CITY OF RINGGOLD, GEORGIA

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2013

JOHNSON, MURPHEY & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA, TENNESSEE

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CITY OF RINGGOLD, GEORGIA
Council Members and Management
December 31, 2013

Mayor ..... Joe Barger

Vice-Mayor ..... Randall Franks

Council Member ..... Terry Crawford

Council Member ..... Earl Henderson

Council Member ..... G. Larry Black

Council Member ..... Nick Millwood

City Manager ..... Dan Wright

City Judge ..... Gene Lowery

Financial Director ..... Will Baerg

II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Mayor and Council Members
City of Ringgold, Georgia

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Capital Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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, combining and individual non-major fund financial statements, and financial schedules 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 financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2014, on our consideration of the City of Ringgold, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ringgold, Georgia's internal control over financial reporting and compliance.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
April 2, 2014

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, 2013. 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, 2013, by $23,984,594 (net position). Of this amount, $7,592,922 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's governmental activities operated at a deficit of $(275,581). The City's business-type activities operated at a surplus of $1,665,870 .

As of the close of the current fiscal year, the City of Ringgold, Georgia's governmental funds reported combined ending fund balances of $5,155,182 .

At the end of the current fiscal year, unassigned fund balance for the General Fund was $4,595,992, or 161.86%, of total General Fund expenditures. Expenditures do not include transfers to and from other funds, which netted to $60,921 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 position of $15,806,685. Of that balance, $4,206,797 is unrestricted and the remaining $11,599,888 of net position is net investment 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 Position* presents information on all of the City of Ringgold, Georgia's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 14 and 15 of this report.

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

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

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

The City of Ringgold, Georgia maintains ten individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Individual fund data for the Hotel/Motel Tax, Haunted Depot, Downtown Development Authority, Confiscated Assets, Ringgold Depot, Visitor Center, Capital Projects Grant and Technology funds are provided later in this report beginning on page 54.

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 16 and 18 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 28 through 30 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 32 through 52 of this report.

Other Information
Non-major fund statements and schedules can be found on pages 54 through 63 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position
As noted earlier, net position 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 $23,984,594 at the close of this fiscal year.

The largest portion of the City of Ringgold, Georgia's net position (66.08%) 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 are 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 position, 2.26%, or $541,883, represents resources that are subject to external restrictions on how they may be used. The remaining 31.66% of unrestricted net position may be used to meet the government's ongoing obligations to its citizens and creditors.

At December 31, 2013, the City of Ringgold, Georgia is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

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

City of Ringgold, Georgia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Capital assets	$ 4,249,901	$ 3,991,003	$ 19,733,888	$ 19,257,385	$ 23,983,789	$ 23,248,388
Other assets	5,354,425	5,462,629	4,402,611	3,687,386	9,757,036	9,150,015
Total assets	$ 9,604,326	$ 9,453,632	$ 24,136,499	$ 22,944,771	$ 33,740,825	$ 32,398,403
Long-term liabilities	$ 1,256,549	$ 939,193	$ 8,220,314	$ 8,585,439	$ 9,476,863	$ 9,524,632
Other liabilities	169,868	60,949	109,500	81,133	279,368	142,082
Total liabilities	$ 1,426,417	$ 1,000,142	$ 8,329,814	$ 8,666,572	$ 9,756,231	$ 9,666,714
Net investment in capital assets	$ 4,249,901	$ 3,991,003	$ 11,599,888	$ 10,956,769	$ 15,849,789	$ 14,947,772
Restricted	541,883	537,215	-	-	541,883	537,215
Unrestricted	3,386,125	3,925,272	4,206,797	3,321,430	7,592,922	7,246,702
Total net position	$ 8,177,909	$ 8,453,490	$ 15,806,685	$ 14,278,199	$ 23,984,594	$ 22,731,689

Changes in Net Position

Governmental activities decreased the City's net position by $(275,581), and business-type activities increased the City's net position by $1,665,870. However, the City can only use the net position obtained through business-type activities to finance the continuing operations of the sewer and water systems.

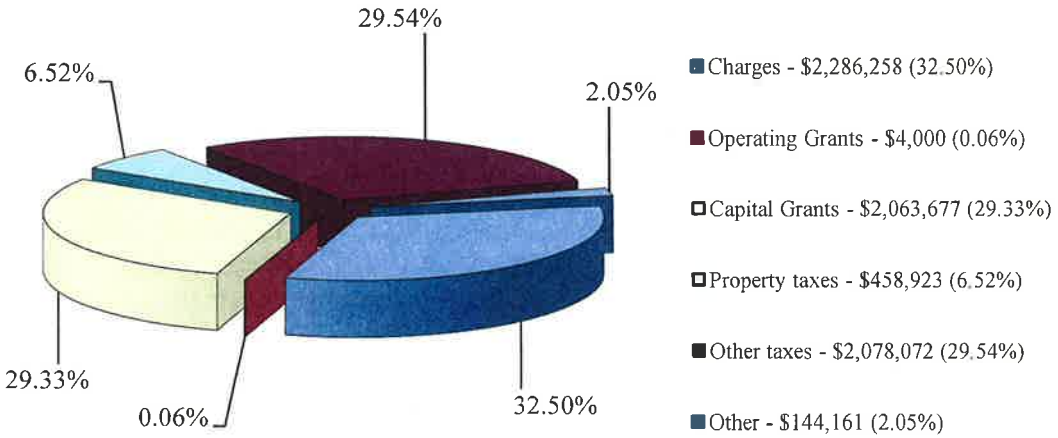
The table below provides a summary of the City's net position broken down by governmental and business-type activities.

City of Ringgold, Georgia's Changes in Net Position

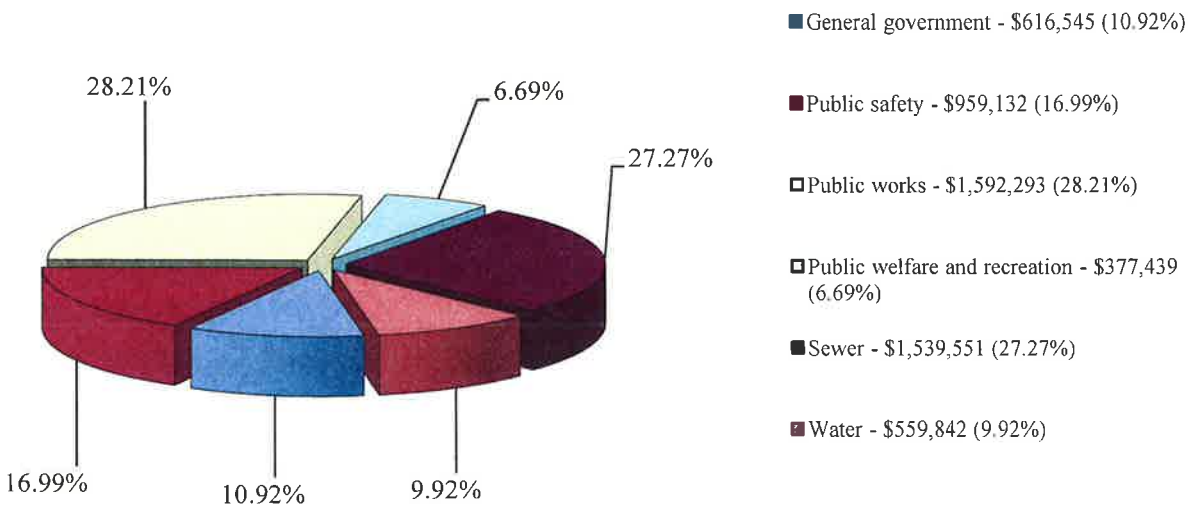
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 293,748	$ 266,495	$ 1,992,510	$ 1,781,783	$ 2,286,258	$ 2,048,278
Operating grants and contributions	4,000	17,345	-	-	4,000	17,345
Capital grants and contributions	1,870,954	3,828,440	192,723	497,637	2,063,677	4,326,077
General revenues:						
Property taxes	458,923	457,360	-	-	458,923	457,360
Other taxes	2,078,072	2,016,977	-	-	2,078,072	2,016,977
Other income	73,633	64,865	70,528	70,820	144,161	135,685
Total revenues	4,779,330	6,651,482	2,255,761	2,350,240	7,035,091	9,001,722
Expenses:						
General government	616,545	913,659	-	-	616,545	913,659
Public safety	959,132	937,445	-	-	959,132	937,445
Public works	1,592,293	1,325,854	-	-	1,592,293	1,325,854
Public welfare and recreation	377,439	991,457	-	-	377,439	991,457
Sewer	-	-	1,539,551	1,463,192	1,539,551	1,463,192
Water	-	-	559,842	648,200	559,842	648,200
Total expenses	3,545,409	4,168,415	2,099,393	2,111,392	5,644,802	6,279,807
Excess (deficiency) before transfers	1,233,921	2,483,067	156,368	238,848	1,390,289	2,721,915
Interfund transfers	(1,509,502)	(2,793,852)	1,509,502	2,793,852	-	-
Change in net position	(275,581)	(310,785)	1,665,870	3,032,700	1,390,289	2,721,915
Net position - beginning (as restated)	8,453,490	8,764,275	14,140,815	11,245,499	22,594,305	20,009,774
Net position - end	$ 8,177,909	$ 8,453,490	$15,806,685	$14,278,199	$23,984,594	$22,731,689

The graphs below summarize the $7,035,091 of city-wide revenues by source, and the associated $5,644,802 of expense by program. The graphs combine data from both governmental and business-type activities.

