
Fund balances - beginning	5,425,828	5,425,828	5,425,828	-
Fund balances - end	$ 5,425,828	$ 5,425,828	$ 5,374,893	$ (50,935)

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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Special Local Option Sales Tax	$ 763,000	$ 2,768,000	$ 2,768,117	$ 117
TOTAL REVENUES	763,000	2,768,000	2,768,117	117
Excess (deficiency) of revenues over (under) expenditures	763,000	2,768,000	2,768,117	117
OTHER FINANCING SOURCES (USES)				
Transfers out	(763,000)	(2,768,000)	(2,768,117)	(117)
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, 2011

	Enterprise		
	Sewer Fund	**Water Fund**	**Totals**
ASSETS			
Current Assets			
Investments	$ 500,000	$ -	$ 500,000
Accounts receivable	66,716	59,452	126,168
Due from other funds	3,309,300	220,400	3,529,700
Total current assets	3,876,016	279,852	4,155,868
Non-current Assets			
Restricted assets			
Restricted investments	84,278	-	84,278
Bond issue cost	145,017	-	145,017
Total restricted assets	229,295	-	229,295
Capital assets			
Land	204,415	61,400	265,815
Other capital assets - net of accumulated depreciation	15,329,611	918,413	16,248,024
Total capital assets	15,534,026	979,813	16,513,839
Total non-current assets	15,763,321	979,813	16,743,134
TOTAL ASSETS	$ 19,639,337	$ 1,259,665	$ 20,899,002
LIABILITIES			
Current Liabilities			
Accounts payable	$ 673,548	$ 11,033	$ 684,581
Accrued wages	3,313	2,204	5,517
Accrued liabilities	33,255	-	33,255
Current portion of bond payable	292,000	-	292,000
Total current liabilities	1,002,116	13,237	1,015,353
Non-current Liabilities			
Accrued post-employment benefits	62,781	43,245	106,026
Compensated absences	15,734	28,796	44,530
Customer deposits	-	49,594	49,594
Long-term debt due after one year	8,438,000	-	8,438,000
Total non-current liabilities	8,516,515	121,635	8,638,150
TOTAL LIABILITIES	$ 9,518,631	$ 134,872	$ 9,653,503
NET ASSETS			
Invested in capital assets - net of related debt	$ 6,949,043	$ 979,813	$ 7,928,856
Unrestricted net assets	3,171,663	144,980	3,316,643
TOTAL NET ASSETS	$ 10,120,706	$ 1,124,793	$ 11,245,499

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, 2011

	Enterprise		
	Sewer Fund	**Water Fund**	**Totals**
OPERATING REVENUES			
Sewer charges	$ 1,184,283	$ -	$ 1,184,283
Water sales	-	360,516	360,516
Installation charges	26,100	5,730	31,830
Penalties	-	20,807	20,807
Total operating revenues	1,210,383	387,053	1,597,436
OPERATING EXPENSES			
Operating and maintenance	970,467	498,532	1,468,999
Administration and general	16,035	11,147	27,182
Depreciation	456,561	93,002	549,563
Total operating expenses	1,443,063	602,681	2,045,744
Operating income (loss)	(232,680)	(215,628)	(448,308)
NON-OPERATING REVENUES (EXPENSES)			
Amortization expense	(7,632)	-	(7,632)
Interest revenue	6,976	-	6,976
Interest expense	(374,842)	-	(374,842)
Total non-operating revenues (expenses)	(375,498)	-	(375,498)
Income (loss) before capital contributions and transfers	(608,178)	(215,628)	(823,806)
Capital contributions	8,195	-	8,195
Transfers in	2,745,743	220,733	2,966,476
Transfers out	(66,120)	-	(66,120)
Changes in net assets	2,079,640	5,105	2,084,745
Total net assets - beginning	8,041,066	1,119,688	9,160,754
Total net assets - end	$ 10,120,706	$ 1,124,793	$ 11,245,499

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, 2011

	Enterprise		
	Sewer Fund	Water Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	$ 1,395,119	$ 392,615	$ 1,787,734
Payments to suppliers	(41,009)	(281,221)	(322,230)
Payments to employees	(321,804)	(200,478)	(522,282)
Net cash provided (used) by operating activities	1,032,306	(89,084)	943,222
Cash Flows from Capital and Related Financing Activities			
SPLOST transfers	2,745,743	22,374	2,768,117
Acquiring and construction of capital assets	(2,106,002)	(119,151)	(2,225,153)
Capital contributions	8,195	-	8,195
Principal paid on long-term debt	(280,000)	-	(280,000)
Interest paid on long-term debt	(374,842)	-	(374,842)
Net cash provided (used) for capital and related financing activities	(6,906)	(96,777)	(103,683)
Cash Flows from Non-Capital Financing Activities			
Net transfers to/from other funds	(66,120)	198,359	132,239
Net cash provided (used) for non-capital financing activities	(66,120)	198,359	132,239
Cash Flows from Investing Activities			
Sale (purchase) of investments in restricted assets	(84,278)	-	(84,278)
Sale (purchase) of investments	36,129	-	36,129
Interest revenue	6,976	-	6,976
Net cash provided (used) by investing activities	(41,173)	-	(41,173)
Net increase (decrease) in cash	918,107	12,498	930,605
Cash - beginning	2,391,193	207,902	2,599,095
Cash - end	$ 3,309,300	$ 220,400	$ 3,529,700
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (232,680)	$ (215,628)	$ (448,308)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	456,561	93,002	549,563
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	184,736	5,562	190,298
Increase (decrease) in current liabilities	601,929	1,174	603,103
Increase (decrease) in customer deposits	-	6,660	6,660
Increase (decrease) in accrued post-employment benefits	21,159	17,523	38,682
Increase (decrease) in compensated absences	601	2,623	3,224
Net cash provided (used) by operating activities	$ 1,032,306	$ (89,084)	$ 943,222
Reconciliation of Cash to Statement of Net Assets			
Cash	$ 3,309,300	$ 220,400	$ 3,529,700
Cash - end	$ 3,309,300	$ 220,400	$ 3,529,700

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The City reports the following major enterprise funds:

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

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

C. Measurement Focus - Basis of Accounting

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

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

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus - Basis of Accounting (Continued)

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

D. Fund Balance Policy

Committed Fund Balances:
The City Council has the authority to commit funds for a specific purpose. Any funds set aside as committed fund balance requires, at a minimum, the passage of a resolution by a simple majority vote. An ordinance may also be used.

Assigned Fund Balance:
The City Council has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes.

Order of Use of Restricted and Unrestricted Funds:
When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

E. 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.

F. 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, 2011.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. Restricted Assets

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

I. 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.

J. 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.

K. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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.

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.

M. 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.

N. Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Restricted Net Assets

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

P. 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, 2011
Levy date	October 20, 2011
Tax bills mailed	October 20, 2011
Payment due date	October 20, 2011 through February 28, 2012
Delinquency date	March 1, 2012

Q. Prepayment of Expenditures

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

R. 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.

S. 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.

T. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between December 31, 2011, and March 12, 2012, 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 $7,265,583. The financial institution balance was $7,444,699. 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, 2011, 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	$ 6,249,263
Investments	1,017,520
Less: Petty cash	(1,200)
Total	$ 7,265,583

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

Investments	$ 1,017,520

NOTE 3 - ACCOUNTS RECEIVABLE - NET

Accounts receivable at December 31, 2011, consist of the following:

	General Fund	Hotel/Motel Tax Fund	Water Fund	Sewer Fund	Total
Franchise taxes	$ 285,604	$ -	$ -	$ -	$ 285,604
Local beer/beverage tax collected	11,630	-	-	-	11,630
Hotel/motel tax	-	22,820	-	-	22,820
Customer receivables	-	-	59,452	66,716	126,168
Other	718	-	-	-	718
Total	$ 297,952	$ 22,820	$ 59,452	$ 66,716	$ 446,940

NOTE 4 - PROPERTY TAXES RECEIVABLE - NET

Property taxes receivable as of December 31, 2011, consist of the following:

Year of Levy	
2011	$ 57,546
2010	12,077
2009	2,377
	72,000
Less: allowance for uncollectibles	(15,964)
Property taxes receivable - net	$ 56,036

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments at December 31, 2011, consists of the following:

	Governmental Activities
Property tax collected by Catoosa County	$ 334,957
Special Purpose Local Option Sales Tax	1,777,988
Catoosa County - motor vehicle tax collected	1,413
Local Option Sales Tax receivable	146,194
Grant revenue	70,000
Other	3,137
Totals	$ 2,333,689

NOTE 6 - INTERNAL BALANCES

The City of Ringgold maintains a combined checking account. Balances due to and from each fund are classified as internal balances.

NOTE 7 - RESTRICTED ASSETS

Restricted assets include funds restricted for specific expenditures.

Restricted assets at December 31, 2011, consist of the following:

	Sewer Fund
Restricted investments	$ 84,278
Bond issue cost	145,017
	$ 229,295

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 502,086	$ 20,700	$ -	$ 522,786
Total capital assets not being depreciated	502,086	20,700	-	522,786
Capital assets being depreciated:				
Land improvements	796,032	58,184	-	854,216
Building and improvements	2,780,546	234,936	-	3,015,482
Vehicles	1,081,257	27,622	-	1,108,879
Equipment	665,040	35,661	-	700,701
Total capital assets being depreciated	5,322,875	356,403	-	5,679,278
Less accumulated depreciation for:				
Land improvements	83,366	41,256	-	124,622
Buildings and improvements	773,121	74,735	-	847,856
Vehicles	853,569	56,602	-	910,171
Equipment	541,413	37,735	-	579,148
Total accumulated depreciation	2,251,469	210,328	-	2,461,797
Total capital assets being depreciated - net	3,071,406	146,075	-	3,217,481
Governmental activities capital assets - net	$ 3,573,492	$ 166,775	$ -	$ 3,740,267