City-Wide Sources of Revenue



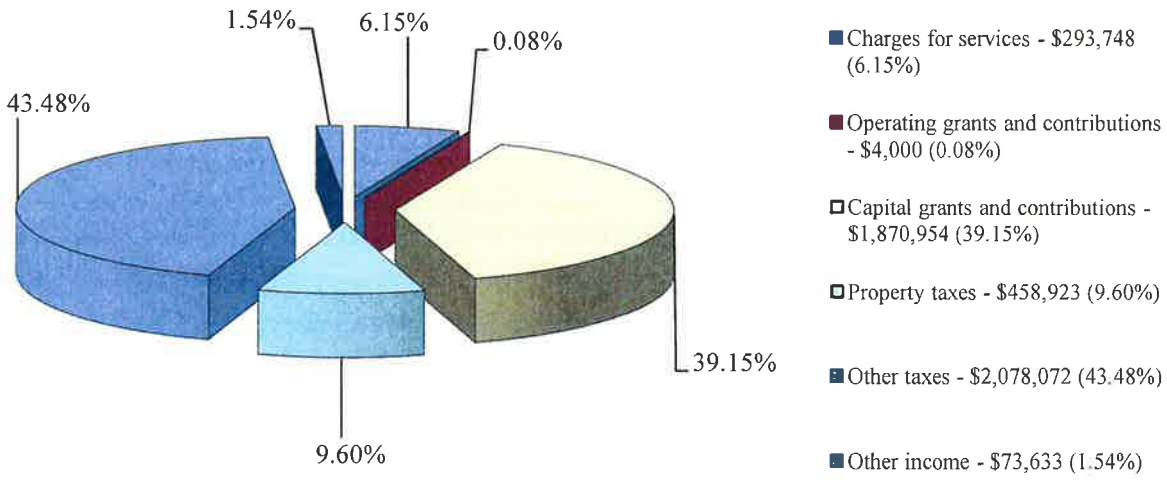
City-Wide Program Expenses



Governmental Activities

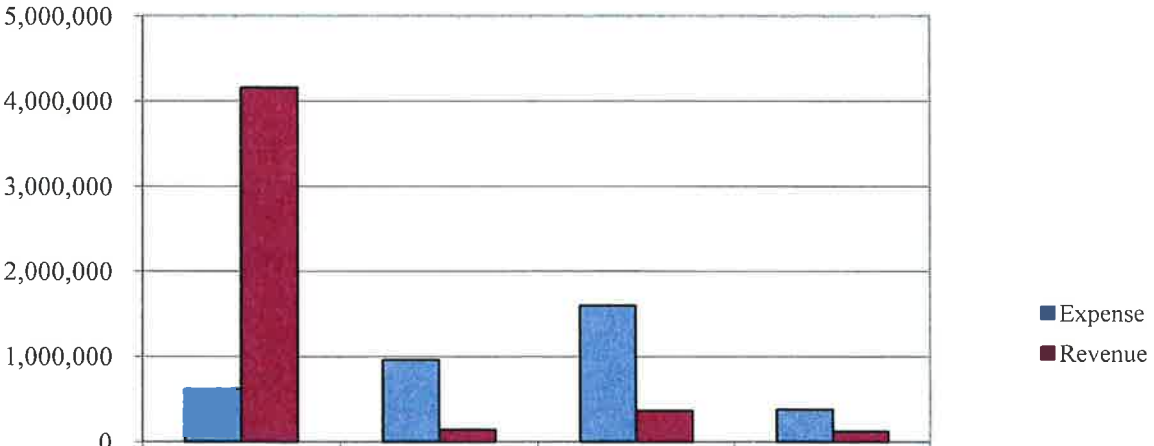
Governmental activities accounted for revenues of $4,779,330. The following graph summarizes the revenue by source.

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

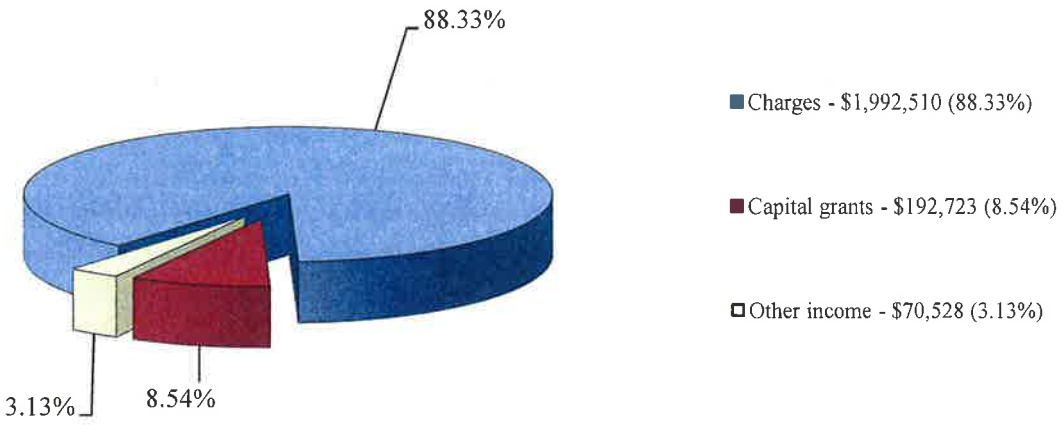


	General government	Public safety	Public works	Public welfare and recreation
Expense	616,545	959,132	1,592,293	377,439
Revenue	4,156,704	140,627	362,860	119,139

Business-type activities

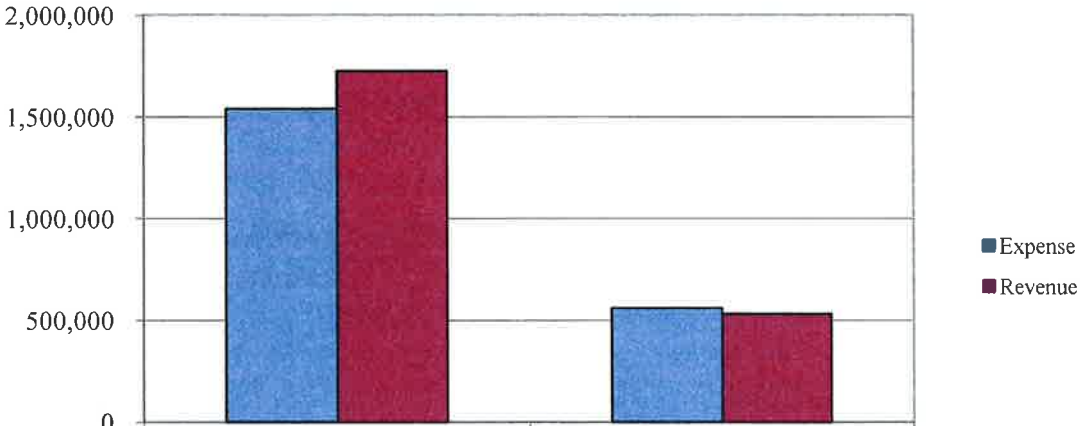
Business-type activities accounted for revenues of $2,255,761. The following graph summarizes the revenue by source.

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	1,539,551	559,842
Revenue	1,725,629	530,132

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 $5,155,182.

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 $4,595,992. 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 161.86% of total General Fund expenditures, excluding transfers.

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 position at the end of the year amounted to $3,902,960 for the Sewer Fund and $303,837 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 $93,000 in various increases in revenues.

Current expenditures were increased by $94,000.

Transfers in were increased by $21,000.

Transfers out were increased by $20,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

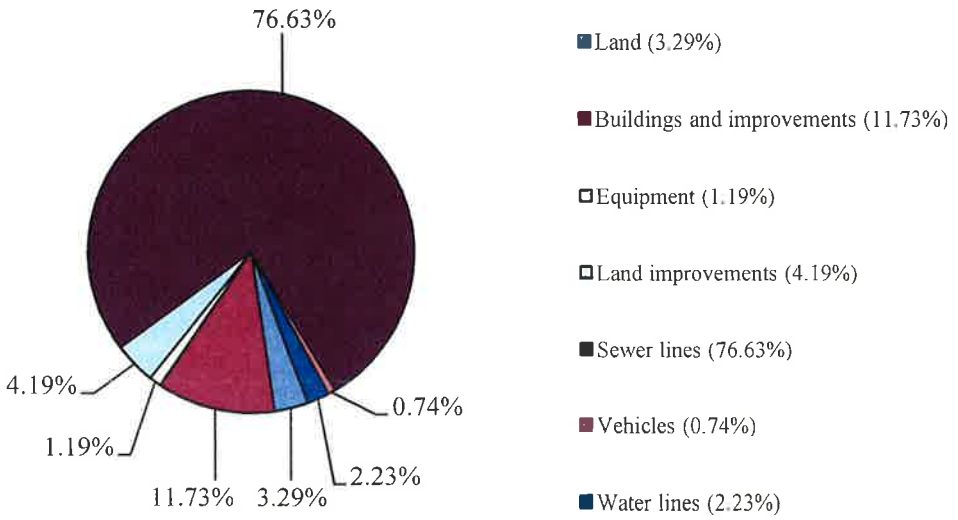
The table below summarizes the City's investment in capital assets and is broken down by governmental and business-type activities.