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

General government	$ 91,940
Public safety	19,688
Public welfare and recreation	31,345
Public works	67,355
Total	$ 210,328

(Continued)

NOTE 8 - CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 232,544	$ 33,271	$ -	$ 265,815
Total capital assets not being depreciated	232,544	33,271	-	265,815
Capital assets being depreciated:				
Buildings	819,938	-	-	819,938
Equipment	1,061,163	135,066	-	1,196,229
Sewer lines	16,501,512	2,031,957	-	18,533,469
Vehicles	248,813	-	-	248,813
Water lines	1,194,067	24,859	-	1,218,926
Total capital assets being depreciated	19,825,493	2,191,882	-	22,017,375
Less accumulated depreciation for:				
Buildings	382,718	16,394	-	399,112
Equipment	954,545	47,603	-	1,002,148
Sewer lines	2,944,833	417,356	-	3,362,189
Vehicles	198,175	14,468	-	212,643
Water lines	739,517	53,742	-	793,259
Total accumulated depreciation	5,219,788	549,563	-	5,769,351
Total capital assets being depreciated - net	14,605,705	1,642,319	-	16,248,024
Business-type activities capital assets - net	$ 14,838,249	$ 1,675,590	$ -	$ 16,513,839

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	$ 8,693	$ 8,693

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	$ 81,608
Accrued post-employment benefits	553,147
Total governmental long-term debt	$ 634,755

A summary of changes in governmental long-term debt for the year ended December 31, 2011, are as follows:

	Balance December 31, 2010	Additions	Retirements	Balance December 31, 2011	Amount Due Within One Year
Compensated absences	$ 81,994	$ -	$ (386)	$ 81,608	$ -
Accrued post-employment benefits	369,114	184,033	-	553,147	-
Total	$451,108	$ 184,033	$ (386)	634,755	$ -
Less: current portion of governmental long-term debt				-	
Total governmental long-term debt				$ 634,755	

Interest paid during the year ended December 31, 2011, 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	$ 8,730,000
Less: current portion of sewer debt	(292,000)
Total sewer debt	8,438,000
Compensated absences	15,734
Accrued post-employment benefits	62,781
Total sewer long-term debt	$ 8,516,515

A summary of changes in sewer long-term debt for the year ended December 31, 2011, are as follows:

	Balance December 31, 2010	Additions	Retirements	Balance December 31, 2011	Amount Due Within One Year
2005 bond	$ 9,010,000	$ -	$ (280,000)	$ 8,730,000	$ 292,000
Compensated absences	15,133	601	-	15,734	-
Accrued post-employment benefits	41,622	21,159	-	62,781	-
Total	$ 9,066,755	$ 21,760	$ (280,000)	8,808,515	$ 292,000
Less: current portion of sewer long-term debt				(292,000)	
Total sewer long-term debt				$ 8,516,515	

NOTE 10 - LONG-TERM DEBT (Continued)

B. Business-Type Debt (Continued)

Sewer Fund (Continued)
Interest paid during the year ended December 31, 2011, on business-type long-term debt was $374,842.

Sewer Fund debt service requirements to maturity, including interest of $4,189,275, are as follows:

Bonds

Year ended December 31	Principal	Interest	Total Requirements
2012	$ 292,000	$ 360,780	$ 652,780
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
2017-2021	1,931,000	1,316,608	3,247,608
2022-2026	2,374,000	873,813	3,247,813
2027-2031	2,850,000	321,964	3,171,964
Total bonds	$ 8,730,000	$ 4,189,275	$ 12,919,275

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	$ 49,594
Compensated absences	28,796
Accrued post-employment benefits	43,245
Total Water Fund long-term debt	$ 121,635

A summary of changes in Water Fund long-term debt for the year ended December 31, 2011, are as follows:

	Balance December 31, 2010	Additions	Retirements	Balance December 31, 2011	Amount Due Within One Year
Customer deposits	$ 42,934	$ 6,660	$ -	$ 49,594	$ -
Compensated absences	26,173	2,623	-	28,796	-
Accrued post-employment benefits	25,722	17,523	-	43,245	-
Total	$ 94,829	$ 26,806	$ -	121,635	$ -
Less: current portion of Water Fund long-term debt				-	
Total Water Fund long-term debt				$ 121,635	

NOTE 11 - NET ASSET / FUND BALANCE RESTRICTIONS

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

Downtown Development Authority Fund restricts $31,449 for the improvement of the City's downtown area.