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

	Governmental Activities	Business-type Activities	Total
Land	$ 524,352	$ 265,815	$ 790,167
Buildings and improvements	2,424,434	388,364	2,812,798
Equipment	150,226	136,274	286,500
Land improvements	1,005,390	-	1,005,390
Sewer lines	-	18,379,487	18,379,487
Vehicles	145,499	32,259	177,758
Water lines	-	531,689	531,689
Total capital assets	$ 4,249,901	$ 19,733,888	$ 23,983,789

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 9 on pages 41 and 42.

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 $9,476,863. Of that amount $317,000 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	$ -	$ 8,134,000	$ 8,134,000
Compensated absences	112,810	26,943	139,753
Customer deposits	-	59,371	59,371
Accrued post-employment benefits	1,143,739	-	1,143,739
Total	1,256,549	8,220,314	9,476,863
Less current portion	-	(317,000)	(317,000)
Total long-term debt	$1,256,549	$ 7,903,314	$ 9,159,863

Additional information on outstanding debt can be found in Note 11 on pages 43 through 45 of this report.

Currently Known Conditions Effecting Future Years

The City will be accepting bids for the TE Grant Project in March of 2014 and is planning to do a downtown pedestrian safety enhancement project estimated to cost $600,000. The State has awarded $250,000 in the form of a TE Grant. The remaining $350,000 will be funded from the 2009 SPLOST.

The City is also planning to accept bids for a Pedestrian Bridge across Hwy. 41 at the Depot and CSX Railroad Underpass. The estimated cost is $268,000 and the County has agreed to use some of the County's SPLOST to fund $150,000, and the remaining $118,000 will be paid from the City's SPLOST account.

The City will be opening bids in the spring of 2014 for the construction of a ½ mile nature trail extension estimated at $160,000. The City has received a $100,000 state grant and a $50,000 Lyndhurst grant. The City will also be opening bids in the spring of 2014 for the construction of a canoe launch with an estimated cost of $25,000. Lyndhurst Foundation has underwritten the cost of the canoe launch.

Georgia North Western College will be building a satellite campus in the City of Ringgold on a 38 acre tract. The City has agreed to install the water and sewer to the development. In addition to the 38 acre college, there will be a 12 acre commercial development. The cost of water and sewer will be approximately $600,000 and be funded from SPLOST.

The Council has approved a 10% water and sewer increase for midyear 2014 to cover the expenses in the water and sewer department and to cover the sewer bond payments.

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 Position
December 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash	$ 3,816,916	$ 3,614,519	$ 7,431,435
Investments	527,096	500,000	1,027,096
Accounts receivable - net	317,090	189,357	506,447
Grants receivable	117,876	-	117,876
Property tax receivable - net	46,808	-	46,808
Prepaid expenses	17,307	-	17,307
Due from other governments	511,332	-	511,332
Restricted assets	-	98,735	98,735
Capital assets			
Land	524,352	265,815	790,167
Other capital assets - net of accumulated depreciation	3,725,549	19,468,073	23,193,622
TOTAL ASSETS	$ 9,604,326	$ 24,136,499	$ 33,740,825
LIABILITIES			
Current Liabilities			
Accounts payable	$ 52,536	$ 28,534	$ 81,070
Accrued wages	30,285	5,284	35,569
Accrued liabilities	10,657	75,682	86,339
Unearned revenue	76,390	-	76,390
Non-current liabilities:			
Due within one year -			
Bond payable	-	317,000	317,000
Due in more than one year -			
Accrued post-employment benefits	1,143,739	-	1,143,739
Compensated absences	112,810	26,943	139,753
Customer deposits	-	59,371	59,371
Bond payable	-	7,817,000	7,817,000
TOTAL LIABILITIES	$ 1,426,417	$ 8,329,814	$ 9,756,231
NET POSITION			
Net investment in capital assets	$ 4,249,901	$ 11,599,888	$ 15,849,789
Restricted for:			
Haunted depot	8,685	-	8,685
Downtown development	275,698	-	275,698
Confiscated assets	6,690	-	6,690
Ringgold depot	81,253	-	81,253
Tourism	165,908	-	165,908
Technology	3,649		3,649
Unrestricted	3,386,125	4,206,797	7,592,922
TOTAL NET POSITION	$ 8,177,909	$ 15,806,685	$ 23,984,594

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

CITY OF RINGGOLD, GEORGIA
Statement of Activities
Year Ended December 31, 2013

Functions/Programs		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Primary Government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 616,545	$ 40,500	$ -	$ 1,505,576	$ 929,531	$ -	$ 929,531
Public safety	959,132	133,887	-	6,740	(818,505)	-	(818,505)
Public works	1,592,293	4,222	-	358,638	(1,229,433)	-	(1,229,433)
Public welfare and recreation	377,439	115,139	4,000	-	(258,300)	-	(258,300)
Total governmental activities	3,545,409	293,748	4,000	1,870,954	(1,376,707)	-	(1,376,707)
Business-type activities:							
Sewer	1,539,551	1,524,933	-	192,723	-	178,105	178,105
Water	559,842	467,577	-	-	-	(92,265)	(92,265)
Total business-type activities	2,099,393	1,992,510	-	192,723	-	85,840	85,840
Total primary government	$ 5,644,802	$ 2,286,258	$ 4,000	$ 2,063,677	(1,376,707)	85,840	(1,290,867)
General revenues:							
Property tax					458,923	-	458,923
Franchise tax					414,840	-	414,840
Local option sales tax					844,998	-	844,998
Motor vehicle tax					92,415	-	92,415
Occupational tax					81,626	-	81,626
Hotel/motel tax					263,862	-	263,862
Payment in lieu of taxes - TVA					9,552	-	9,552
Other taxes					370,779	-	370,779
Interest revenue					31,360	7,973	39,333
Other revenue					42,273	62,555	104,828
Transfers					(1,509,502)	1,509,502	-
Total general revenues and transfers					1,101,126	1,580,030	2,681,156
Change in net position					(275,581)	1,665,870	1,390,289
Net position - beginning (as restated)					8,453,490	14,140,815	22,594,305
Net position - end					$ 8,177,909	$ 15,806,685	$ 23,984,594

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

CITY OF RINGGOLD, GEORGIA
Governmental Funds
Balance Sheet
December 31, 2013

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash	$ 3,217,606	$ 33,447	$ 565,863	$ 3,816,916
Investments	527,096	-	-	527,096
Accounts receivable - net	295,426	-	21,664	317,090
Grants receivable	6,740	-	111,136	117,876
Property tax receivable - net	46,808	-	-	46,808
Prepaid expenses	17,307	-	-	17,307
Due from other governments	497,283	14,049	-	511,332
Due from other funds	154,450	-	-	154,450
TOTAL ASSETS	$ 4,762,716	$ 47,496	$ 698,663	$ 5,508,875
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 39,106	$ 8,490	$ 4,940	$ 52,536
Accrued wages	29,431	-	854	30,285
Accrued liabilities	115	-	10,542	10,657
Due to other funds	-	39,006	115,444	154,450
Unearned revenue	51,390	-	25,000	76,390
Total liabilities	120,042	47,496	156,780	324,318
Deferred Inflows of Resources				
Deferred revenue - property taxes	29,375	-	-	29,375
Fund Balances				
Nonspendable	17,307	-	-	17,307
Restricted	-	-	541,883	541,883
Unassigned	4,595,992	-	-	4,595,992
Total fund balances	4,613,299	-	541,883	5,155,182
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,762,716	$ 47,496	$ 698,663	$ 5,508,875

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 Position
December 31, 2013

Total fund balances per governmental funds balance sheet	$ 5,155,182
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,249,901
Long-term liabilities, including compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(112,810)
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.	(1,143,739)
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.	29,375
Net position of governmental activities	$ 8,177,909

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, 2013

	General Fund	Capital Projects	Other Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	$ 2,238,768	$ -	$ 263,862	$ 2,502,630
License and permits	26,650	-	-	26,650
Intergovernmental	48,794	1,505,576	326,136	1,880,506
Fines and forfeitures	68,307	-	55,859	124,166
Interest revenue	31,360	-	-	31,360
Other revenue	113,945	-	75,261	189,206
TOTAL REVENUES	2,527,824	1,505,576	721,118	4,754,518
EXPENDITURES				
Current expenditures				
General government	764,952	-	-	764,952
Public safety	859,616	-	67,522	927,138
Public works	1,022,465	-	-	1,022,465
Public welfare and recreation	192,453	-	203,962	396,415
Capital outlay	-	375,982	-	375,982
TOTAL EXPENDITURES	2,839,486	375,982	271,484	3,486,952
Excess (deficiency) of revenues over (under) expenditures	(311,662)	1,129,594	449,634	1,267,566
OTHER FINANCING SOURCES (USES)				
Transfers in	140,829	-	141,351	282,180
Transfers out	(79,908)	(1,129,594)	(582,180)	(1,791,682)
Total other financing sources (uses)	60,921	(1,129,594)	(440,829)	(1,509,502)
Net changes in fund balances	(250,741)	-	8,805	(241,936)
Fund balances - beginning (as restated)	4,864,040	-	533,078	5,397,118
Fund balances - end	$ 4,613,299	$ -	$ 541,883	$ 5,155,182