Capital Projects Grant Fund restricts $801 for a capital grant project.

Confiscated Assets Fund restricts $12,281 for future confiscated asset expenditures.

Flag Fund restricts $4,274 for the City's flag project.

Ringgold Depot Fund restricts $55,342 for the Ringgold Depot facility.

Visitor Center Fund restricts $171,031 to promote tourism in the Ringgold area.

NOTE 12 - TRANSFERS

Interfund transfers as of December 31, 2011, consist of the following:

	Transfers to							
	General Fund	Haunted Depot Fund	Downtown Development Authority Fund	Ringgold Depot Fund	Visitor Center Fund	Sewer Fund	Water Fund	Total
Transfer from:								
General Fund	$ -	$ 2,075	$ -	$ -	$ -	$ -	$132,239	$ 134,314
Capital Projects Fund	-	-	-	-	-	2,745,743	22,374	2,768,117
Hotel/Motel Fund	122,362	-	-	40,787	81,574	-	-	244,723
Haunted Depot Fund	-	-	7,163	-	-	-	-	7,163
Sewer Fund	-	-	-	-	-	-	66,120	66,120
Total	$ 122,362	$ 2,075	$ 7,163	$ 40,787	$ 81,574	$ 2,745,743	$220,733	$3,220,437

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 and Water Fund for designated projects.

Funds were transferred out of the Hotel/Motel Fund into the General, Ringgold Depot and Visitor Center funds to close the Hotel/Motel Fund.

There were also residual equity transfers of $192,187 to close the Convention and Visitors Bureau Fund. Of the $192,187, $52,335 was transferred to the Ringgold Depot Fund and $139,852 was transferred to the Visitor Center 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, 2011, is as follows:

Fund Balance - January 1, 2011	$ -
Lodging tax services	244,723
Amount available for disbursements	244,723
Disbursements:	
Transfer to General Fund	122,362
Transfer to the Ringgold Depot Fund	40,787
Transfer to Visitor Center Fund	81,574
Total disbursed	244,723
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 $(81,608) difference are as follows:

Compensated absences	$ (81,608)
Net adjustment	$ (81,608)

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 $166,775 difference are as follows:

Depreciation expense	$ (210,328)
Capital outlay	377,103
Net adjustment	$ 166,775

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 $1,528,747. The amount of covered payroll was $1,290,690. Total contributions required was $154,883, which was 12% of covered payroll. The City's contribution required and actual was $129,069, which was 10% of covered payroll. The mandatory employee contributions required and actual was $25,814 which was 2% of covered payroll. Employee voluntary contributions totaled $77,262, making a total employee contribution of $103,076, which is 7.98% of covered payroll. The total City and employee contribution actually made was $232,145, which was 17.99% 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. Contribution requirements were established under, and can only be amended by, the City Council.

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	$ 143,066
Interest on net OPEB obligation	7,869
Adjustment to annual required contribution	71,780
Annual OPEB cost (expense)	222,715
Contributions made	-
Increase in net OPEB obligation	222,715
Net OPEB obligation - beginning of year	436,458
Net OPEB obligation - end of year	$ 659,173

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-11	$ 222,715	0%	$ 659,173
12-31-10	$ 232,367	0%	$ 436,458

NOTE 18 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress
As of June 30, 2011, the actuarial accrued liability for benefits was $659,173, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $1,528,747 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 100 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 - 2011 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, 2011, 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)
06-30-11	$0	$1,528,892	$ 1,528,892	0.00%	$ 1,528,747	100.00%
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, 2011, 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, 2011, 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

The City reports on 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.

NOTE 23 - RELATED PARTY TRANSACTION

The Mayor and Council members of the City are only billed the minimum water rates each month.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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.

Ringgold Depot Fund:

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

Visitor Center Fund:

This fund is used to account for the receipt and use of funds for the Ringgold Convention and Visitors Bureau to promote the development of tourism and the convention industry in Ringgold.

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet
December 31, 2011

	Hotel/Motel Tax Fund	Haunted Depot Fund	Downtown Dev. Authority Fund	Capital Projects Grant Fund
ASSETS				
Cash	$ -	$ -	$ -	$ 801
Accounts receivable - net	22,820	-	-	-
Due from other governments	-	-	-	70,000
Due from other funds	-	-	32,699	-
TOTAL ASSETS	$ 22,820	$ -	$ 32,699	$ 70,801
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ 500	$ -
Accrued wages	-	-	-	-
Accrued liabilities	-	-	750	-
Due to other funds	22,820	-	-	70,000
Total liabilities	22,820	-	1,250	70,000
Fund Balances				
Restricted	-	-	31,449	801
TOTAL LIABILITIES AND FUND BALANCES	$ 22,820	$ -	$ 32,699	$ 70,801

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet (Continued)
December 31, 2011