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, 2013

Net change in fund balances for total governmental funds	$ (241,936)
Governmental funds report capital outlay as expenditures, however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	258,898
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	24,813
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	(305,621)
Compensated absences	(11,735)
Change in net position of governmental activities	$ (275,581)

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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
City property tax	$ 483,000	$ 493,000	$ 434,110	$ (58,890)
Premium tax	178,000	185,000	184,671	(329)
Franchise tax	439,000	440,000	414,840	(25,160)
Excise tax	20,000	20,000	18,978	(1,022)
Local option sales tax	879,000	885,000	844,998	(40,002)
Malt beverage tax	146,000	152,000	152,056	56
Motor vehicle tax	71,000	100,000	92,415	(7,585)
Occupational tax	109,000	110,000	81,626	(28,374)
Intangible tax	12,000	15,000	13,215	(1,785)
Real estate transfer tax	2,000	2,000	1,859	(141)
Total taxes	2,339,000	2,402,000	2,238,768	(163,232)
License and permits				
Massage therapy license	1,000	1,000	150	(850)
Malt beverage license	25,000	31,000	26,500	(4,500)
Total license and permits	26,000	32,000	26,650	(5,350)
Intergovernmental				
Payment in lieu of taxes - TVA	9,000	9,000	9,552	552
Grant revenue	32,000	37,000	39,242	2,242
Total intergovernmental	41,000	46,000	48,794	2,794
Fines and forfeitures				
Police and courts	128,000	128,000	68,307	(59,693)
Interest revenue				
Interest	39,000	39,000	31,360	(7,640)

(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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Fees	$ 21,600	$ 21,600	$ 18,020	$ (3,580)
Pool fees and pool concessions	58,000	58,000	49,184	(8,816)
Flag charges and flag donations	3,000	9,000	7,346	(1,654)
Miscellaneous	15,400	16,400	10,154	(6,246)
Contributions and donations	-	4,500	4,716	216
Insurance recoveries	-	7,500	7,500	-
Rent income	23,000	23,000	17,025	(5,975)
Total other revenue	121,000	140,000	113,945	(26,055)
TOTAL REVENUES	2,694,000	2,787,000	2,527,824	(259,176)
EXPENDITURES				
Current expenditures				
General government				
Administration				
Administrative salaries	328,100	339,450	339,384	66
Zoning board pay	1,400	1,500	1,500	-
Payroll taxes	22,800	24,600	24,434	166
Printing and postage	5,700	4,500	4,420	80
Telephone	1,300	1,400	1,316	84
Supplies and materials	17,300	18,700	18,532	168
Administrative	3,300	5,500	5,426	74
Dues and subscriptions	29,200	34,200	34,124	76
Professional services	14,000	15,800	15,689	111
Retirement	24,100	26,800	26,770	30
Grant expense	1,500	1,600	1,578	22
Insurance	103,400	103,400	103,226	174
Repairs and maintenance	3,100	3,800	3,748	52
Drug testing fees	1,100	1,500	1,444	56
Vehicles	4,200	4,350	4,257	93
Education and travel	15,500	9,900	9,805	95
Total administration	576,000	597,000	595,653	1,347

(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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Building and plant				
Contingencies	$ 2,400	$ 2,400	$ 2,310	$ 90
Insurance	24,900	29,600	29,586	14
Utilities	17,000	20,400	20,227	173
Supplies and materials	400	800	760	40
Telephone	400	700	615	85
Travel	1,200	1,400	1,306	94
Repairs and maintenance	3,700	14,700	14,573	127
Total building and plant	50,000	70,000	69,377	623
Council				
Council salaries	18,300	18,300	18,300	-
Payroll taxes	1,400	1,430	1,400	30
Insurance	100	50	48	2
Education and travel	15,200	14,220	14,207	13
Total council	35,000	34,000	33,955	45
Court				
City judge	7,800	7,800	7,800	-
Payroll taxes	600	700	597	103
Supplies and materials	50	50	26	24
Education and travel	1,500	2,400	2,319	81
Insurance	50	50	20	30
Total court	10,000	11,000	10,762	238
Elections				
Printing and postage	400	-	-	-
Education and travel	800	-	-	-
Contract labor	1,400	-	-	-
Supplies and materials	300	-	-	-
Advertising	100	100	20	80
Total elections	3,000	100	20	80

(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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
General government (Continued)				
Law				
Professional services	$ 38,000	$ 48,600	$ 48,133	$ 467
Mayor				
Mayor salaries	6,000	6,000	6,000	-
Payroll taxes	500	500	459	41
Insurance	100	100	19	81
Education and travel	2,400	700	574	126
Total mayor	9,000	7,300	7,052	248
Total general government	721,000	768,000	764,952	3,048
Public safety				
Police department				
Salaries	390,000	408,400	408,305	95
Payroll taxes	28,000	29,500	29,465	35
Telephone	8,300	8,600	8,503	97
Dues and subscriptions	600	600	578	22
Printing and postage	200	200	196	4
Retirement	25,000	23,150	23,106	44
Insurance	132,100	126,450	126,274	176
Uniforms	6,800	6,500	6,439	61
Vehicles	25,800	32,200	32,114	86
Supplies and materials	11,100	24,400	23,605	795
Repairs and maintenance	12,500	13,400	13,239	161
Professional services	1,000	800	765	35
Education and travel	2,600	2,400	2,356	44
Total police department	644,000	676,600	674,945	1,655
Fire department				
Operations	178,000	185,000	184,671	329
Total public safety	822,000	861,600	859,616	1,984

(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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public works				
Street department				
Salaries	$ 424,000	$ 393,800	$ 393,727	$ 73
Payroll taxes	32,000	28,200	28,089	111
Utilities	12,000	9,700	9,660	40
Telephone	2,000	1,400	1,376	24
Retirement	43,000	33,800	33,755	45
Stormwater mapping	4,500	3,800	3,749	51
Insurance	133,100	123,800	123,654	146
Uniforms	4,200	5,000	4,951	49
Vehicles	28,000	25,000	24,990	10
Supplies and materials	42,700	99,500	99,161	339
Repairs and maintenance	24,100	22,300	22,148	152
Dues and subscriptions	200	100	74	26
Prison crew	51,800	54,500	54,373	127
Professional services	300	1,600	1,535	65
Street lights	33,600	36,500	36,446	54
Education and travel	2,500	2,100	2,004	96
Total street department	838,000	841,100	839,692	1,408
Solid waste department				
Salaries	64,500	68,850	68,823	27
Payroll taxes	5,000	5,260	5,254	6
Uniforms	1,200	1,280	1,212	68
Retirement contributions	6,200	6,850	6,842	8
Insurance	26,100	26,960	26,935	25
Vehicles	15,100	16,300	16,229	71
Repairs and maintenance	7,900	6,600	6,598	2
Landfill fees	49,000	50,900	50,880	20
Total solid waste department	175,000	183,000	182,773	227
Total public works	1,013,000	1,024,100	1,022,465	1,635

(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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
EXPENDITURES (Continued)				
Current expenditures (Continued)				
Public welfare and recreation				
Pool operations				
Salaries	$ 29,500	$ 26,200	$ 26,133	$ 67
Payroll taxes	3,000	2,100	1,999	101
Utilities	4,200	4,200	4,198	2
Telephone	1,300	1,200	1,180	20
Insurance	1,700	1,300	1,225	75
Supplies and materials	9,800	9,100	8,818	282
Repairs and maintenance	3,500	2,300	2,129	171
Concessions	4,000	3,100	3,080	20
Total pool operations	57,000	49,500	48,762	738
Parks and recreation				
Salaries	76,000	77,700	77,561	139
Payroll taxes	5,500	6,000	5,911	89
Retirement	8,000	7,800	7,716	84
Flag supplies	3,000	9,000	8,772	228
Insurance	22,300	22,100	21,989	111
Vehicles	7,000	4,500	4,445	55
Repairs and maintenance	4,800	3,500	3,346	154
Property rental	1,100	1,100	1,035	65
Uniforms	1,100	1,200	1,143	57
Utilities	3,000	2,800	2,768	32
Supplies and materials	9,200	9,100	9,005	95
Total parks and recreation	141,000	144,800	143,691	1,109
Total public welfare and recreation	198,000	194,300	192,453	1,847
TOTAL EXPENDITURES	2,754,000	2,848,000	2,839,486	8,514
Excess (deficiency) of revenues over (under) expenditures	(60,000)	(61,000)	(311,662)	(250,662)