Confiscated Assets Fund	Convention and Visitor Bureau Fund	Flag Fund	Ringgold Depot Fund	Visitor Center Fund	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 801
-	-	-	-	-	22,820
-	-	-	-	-	70,000
12,281	-	4,907	66,277	173,118	289,282
$ 12,281	$ -	$ 4,907	$ 66,277	$ 173,118	$ 382,903
$ -	$ -	$ 633	$ 1,706	$ 1,923	$ 4,762
-	-	-	229	154	383
-	-	-	9,000	10	9,760
-	-	-	-	-	92,820
-	-	633	10,935	2,087	107,725
12,281	-	4,274	55,342	171,031	275,178
$ 12,281	$ -	$ 4,907	$ 66,277	$ 173,118	$ 382,903

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2011

	Hotel/Motel Tax Fund	Haunted Depot Fund	Downtown Dev. Authority Fund	Capital Projects Grant Fund
REVENUES				
Taxes	$ 244,723	$ -	$ -	$ -
Intergovernmental	-	-	-	11,950
Fines and forfeitures	-	-	-	-
Other revenue	-	16,526	8,568	-
TOTAL REVENUES	244,723	16,526	8,568	11,950
EXPENDITURES				
Current expenditures				
Public safety	-	-	-	-
Public welfare and recreation	-	11,438	8,985	-
Capital outlay	-	-	-	14,950
TOTAL EXPENDITURES	-	11,438	8,985	14,950
Excess (deficiency) of revenue over (under) expenditures	244,723	5,088	(417)	(3,000)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,075	7,163	-
Transfers out	(244,723)	(7,163)	-	-
Total other financing sources (uses)	(244,723)	(5,088)	7,163	-
Changes in fund balances before residual equity transfer	-	-	6,746	(3,000)
Residual equity transfer	-	-	-	-
Net changes in fund balances	-	-	6,746	(3,000)
Fund balances - beginning	-	-	24,703	3,801
Fund balances - end	$ -	$ -	$ 31,449	$ 801

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Year Ended December 31, 2011

Confiscated Assets Fund	Convention and Visitors Bureau Fund	Flag Fund	Ringgold Depot Fund	Visitor Center Fund	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 244,723
-	-	-	-	6,400	18,350
1,000	-	-	-	-	1,000
1,020	-	2,640	26,521	-	55,275
2,020	-	2,640	26,521	6,400	319,348
1,000	-	-	-	-	1,000
-	-	9,648	64,301	56,795	151,167
-	-	-	-	-	14,950
1,000	-	9,648	64,301	56,795	167,117
1,020	-	(7,008)	(37,780)	(50,395)	152,231
-	-	-	40,787	81,574	131,599
-	-	-	-	-	(251,886)
-	-	-	40,787	81,574	(120,287)
1,020	-	(7,008)	3,007	31,179	31,944
-	(192,187)	-	52,335	139,852	-
1,020	(192,187)	(7,008)	55,342	171,031	31,944
11,261	192,187	11,282	-	-	243,234
$ 12,281	$ -	$ 4,274	$ 55,342	$ 171,031	$ 275,178

CITY OF RINGGOLD, GEORGIA
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
Hotel/motel tax	$ 276,000	$ 246,000	$ 244,723	$ (1,277)
TOTAL REVENUES	276,000	246,000	244,723	(1,277)
Excess (deficiency) of revenue over (under) expenditures	276,000	246,000	244,723	(1,277)
OTHER FINANCING SOURCES (USES)				
Transfers out	(276,000)	(246,000)	(244,723)	1,277
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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Haunted Depot	$ 14,000	$ 16,900	$ 16,526	$ (374)
TOTAL REVENUES	14,000	16,900	16,526	(374)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Contract labor	1,000	2,000	1,950	50
Supplies	6,000	10,000	9,488	512
Total public welfare and recreation	7,000	12,000	11,438	562
TOTAL EXPENDITURES	7,000	12,000	11,438	562
Excess (deficiency) of revenue over (under) expenditures	7,000	4,900	5,088	188
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,100	2,075	(25)
Transfers out	(7,000)	(7,000)	(7,163)	(163)
Total other financing sources (uses)	(7,000)	(4,900)	(5,088)	(188)
Net changes in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ -	$ -

CITY OF RINGGOLD, GEORGIA
Downtown Development Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Lease revenue	$ 9,000	$ 7,500	$ 7,500	$ -
Miscellaneous	-	1,500	1,068	(432)
TOTAL REVENUES	9,000	9,000	8,568	(432)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Grant expenses	16,000	10,000	4,732	5,268
Advertising	-	4,000	3,304	696
Education and travel	-	1,000	600	400
Supplies	-	1,000	349	651
Total public welfare and recreation	16,000	16,000	8,985	7,015
TOTAL EXPENDITURES	16,000	16,000	8,985	7,015
Excess (deficiency) of revenue over (under) expenditures	(7,000)	(7,000)	(417)	6,583
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	7,000	7,163	163
Net changes in fund balances	-	-	6,746	6,746
Fund balances - beginning	24,703	24,703	24,703	-
Fund balances - end	$ 24,703	$ 24,703	$ 31,449	$ 6,746