(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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 120,000	$ 141,000	$ 140,829	$ (171)
Transfers out	(60,000)	(80,000)	(79,908)	92
Total other financing sources (uses)	60,000	61,000	60,921	(79)
Net changes in fund balances	-	-	(250,741)	(250,741)
Fund balances - beginning (as restated)	4,864,040	4,864,040	4,864,040	-
Fund balances - end	$ 4,864,040	$ 4,864,040	$ 4,613,299	$ (250,741)

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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Special Local Option Sales Tax	$ 1,510,000	$ 1,510,000	$ 1,505,576	$ (4,424)
TOTAL REVENUES	1,510,000	1,510,000	1,505,576	(4,424)
EXPENDITURES				
Capital outlay				
General government	12,000	12,000	11,947	53
Public works	365,000	365,000	361,263	3,737
Public welfare and recreation	4,000	4,000	2,772	1,228
Total capital outlay	381,000	381,000	375,982	5,018
TOTAL EXPENDITURES	381,000	381,000	375,982	5,018
Excess (deficiency) of revenues over (under) expenditures	1,129,000	1,129,000	1,129,594	594
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,129,000)	(1,129,000)	(1,129,594)	(594)
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 Position
December 31, 2013

	Enterprise		
	Sewer Fund	**Water Fund**	**Totals**
ASSETS			
Current Assets			
Cash	$ 3,291,444	$ 323,075	$ 3,614,519
Investments	500,000	-	500,000
Accounts receivable	108,203	81,154	189,357
Total current assets	3,899,647	404,229	4,303,876
Non-current Assets			
Restricted assets			
Restricted investments	98,735	-	98,735
Capital assets			
Land	204,415	61,400	265,815
Other capital assets -			
net of accumulated depreciation	18,529,361	938,712	19,468,073
Total capital assets	18,733,776	1,000,112	19,733,888
Total non-current assets	18,832,511	1,000,112	19,832,623
TOTAL ASSETS	$ 22,732,158	$ 1,404,341	$ 24,136,499
LIABILITIES			
Current Liabilities			
Accounts payable	$ 18,264	$ 10,270	$ 28,534
Accrued wages	770	4,514	5,284
Accrued liabilities	75,682	-	75,682
Current portion of bond payable	317,000	-	317,000
Total current liabilities	411,716	14,784	426,500
Non-current Liabilities			
Compensated absences	706	26,237	26,943
Customer deposits	-	59,371	59,371
Long-term debt due after one year	7,817,000	-	7,817,000
Total non-current liabilities	7,817,706	85,608	7,903,314
TOTAL LIABILITIES	$ 8,229,422	$ 100,392	$ 8,329,814
NET POSITION			
Net investment in capital assets	$ 10,599,776	$ 1,000,112	$ 11,599,888
Unrestricted	3,902,960	303,837	4,206,797
TOTAL NET POSITION	$ 14,502,736	$ 1,303,949	$ 15,806,685

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 Position
Year Ended December 31, 2013

	Enterprise		
	Sewer Fund	**Water Fund**	**Totals**
OPERATING REVENUES			
Sewer charges	$ 1,455,466	$ -	$ 1,455,466
Water sales	-	445,586	445,586
Installation charges	69,467	1,560	71,027
Penalties	-	20,431	20,431
Total operating revenues	1,524,933	467,577	1,992,510
OPERATING EXPENSES			
Operating and maintenance	663,538	451,373	1,114,911
Administration and general	8,386	16,363	24,749
Depreciation	560,986	92,106	653,092
Total operating expenses	1,232,910	559,842	1,792,752
Operating income (loss)	292,023	(92,265)	199,758
NON-OPERATING REVENUES (EXPENSES)			
Miscellaneous revenue	-	62,555	62,555
Interest revenue	7,973	-	7,973
Interest expense	(306,641)	-	(306,641)
Total non-operating revenues (expenses)	(298,668)	62,555	(236,113)
Income (loss) before capital contributions and transfers	(6,645)	(29,710)	(36,355)
Capital contributions	192,723	-	192,723
Transfers in	1,300,636	208,866	1,509,502
Changes in net position	1,486,714	179,156	1,665,870
Total net position - beginning (as restated)	13,016,022	1,124,793	14,140,815
Total net position - end	$ 14,502,736	$ 1,303,949	$ 15,806,685

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, 2013

	Enterprise		
	Sewer Fund	Water Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	$ 1,505,716	$ 447,424	$ 1,953,140
Payments to suppliers	(614,514)	(239,331)	(853,845)
Payments to employees	(35,076)	(220,942)	(256,018)
Net cash provided (used) by operating activities	856,126	(12,849)	843,277
Cash Flows from Capital and Related Financing Activities			
SPLOST transfers	1,300,636	-	1,300,636
Acquiring and construction of capital assets	(1,000,637)	(128,958)	(1,129,595)
Capital contributions	192,723	-	192,723
Principal paid on long-term debt	(304,000)	-	(304,000)
Interest paid on long-term debt	(306,641)	-	(306,641)
Net cash provided (used) for capital and related financing activities	(117,919)	(128,958)	(246,877)
Cash Flows from Non-Capital Financing Activities			
Net transfers to/from other funds	-	208,866	208,866
Net cash provided (used) for non-capital financing activities	-	208,866	208,866
Cash Flows from Investing Activities			
Sale (purchase) of investments in restricted assets	131,662	-	131,662
Interest revenue	7,973	-	7,973
Net cash provided (used) by investing activities	139,635	-	139,635
Net increase (decrease) in cash	877,842	67,059	944,901
Cash - beginning	2,413,602	256,016	2,669,618
Cash - end	$ 3,291,444	$ 323,075	$ 3,614,519
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ 292,023	$ (92,265)	$ 199,758
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	560,986	92,106	653,092
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(19,217)	(20,153)	(39,370)
Increase (decrease) in current liabilities	22,289	6,078	28,367
Increase (decrease) in customer deposits	-	2,855	2,855
Increase (decrease) in compensated absences	45	(1,470)	(1,425)
Net cash provided (used) by operating activities	$ 856,126	$ (12,849)	$ 843,277

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

CITY OF RINGGOLD, GEORGIA
Statement of Fiduciary Assets and Liabilities
December 31, 2013

	Agency Funds
ASSETS	
Cash	$ 12,661
Due from other governments	52,845
TOTAL ASSETS	$ 65,506
LIABILITIES	
Due to other governments	$ 65,506
TOTAL LIABILITIES	$ 65,506

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 is one entity, which meets the above criteria for inclusion in the City of Ringgold, Georgia's financial statements:

The Downtown Development Authority

The Downtown Development Authority (DDA) is considered to be a blended component unit according to GASB Statement No. 14. The DDA is a legally separate entity having a board composed of members appointed by the City of Ringgold, Georgia. There is a financial benefit/burden relationship and the DDA provides services directly to the City of Ringgold, Georgia. There are no separate financial statements available.

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 Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Neither fiduciary nor component units that are fiduciary in nature are included. 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 Position, 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.

The agency funds have no measurement focus, but utilize the accrual basis of accounting for reporting their assets and liabilities.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Position, 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, 2013.

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 Position 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. Interfund Transactions

Interfund Receivables and Payables

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

Transactions between Funds

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

K. Net Position

Net position is the residual of all elements presented in the Statement of Financial Position (i.e., assets + deferred outflows - liabilities - deferred inflows). Net investment in capital assets represent capital assets reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by any related outstanding debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fixed Assets

Fixed 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. Fixed 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 fixed assets are recorded at estimated fair 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.

Fixed 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

Fixed assets of the proprietary funds are accounted for in the proprietary fund and are stated at cost or estimated fair 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 Position.

N. Compensated Absences

Accruals include both sick and vacation time earned. Employees are allowed to carry over half of any current unused sick leave. Employees of the City under an earlier sick leave plan are allowed to carry banked sick leave up to 240 hours. Employees are allowed to carry over vacation time up to 40 hours at the end of each year provided that they have used at least that much time during the current year. Some employees have vacation leave remaining since their anniversary dates cross the fiscal year-end. 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. 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. 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, 2013
Levy date	October 20, 2013
Tax bills mailed	October 20, 2013
Payment due date	October 20, 2013 through February 28, 2013
Delinquency date	March 1, 2013

P. Prepayment of Expenditures

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

Q. Estimates

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

R. Events Occurring after Reporting Date

The City has evaluated events and transactions that occurred between December 31, 2013, and April 2, 2014, 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 $8,556,466. The financial institution balance was $8,642,699. 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, 2013, 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 Position:

Cash	$ 7,431,435
Investments	1,027,096
Restricted investments	98,735
Less: Petty cash	(800)
Total	$ 8,556,466

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

Investments	$ 1,027,096
Restricted investments	98,735
Total	$ 1,125,831

NOTE 3 - ACCOUNTS RECEIVABLE - NET

Accounts receivable at December 31, 2013, consist of the following:

	General Fund	Hotel/Motel Tax Fund	Sewer Fund	Water Fund	Total
Franchise taxes	$ 233,836	$ -	$ -	$ -	$ 233,836
Local beer/beverage tax	13,695	-	-	-	13,695
Business license	35,720	-	-	-	35,720
Hotel/motel tax	-	21,664	-	-	21,664
Customer receivables	-	-	108,203	81,154	189,357
Other	12,175	-	-	-	12,175
Total	$ 295,426	$ 21,664	$108,203	$ 81,154	$ 506,447

NOTE 4 - GRANTS RECEIVABLE

Grants receivable at December 31, 2013, consist of the following:

Appalachian Regional Commission	$ 15,000
Georgia Department of Transportation	102,876
Total	$ 117,876

NOTE 5 - PROPERTY TAXES RECEIVABLE - NET

Property taxes receivable as of December 31, 2013, consist of the following:

Year of Levy	
2013	$ 48,034
2012	9,595
2011	1,869
2010	689
	60,187
Less: allowance for uncollectibles	(13,379)
Property taxes receivable - net	$ 46,808

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Due from other governments at December 31, 2013, consists of the following:

	Governmental Activities
Property tax collected by Catoosa County	$ 344,835
Special Purpose Local Option Sales Tax	14,049
Catoosa County - motor vehicle tax collected	6,871
Local Option Sales Tax receivable	141,733
Intangible taxes	1,212
TVA in lieu of taxes	2,446
Transfer taxes	186
Totals	$ 511,332

NOTE 7 - INTERNAL BALANCES

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

	Due from:				
	Capital Projects Fund	Capital Projects Grant Fund	Confiscated Assets Fund	Hotel/Motel Tax Fund	Total
General Fund	$ 39,006	$ 83,620	$ 10,160	$ 21,664	$ 154,450

NOTE 8 - RESTRICTED ASSETS

Restricted assets include funds restricted for specific expenditures. Restricted assets at December 31, 2013, consist of the following:

	Sewer Fund
Restricted investments	$ 98,735

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 522,786	$ 1,566	$ -	$ 524,352
Total capital assets not being depreciated	522,786	1,566	-	524,352
Capital assets being depreciated:				
Land improvements	951,527	278,159	-	1,229,686
Building and improvements	3,340,244	99,080	(2,233)	3,437,091
Vehicles	1,084,878	55,290	(39,608)	1,100,560
Equipment	695,569	62,651	(25,119)	733,101
Total capital assets being depreciated	6,072,218	495,180	(66,960)	6,500,438
Less accumulated depreciation for:				
Land improvements	169,765	54,531	-	224,296
Buildings and improvements	927,892	86,998	(2,233)	1,012,657
Vehicles	934,862	59,807	(39,608)	955,061
Equipment	571,482	36,512	(25,119)	582,875
Total accumulated depreciation	2,604,001	237,848	(66,960)	2,774,889
Total capital assets being depreciated - net	3,468,217	257,332	-	3,725,549
Governmental activities capital assets - net	$ 3,991,003	$ 258,898	$ -	$ 4,249,901

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

General government	$ 107,715
Public safety	29,833
Public welfare and recreation	32,312
Public works	67,988
Total	$ 237,848

(Continued)

NOTE 9 - CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 265,815	$ -	$ -	$ 265,815
Total capital assets not being depreciated	265,815	-	-	265,815
Capital assets being depreciated:				
Buildings	819,938	-	-	819,938
Equipment	1,233,219	1,813	-	1,235,032
Sewer lines	21,716,947	998,824	-	22,715,771
Vehicles	284,563	-	-	284,563
Water lines	1,296,779	128,958	-	1,425,737
Total capital assets being depreciated	25,351,446	1,129,595	-	26,481,041
Less accumulated depreciation for:				
Buildings	415,507	16,067	-	431,574
Equipment	1,040,280	58,478	-	1,098,758
Sewer lines	3,829,334	506,950	-	4,336,284
Vehicles	230,687	21,617	-	252,304
Water lines	844,068	49,980	-	894,048
Total accumulated depreciation	6,359,876	653,092	-	7,012,968
Total capital assets being depreciated - net	18,991,570	476,503	-	19,468,073
Business-type activities capital assets - net	$ 19,257,385	$ 476,503	$ -	$ 19,733,888

NOTE 10 - DEFERRED REVENUE - PROPERTY TAXES

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 as deferred inflows were as follows:

	Unavailable	Total
Property taxes	$ 29,375	$ 29,375

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

NOTE 11 - LONG-TERM DEBT

A. Governmental Debt

Long-term debt, payable by the governmental funds, is summarized as follows:

	Principal Balance
Compensated absences	$ 112,810
Accrued post-employment benefits	1,143,739
Total governmental long-term debt	$1,256,549

A summary of changes in governmental long-term debt for the year ended December 31, 2013, are as follows:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Amount Due Within One Year
Compensated absences	$ 101,075	$ 11,735	$ -	$ 112,810	$ -
Accrued post-employment benefits	838,118	305,621	-	1,143,739	-
Total	$ 939,193	$ 317,356	$ -	1,256,549	$ -
Less: current portion of governmental long-term debt				-	
Total governmental long-term debt				$1,256,549	

Interest paid during the year ended December 31, 2013, 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 and accrued post-employment benefits are generally liquidated by the General Fund. Also, during the year, the Water Fund's accrued post-employment benefits of $62,555 were transferred to the General Fund.

NOTE 11 - LONG-TERM DEBT (Continued)

B. Business-Type Debt

Sewer Fund

Long-term debt, payable by the Sewer Fund, which consists of revenue bonds and compensated absences 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	$ 8,134,000
Less: current portion of sewer debt	(317,000)
Total sewer debt	7,817,000
Compensated absences	706
Total sewer long-term debt	$ 7,817,706

A summary of changes in sewer long-term debt for the year ended December 31, 2013, are as follows:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Amount Due Within One Year
2005 bond	$ 8,438,000	$ -	$ (304,000)	$ 8,134,000	$ 317,000
Compensated absences	661	45	-	706	-
Total	$ 8,438,661	$ 45	$ (304,000)	8,134,706	$ 317,000
Less: current portion of sewer long-term debt				(317,000)	
Total sewer long-term debt				$ 7,817,706	

NOTE 11 - LONG-TERM DEBT (Continued)

B. Business-Type Debt (Continued)

Sewer Fund (Continued)
Interest paid during the year ended December 31, 2013, on business-type long-term debt was $306,641.

Sewer Fund debt service requirements to maturity, including interest of $3,479,895, are as follows:

Bonds

Year ended December 31	Principal	Interest	Total Requirements
2014	$ 317,000	$ 335,922	$ 652,922
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
2019-2023	2,097,000	1,150,421	3,247,421
2024-2028	2,578,000	669,467	3,247,467
2029-2031	1,749,000	118,417	1,867,417
Total bonds	$ 8,134,000	$ 3,479,895	$ 11,613,895

Note: The above debt service requirements schedules do not include compensated absences.

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

Customer deposits	$ 59,371
Compensated absences	26,237
Total Water Fund long-term debt	$ 85,608

A summary of changes in Water Fund long-term debt for the year ended December 31, 2013, are as follows:

	Balance December 31, 2012	Additions	Retirements	Balance December 31, 2013	Amount Due Within One Year
Customer deposits	$ 56,516	$ 2,855	$ -	$ 59,371	$ -
Compensated absences	27,707	-	(1,470)	26,237	-
Accrued post-employment benefits	62,555	-	(62,555)	-	-
Total	$ 146,778	$ 2,855	$(64,025)	85,608	$ -
Less: current portion of Water Fund long-term debt				-	
Total Water Fund long-term debt				$ 85,608	

During the year, the Water Fund's accrued post-employment benefits of $62,555 were transferred to the General Fund.

NOTE 12 - NET POSITION / FUND BALANCE RESTRICTIONS

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

Haunted Depot Fund restricts $8,685 for future depot expenditures.

Downtown Development Authority Fund restricts $275,698 for the improvement of the City's downtown area.

Confiscated Assets Fund restricts $6,690 for future confiscated asset expenditures.

Ringgold Depot Fund restricts $81,253 for the Ringgold Depot facility.

Visitor Center Fund restricts $165,908 to promote tourism in the Ringgold area.

Technology Fees Fund restricts $3,649 for future police expenditures.

The City also has $17,307 of nonspendable fund balance related to prepaid expenses.

NOTE 13 - TRANSFERS

Interfund transfers as of December 31, 2013, consist of the following:

	Transfers to						
	General Fund	Downtown Development Authority Fund	Ringgold Depot Fund	Visitor Center Fund	Sewer Fund	Water Fund	Total
Transfer from:							
General Fund	$ -	$ -	$ -	$ -	$ -	$ 79,908	$ 79,908
Capital Projects Fund	-	-	-	-	1,000,636	128,958	1,129,594
Hotel/Motel Fund	131,981	-	43,960	87,921	-	-	263,862
Haunted Depot Fund	-	9,470	-	-	-	-	9,470
Capital Projects Grant Fund	8,848	-	-	-	-	-	8,848
Total	$140,829	$ 9,470	$43,960	$87,921	$1,000,636	$208,866	$1,491,682

Transfers from the General, Haunted Depot and Capital Projects Grant 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.

NOTE 14 - HOTEL/MOTEL LODGING TAX

The City of Ringgold levies a 6% lodging tax as authorized in Official Code of Georgia Annotated (OCGA) 48-13-50(a)(3.2). All expenditures were for the promotion of tourism. A summary of the transactions for the year ended December 31, 2013, is as follows:

Fund Balance - January 1, 2013	$ -
Lodging tax services	263,862
Amount available for disbursements	263,862
Disbursements:	
Transfer to General Fund	131,981
Transfer to the Ringgold Depot Fund	43,960
Transfer to Visitor Center Fund	87,921
Total disbursed	263,862
Balance - held in reserve for future hotel/motel tax projects	$ -

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

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

The governmental fund balance includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide Statement of Net Position. 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 $(112,810) difference are as follows:

Compensated absences	$ (112,810)
Net adjustment	$ (112,810)

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 position 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 $258,898 difference are as follows:

Depreciation expense	$ (237,848)
Capital outlay	496,746
Net adjustment	$ 258,898

NOTE 16 - COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

NOTE 17 - INSURANCE

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

The City is a member of Key Risk. The liability to the employees of the 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 City is responsible for paying the prescribed premiums and cooperating with attorneys.

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

NOTE 18 - PENSION PLAN

The City of Ringgold provides pension benefits for all its full-time employees through a defined contribution pension plan the City of Ringgold Pension Plan administered by Chandler & Assoc., P.C. The plan was authorized by Council action in 1976 and amended in 1995. All 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.

The City's total payroll for the year was $1,641,113. The amount of covered payroll was $1,210,680. Total contributions required was $145,255, which was 12% of covered payroll. The City's contribution required and actual was $121,068, which was 10% of covered payroll. The mandatory employee contributions required and actual was $24,187 which was 2% of covered payroll. Employee voluntary contributions totaled $44,698, making a total employee contribution of $68,885, which is 6% of covered payroll. The total City and employee contribution actually made was $189,953, which was 16% of covered payroll. There were no current year changes in plan provisions.

NOTE 18 - PENSION PLAN (Continued)

The City's total payroll for the year was $1,641,113. The amount of covered payroll was $1,210,680. Total contributions required was $145,255, which was 12% of covered payroll. The City's contribution required and actual was $121,068, which was 10% of covered payroll. The mandatory employee contributions required and actual was $24,187 which was 2% of covered payroll. Employee voluntary contributions totaled $44,698, making a total employee contribution of $68,885, which is 6% of covered payroll. The total City and employee contribution actually made was $189,953, which was 16% of covered payroll. There were no current year changes in plan provisions.

NOTE 19 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Funding Policy
The City has not funded the healthcare plan and pays the benefits monthly on a "pay as you go" policy. 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	$ 144,940
Interest on net OPEB obligation	7,972
Adjustment to annual required contribution	90,154
Annual OPEB cost (expense)	243,066
Contributions made	-
Increase in net OPEB obligation	243,066
Net OPEB obligation - beginning of year	900,673
Net OPEB obligation - end of year	$ 1,143,739

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-13	$ 243,066	0%	$ 1,143,739
12-31-12	$ 241,500	0%	$ 900,673
12-31-11	$ 222,715	0%	$ 659,173
12-31-10	$ 232,367	0%	$ 436,458

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

Funded Status and Funding Progress
As of June 30, 2013, the actuarial accrued liability for benefits was $1,143,739, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $1,920,208 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 - 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

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

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

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

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 5.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, 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)
06-30-13	$0	$1,920,208	$ 1,920,208	0.00%	$ 1,920,208	100.00%
06-30-12	$0	$1,810,678	$ 1,810,678	0.00%	$ 1,810,678	100.00%
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 20 - LITIGATION AND CLAIMS

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

NOTE 21 - CONTINGENT LIABILITIES

As of December 31, 2013, the City does not have any material contingent liabilities.

NOTE 22 - JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Northwest Georgia area, is a member of the Northwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its year ended December 31, 2013, the City paid $3,645 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 23 - 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 24 - RELATED PARTY TRANSACTION

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

NOTE 25 - RESTATEMENT OF NET POSITION AND FUND BALANCE

The Flag Fund's revenue source was examined and reclassified as part of the General Fund. The reclassification was as follows:

General Fund December 31, 2012 ending fund balance	$ 4,859,903
Flag Fund December 31, 2012 ending fund balance	4,137
General Fund December 31, 2012 ending fund balance as restated	$ 4,864,040

The Sewer Fund's beginning net position was restated due to the write off of bond issue costs as follows:

December 31, 2012 ending net position	$ 13,153,406
Write off of bond issue costs	(137,384)
December 31, 2012 ending net position as restated	$ 13,016,022

OTHER SUPPLEMENTARY INFORMATION

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.

Confiscated Assets Fund:

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

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.

Capital Projects Grant Fund:

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

Technology Fee Fund:

This fund is used to account for the receipt and use of technology fees used for police expenditures.

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet
December 31, 2013

	Hotel/Motel Tax Fund	Haunted Depot Fund	Downtown Develpoment Authority Fund	Confiscated Assets Fund	Ringgold Depot Fund	Visitor Center Fund	Capital Projects Grant Fund	Technology Fee Fund	Total Non-major Governmental Funds
ASSETS									
Cash	$ -	$ 8,685	$ 276,774	$ 16,850	$ 92,584	$167,321	$ -	$ 3,649	$ 565,863
Accounts receivable - net	21,664	-	-	-	-	-	-	-	21,664
Grants receivable	-	-	-	-	-	-	111,136	-	111,136
TOTAL ASSETS	$ 21,664	$ 8,685	$ 276,774	$ 16,850	$ 92,584	$167,321	$ 111,136	$ 3,649	$ 698,663
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	$ -	$ -	$ -	$ -	$ 1,524	$ 900	$ 2,516	$ -	$ 4,940
Accrued wages	-	-	324	-	207	323	-	-	854
Accrued liabilities	-	-	752	-	9,600	190	-	-	10,542
Due to other funds	21,664	-	-	10,160	-	-	83,620	-	115,444
Unearned revenue	-	-	-	-	-	-	25,000	-	25,000
Total liabilities	21,664	-	1,076	10,160	11,331	1,413	111,136	-	156,780
Fund Balances									
Restricted	-	8,685	275,698	6,690	81,253	165,908	-	3,649	541,883
TOTAL LIABILITIES AND FUND BALANCES	$ 21,664	$ 8,685	$ 276,774	$ 16,850	$ 92,584	$167,321	$ 111,136	$ 3,649	$ 698,663

CITY OF RINGGOLD, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2013

	Hotel/Motel Tax Fund	Haunted Depot Fund	Downtown Development Authority Fund	Confiscated Assets Fund	Ringgold Depot Fund	Visitor Center Fund	Capital Projects Grant Fund	Technology Fee Fund	Total Non-major Governmental Funds
REVENUES									
Taxes	$ 263,862	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 263,862
Intergovernmental	-	-	-	-	-	-	326,136	-	326,136
Fines and forfeitures	-	-	-	55,859	-	-	-	-	55,859
Other revenue	-	20,440	12,664	-	32,136	300	-	9,721	75,261
TOTAL REVENUES	263,862	20,440	12,664	55,859	32,136	300	326,136	9,721	721,118
EXPENDITURES									
Current expenditures									
Public safety	-	-	-	61,450	-	-	-	6,072	67,522
Public welfare and recreation	-	6,253	31,710	-	69,656	79,055	17,288	-	203,962
Total current expenditures	-	6,253	31,710	61,450	69,656	79,055	17,288	6,072	271,484
TOTAL EXPENDITURES	-	6,253	31,710	61,450	69,656	79,055	17,288	6,072	271,484
Excess (deficiency) of revenue over (under) expenditures	263,862	14,187	(19,046)	(5,591)	(37,520)	(78,755)	308,848	3,649	449,634
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	9,470	-	43,960	87,921	-	-	141,351
Transfers out	(263,862)	(9,470)	-	-	-	-	(308,848)	-	(582,180)
Total other financing sources (uses)	(263,862)	(9,470)	9,470	-	43,960	87,921	(308,848)	-	(440,829)
Net changes in fund balances	-	4,717	(9,576)	(5,591)	6,440	9,166	-	3,649	8,805
Fund balances - beginning	-	3,968	285,274	12,281	74,813	156,742	-	-	533,078
Fund balances - end	$ -	$ 8,685	$ 275,698	$ 6,690	$ 81,253	$165,908	$ -	$ 3,649	$ 541,883

CITY OF RINGGOLD, GEORGIA
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Taxes				
Hotel/motel tax	$ 240,000	$ 264,000	$ 263,862	$ (138)
TOTAL REVENUES	240,000	264,000	263,862	(138)
Excess (deficiency) of revenue over (under) expenditures	240,000	264,000	263,862	(138)
OTHER FINANCING SOURCES (USES)				
Transfers out	(240,000)	(264,000)	(263,862)	138
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, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Haunted Depot	$ 14,000	$ 20,000	$ 20,440	$ 440
TOTAL REVENUES	14,000	20,000	20,440	440
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Supplies and materials	7,000	10,000	6,253	3,747
TOTAL EXPENDITURES	7,000	10,000	6,253	3,747
Excess (deficiency) of revenue over (under) expenditures	7,000	10,000	14,187	4,187
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,000)	(10,000)	(9,470)	530
Net changes in fund balances	-	-	4,717	4,717
Fund balances - beginning	3,968	3,968	3,968	-
Fund balances - end	$ 3,968	$ 3,968	$ 8,685	$ 4,717