CITY OF RINGGOLD, GEORGIA
Capital Projects Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Grant revenue	$ 22,000	$ 15,000	$ 11,950	$ (3,050)
TOTAL REVENUES	22,000	15,000	11,950	(3,050)
EXPENDITURES				
Capital outlay				
Other services	22,000	15,000	14,950	50
TOTAL EXPENDITURES	22,000	15,000	14,950	50
Net changes in fund balances	-	-	(3,000)	(3,000)
Fund balances - beginning	3,801	3,801	3,801	-
Fund balances - end	$ 3,801	$ 3,801	$ 801	$ (3,000)

CITY OF RINGGOLD, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Fines and forfeitures				
Cash confiscation	$ 10,000	$ 1,000	$ 1,000	$ -
Other revenue				
Donations	-	1,000	1,020	20
TOTAL REVENUES	10,000	2,000	2,020	20
EXPENDITURES				
Current expenditures				
Public safety				
Vehicles	10,000	2,000	1,000	1,000
TOTAL EXPENDITURES	10,000	2,000	1,000	1,000
Net changes in fund balances	-	-	1,020	1,020
Fund balances - beginning	11,261	11,261	11,261	-
Fund balances - end	$ 11,261	$ 11,261	$ 12,281	$ 1,020

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, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Residual equity transfer	$ -	$ -	$ (192,187)	$ (192,187)
Net changes in fund balances	-	-	(192,187)	(192,187)
Fund balances - beginning	192,187	192,187	192,187	-
Fund balances - end	$ 192,187	$ 192,187	$ -	$ (192,187)

CITY OF RINGGOLD, GEORGIA
Flag Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Flag charges	$ 10,000	$ 10,000	$ 2,040	$ (7,960)
Donations	1,000	1,000	600	(400)
Total other revenue	11,000	11,000	2,640	(8,360)
TOTAL REVENUES	11,000	11,000	2,640	(8,360)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Supplies	9,000	9,000	8,119	881
Construction	2,000	2,000	1,529	471
Total public welfare and recreation	11,000	11,000	9,648	1,352
TOTAL EXPENDITURES	11,000	11,000	9,648	1,352
Net changes in fund balances	-	-	(7,008)	(7,008)
Fund balances - beginning	11,282	11,282	11,282	-
Fund balances - end	$ 11,282	$ 11,282	$ 4,274	$ (7,008)

CITY OF RINGGOLD, GEORGIA
Ringgold Depot Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Rental	$ 27,000	$ 27,000	$ 26,360	$ (640)
Miscellaneous	1,000	1,000	161	(839)
TOTAL REVENUES	28,000	28,000	26,521	(1,479)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Salaries	18,000	16,100	15,127	973
Payroll taxes	1,400	1,400	1,154	246
Insurance	2,100	4,100	3,154	946
Repairs and maintenance	19,000	21,000	20,490	510
Supplies	11,500	5,400	3,628	1,772
Telephone	2,000	1,000	931	69
Utilities	20,000	20,000	19,817	183
Total public welfare and recreation	74,000	69,000	64,301	4,699
TOTAL EXPENDITURES	74,000	69,000	64,301	4,699
Excess (deficiency) of revenue over (under) expenditures	(46,000)	(41,000)	(37,780)	3,220
OTHER FINANCING SOURCES (USES)				
Transfers in	46,000	41,000	40,787	(213)
Changes in fund balances before residual equity transfer	-	-	3,007	3,007
Residual equity transfer	-	-	52,335	52,335
Net changes in fund balances	-	-	55,342	55,342
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ 55,342	$ 55,342

CITY OF RINGGOLD, GEORGIA
Visitor Center Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Grant	$ -	$ -	$ 6,400	$ 6,400
TOTAL REVENUES	-	-	6,400	6,400
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Salaries	22,000	20,100	12,972	7,128
Payroll taxes	1,800	1,400	988	412
Events	64,000	54,000	39,060	14,940
Insurance	200	3,700	2,932	768
Office supplies	3,000	1,800	65	1,735
Telephone	1,000	1,000	778	222
Total public welfare and recreation	92,000	82,000	56,795	25,205
TOTAL EXPENDITURES	92,000	82,000	56,795	25,205
Excess (deficiency) of revenue over (under) expenditures	(92,000)	(82,000)	(50,395)	31,605
OTHER FINANCING SOURCES (USES)				
Transfers in	138,000	82,000	81,574	(426)
Transfers out	(46,000)	-	-	-
Total other financing sources (uses)	92,000	82,000	81,574	(426)
Changes in fund balances before residual equity transfer	-	-	31,179	31,179
Residual equity transfer	-	-	139,852	139,852
Net changes in fund balances	-	-	171,031	171,031
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ 171,031	$ 171,031

CITY OF RINGGOLD, GEORGIA
Agency Funds
Statement of Agency Net Assets
December 31, 2011

	Municipal Court Fund	Baxter Addition Fund
ASSETS		
Cash	$ 14,816	$ -
Due from other governments	-	36,746
TOTAL ASSETS	$ 14,816	$ 36,746
LIABILITIES		
Surety bonds payable	$ 2,518	$ -
Due to other governments	12,298	-
TOTAL LIABILITIES	14,816	-
NET ASSETS		
Held in trust for municipal court and baxter addition	$ -	$ 36,746

CITY OF RINGGOLD, GEORGIA
Agency Funds
Statement of Changes in Agency Net Assets
Year Ended December 31, 2011

	Municipal Court Fund	Baxter Addition Fund
ADDITIONS		
Court fines	$ 58,460	$ -
Donations	-	11,495
Interest	-	455
TOTAL ADDITIONS	58,460	11,950
DEDUCTIONS		
Court expenses	58,460	-
Lawn care	-	2,375
TOTAL DEDUCTIONS	58,460	2,375
Change in net assets	-	9,575
Net assets - beginning	-	27,171
Net assets - end	$ -	$ 36,746

SUPPLEMENTARY INFORMATION

CITY OF RINGGOLD, GEORGIA
Sewer Fund
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING REVENUES				
Sewer charges	$ 1,152,000	$ 1,183,000	$ 1,184,283	$ 1,283
Installation charges	58,000	28,000	26,100	(1,900)
Total operating revenues	1,210,000	1,211,000	1,210,383	(617)
OPERATING EXPENSE				
Operating and maintenance	1,027,000	2,759,000	970,467	1,788,533
Administration and general	13,000	20,000	16,035	3,965
Depreciation	452,000	457,000	456,561	439
Total operating expenses	1,492,000	3,236,000	1,443,063	1,792,937
Operating income (loss)	(282,000)	(2,025,000)	(232,680)	1,792,320
NON-OPERATING REVENUES (EXPENSES)				
Amortization expense	(8,000)	(8,000)	(7,632)	368
Interest revenue	10,000	8,000	6,976	(1,024)
Interest expense	(375,000)	(655,000)	(374,842)	280,158
Total non-operating revenues (expenses)	(373,000)	(655,000)	(375,498)	279,502
Income (loss) before capital contributions and transfers	(655,000)	(2,680,000)	(608,178)	2,071,822
Capital contributions	-	1,000	8,195	7,195
Transfers in	715,000	2,745,000	2,745,743	743
Transfers out	(60,000)	(66,000)	(66,120)	(120)
Changes in net assets	-	-	2,079,640	2,079,640
Total net assets - beginning	8,041,066	8,041,066	8,041,066	-
Total net assets - end	$ 8,041,066	$ 8,041,066	$ 10,120,706	$ 2,079,640

CITY OF RINGGOLD, GEORGIA
Water Fund
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual
Year Ended December 31, 2011

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING INCOME				
Water sales	$ 390,000	$ 406,700	$ 360,516	$ (46,184)
Installation charges	1,000	6,000	5,730	(270)
Penalties	18,000	21,000	20,807	(193)
Total operating revenues	409,000	433,700	387,053	(46,647)
OPERATING EXPENSES				
Operating and maintenance	533,000	544,000	498,532	45,468
Administration and general	15,000	17,000	11,147	5,853
Depreciation	89,000	94,000	93,002	998
Total operating expenses	637,000	655,000	602,681	52,319
Operating income (loss) before transfers	(228,000)	(221,300)	(215,628)	5,672
Transfers in	228,000	221,300	220,733	(567)
Changes in net assets	-	-	5,105	5,105
Total net assets - beginning	1,119,688	1,119,688	1,119,688	-
Total net assets - end	$ 1,119,688	$ 1,119,688	$ 1,124,793	$ 5,105

CITY OF RINGGOLD, GEORGIA
Proprietary Funds
Schedule of Operating Expenses
Year Ended December 31, 2011

	Enterprise		
Operating Expenses	**Sewer Fund**	**Water Fund**	**Totals**
Operating and maintenance			
Salaries	$ 321,804	$ 200,478	$ 522,282
Payroll taxes	23,392	14,017	37,409
Other postemployment benefits	21,159	17,524	38,683
Utilities	13,916	51,894	65,810
Catoosa utility charges	-	34,786	34,786
Telephone	1,776	1,876	3,652
Retirement	31,960	19,684	51,644
Insurance	61,872	54,424	116,296
Technical	65	8,635	8,700
Uniforms	3,099	3,309	6,408
Fuel	13,533	9,071	22,604
Repairs and maintenance	26,576	20,054	46,630
Water line repairs	-	3,800	3,800
Equipment	1,814	2,282	4,096
Chemicals	353	42,928	43,281
Drinking water program	-	5,124	5,124
Plant supplies	6,187	8,646	14,833
Sewer treatment charges	442,961	-	442,961
Total operating and maintenance	970,467	498,532	1,468,999
Administration and general			
Communications postage	20	4,465	4,485
Office supplies	1,637	823	2,460
Dues and subscriptions	2,452	1,248	3,700
Professional services	5,885	-	5,885
Insurance	3,319	2,790	6,109
Education and travel	2,722	1,821	4,543
Total administration and general	16,035	11,147	27,182
Depreciation	456,561	93,002	549,563
Total operating expenses	$ 1,443,063	$ 602,681	$ 2,045,744

CITY OF RINGGOLD, GEORGIA
Schedule of Property Taxes Receivable
General Fund
December 31, 2011

Year of Levy	
2011	$ 57,546
2010	12,077
2009	2,377
2008	-
2007	-
Total property taxes receivable	72,000
Less: allowance for uncollectibles	(15,964)
Net property taxes receivable	$ 56,036

CITY OF RINGGOLD, GEORGIA
Schedule of Changes in Property Taxes Receivable
General Fund
Year Ended December 31, 2011

	Taxes Receivable December 31, 2010	Taxes Levied	Pickups and (Releases)	Collections	Taxes Receivable December 31, 2011
2011	$ -	$ 449,176	$ (911)	$ (390,719)	$ 57,546
2010	75,067	-	6,122	(69,112)	12,077
2009	11,673	-	(811)	(8,485)	2,377
2008	1,039	-	(11)	(1,028)	-
2007	10	-	(10)	-	-
Total	$ 87,789	$ 449,176	$ 4,379	$ (469,344)	$ 72,000

CITY OF RINGGOLD, GEORGIA
Schedule of Debt Service Requirements
Sewer Fund
Year Ended December 31, 2011

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

Year Ended December 31	Principal	Interest	Total Requirements
2012	$ 292,000	$ 360,780	$ 652,780
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	565,000	9,136	574,136
	$ 8,730,000	$ 4,189,275	$ 12,919,275

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III. STATISTICAL INFORMATION

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CITY OF RINGGOLD, GEORGIA
STATISTICAL INFORMATION
December 31, 2011

I. SCHEDULE OF TAX RATES AND ASSESSMENTS

Tax Year	City Tax Rate	Assessment	Levy
2011	.2707	$ 165,931,289	$ 449,176
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

II. SCHEDULE OF BILLING RATES

The water and sewer rates for the City of Ringgold for the year ended December 31, 2011, 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, 2011, the City had 1,061 water customers and 894 sewer customers.

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IV. INTERNAL CONTROL AND COMPLIANCE SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Ringgold, Georgia, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 12, 2012. 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 11-1 and 11-2 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
March 12, 2012

Johnson, Murphey & Wright, P.C.

CITY OF RINGGOLD, GEORGIA
Schedule of Findings and Responses
December 31, 2011

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 11-1 - Accounting expertise (Repeat 10-1)

Criteria:

SAS 115 states in part that the lack of accounting personnel with sufficient "training" to properly design 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 training to prepare their own financial report.

Recommendation:

The City should consider the risk benefits of continuing to allow the outside auditors to prepare the financial report 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, 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. We are taking responsibility for the preparation and fair presentation of the financial statements and we possess suitable skill, knowledge and/or experience to evaluate the adequacy of any services in this area provided by the auditor.

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 11-2 - Approvals and documentation (Repeat 10-2)

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:
Some of the credit card purchases in our sample were missing receipts.

Recommendation:
All receipts should be kept in order to determine that expenditures were for a necessary municipal purpose.

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, 2011

Finding 10-1 - Accounting expertise

Still in effect.

Finding 10-2 - Approvals and documentation

Still in effect.

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

Independent Auditor's Report

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

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Ringgold, Georgia for the year ended December 31, 2011. 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, 2011, in conformity with accounting principles generally accepted in the United States of America.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
March 12, 2012

CITY OF RINGGOLD, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Year Ended December 31, 2011

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
2004 SPLOST -					
Ringgold water and sewer projects	$ 1,935,000	$ 1,955,551	$ -	$ 1,955,551	100%
Ringgold Sewer Basin	$ 3,000,000	$ 2,137,741	$ 722,842	$ 2,860,583	95%
Peavine Basin	$ 8,000,000	$ 205,116	$ -	$ 205,116	3%
2009 SPLOST -					
Ringgold water and sewer projects	$ 13,270,000	$ 276,247	$ 2,045,275	$ 2,321,522	17%