CITY OF RINGGOLD, GEORGIA
Downtown Development Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Lease revenue	$ 9,000	$ 9,000	$ 9,000	$ -
Miscellaneous	-	1,000	753	(247)
Program fees	-	3,000	2,911	(89)
Total other revenue	9,000	13,000	12,664	(336)
TOTAL REVENUES	9,000	13,000	12,664	(336)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Salaries	16,500	16,050	16,046	4
Payroll taxes	1,300	1,300	1,224	76
Education and travel	2,700	2,050	1,986	64
Grant expenses	7,000	6,700	6,653	47
Insurance	3,600	3,600	3,515	85
Professional services	900	950	950	-
Supplies and materials	2,000	1,350	1,336	14
Total public welfare and recreation	34,000	32,000	31,710	290
TOTAL EXPENDITURES	34,000	32,000	31,710	290
Excess (deficiency) of revenue over (under) expenditures	(25,000)	(19,000)	(19,046)	(46)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	10,000	9,470	(530)
Net changes in fund balances	(18,000)	(9,000)	(9,576)	(576)
Fund balances - beginning	285,274	285,274	285,274	-
Fund balances - end	$ 267,274	$ 276,274	$ 275,698	$ (576)

CITY OF RINGGOLD, GEORGIA
Confiscated Assets Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Fines and forfeitures				
Cash confiscation	$ 10,000	$ 64,000	$ 55,859	$ (8,141)
TOTAL REVENUES	10,000	64,000	55,859	(8,141)
EXPENDITURES				
Current expenditures				
Public safety				
Contract labor	8,000	8,000	7,623	377
Supplies and materials	2,000	54,000	52,703	1,297
Vehicles	-	2,000	1,124	876
Total public safety	8,000	64,000	61,450	2,550
TOTAL EXPENDITURES	10,000	64,000	61,450	2,550
Net changes in fund balances	-	-	(5,591)	(5,591)
Fund balances - beginning	12,281	12,281	12,281	-
Fund balances - end	$ 12,281	$ 12,281	$ 6,690	$ (5,591)

CITY OF RINGGOLD, GEORGIA
Ringgold Depot Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Miscellaneous	$ 800	$ 800	$ 1,049	$ 249
Rental	27,000	29,000	28,908	(92)
Tickets	2,200	2,200	2,179	(21)
Total other revenue	30,000	32,000	32,136	136
TOTAL REVENUES	30,000	32,000	32,136	136
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Salaries	11,000	15,000	11,397	3,603
Payroll taxes	1,000	1,000	872	128
Insurance	1,100	1,100	996	104
Repairs and maintenance	10,400	10,400	10,341	59
Ringgold playhouse	2,700	2,700	2,605	95
Supplies and materials	5,400	28,200	26,136	2,064
Utilities	17,600	17,600	17,309	291
Total public welfare and recreation	49,200	76,000	69,656	6,344
TOTAL EXPENDITURES	70,000	76,000	69,656	6,344
Excess (deficiency) of revenue over (under) expenditures	(40,000)	(44,000)	(37,520)	6,480
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	44,000	43,960	(40)
Net changes in fund balances	-	-	6,440	6,440
Fund balances - beginning	74,813	74,813	74,813	-
Fund balances - end	$ 74,813	$ 74,813	$ 81,253	$ 6,440

CITY OF RINGGOLD, GEORGIA
Visitor Center Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Donation	$ -	$ -	$ 300	$ 300
TOTAL REVENUES	-	-	300	300
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Salaries	10,400	12,400	11,619	781
Payroll taxes	1,200	1,200	885	315
Dues and subscriptions	100	100	75	25
Events	59,000	51,000	44,955	6,045
Insurance	4,200	4,200	4,067	133
Postage	1,000	1,000	969	31
Supplies and materials	2,100	16,100	14,898	1,202
Telephone	2,000	2,000	1,587	413
Total public welfare and recreation	80,000	88,000	79,055	8,945
TOTAL EXPENDITURES	80,000	88,000	79,055	8,945
Excess (deficiency) of revenue over (under) expenditures	(80,000)	(88,000)	(78,755)	9,245
OTHER FINANCING SOURCES (USES)				
Transfers in	80,000	88,000	87,921	(79)
Net changes in fund balances	-	-	9,166	9,166
Fund balances - beginning	156,742	156,742	156,742	-
Fund balances - end	$ 156,742	$ 156,742	$ 165,908	$ 9,166

CITY OF RINGGOLD, GEORGIA
Capital Projects Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental				
Grant revenue	$ 327,000	$ 327,000	$ 326,136	$ (864)
TOTAL REVENUES	327,000	327,000	326,136	(864)
EXPENDITURES				
Current expenditures				
Public welfare and recreation				
Professional services	18,000	18,000	17,288	712
TOTAL EXPENDITURES	18,000	18,000	17,288	712
Excess (deficiency) of revenue over (under) expenditures	309,000	309,000	308,848	(152)
OTHER FINANCING SOURCES (USES)				
Transfers out	(309,000)	(309,000)	(308,848)	152
Net changes in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ -	$ -

CITY OF RINGGOLD, GEORGIA
Technology Fee Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Other revenue				
Technology fees	$ 7,000	$ 7,000	$ 9,721	$ 2,721
TOTAL REVENUES	7,000	7,000	9,721	2,721
EXPENDITURES				
Current expenditures				
Public safety				
Supplies and materials	3,000	3,000	2,858	142
Professional services	500	500	45	455
Telephone	3,500	3,500	3,169	331
Total public safety	7,000	7,000	6,072	928
TOTAL EXPENDITURES	7,000	7,000	6,072	928
Net changes in fund balances	-	-	3,649	3,649
Fund balances - beginning	-	-	-	-
Fund balances - end	$ -	$ -	$ 3,649	$ 3,649

CITY OF RINGGOLD, GEORGIA
Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Grant/Program Number	Accrued (Receivable) 01/01/13	Grant Receipts	Grant Expenditures	Accrued (Receivable) 12/31/13
Federal						
Appalachian Regional Commission	23.001	GA-16922	$ -	$ 285,000	$ 300,000	$ (15,000)
Total federal awards			-	285,000	300,000	(15,000)
State						
Georgia Emergency Management Agency						
Emergency Watershed Protection Program	10.923	65-43-10-12-42	-	2,040	2,040	-
Georgia Department of Transportation						
Pedestrian Safety Enhancements	-	0008993	(70,000) (1)	-	26,136	(96,136)
LMIG Street Resurfacing	2013	-	-	30,462	30,462	-
Georgia Highway Safety	-	2014-GA-0026-00	-	-	6,740	(6,740)
Total state awards			(70,000)	32,502	65,378	(102,876)
TOTAL FEDERAL AND STATE AWARDS			$ (70,000)	$ 317,502	$ 365,378	$ (117,876)

(1) Georgia Department of Transportation grant expenditures of $30,569, and $32,481 and $6,950 from 2009, 2010 and 2011.

CITY OF RINGGOLD, GEORGIA
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the City of Ringgold, Georgia and is presented on the modified accrual basis of accounting.

CITY OF RINGGOLD, GEORGIA
Sewer Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING REVENUES				
Sewer charges	$ 1,377,000	$ 1,173,000	$ 1,455,466	$ 282,466
Installation charges	63,000	63,000	69,467	6,467
Total operating revenues	1,440,000	1,236,000	1,524,933	288,933
OPERATING EXPENSE				
Operating and maintenance	621,500	1,569,150	663,538	905,612
Administration and general	9,500	104,850	8,386	96,464
Depreciation	521,000	561,000	560,986	14
Total operating expenses	1,152,000	2,235,000	1,232,910	1,002,090
Operating income (loss)	288,000	(999,000)	292,023	1,291,023
NON-OPERATING REVENUES (EXPENSES)				
Amortization	(8,000)	-	-	-
Interest revenue	6,000	6,000	7,973	1,973
Interest expense	(286,000)	(307,000)	(306,641)	359
Total non-operating revenues (expenses)	(288,000)	(301,000)	(298,668)	2,332
Income (loss) before capital contributions and transfers	-	(1,300,000)	(6,645)	1,293,355
Capital contributions	-	-	192,723	192,723
Transfers in	-	1,300,000	1,300,636	636
Changes in net position	-	-	1,486,714	1,486,714
Total net position - beginning (as restated)	13,016,022	13,016,022	13,016,022	-
Total net position - end	$ 13,016,022	$ 13,016,022	$ 14,502,736	$ 1,486,714

CITY OF RINGGOLD, GEORGIA
Water Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
Year Ended December 31, 2013

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
OPERATING INCOME				
Water sales	$ 470,000	$ 427,000	$ 445,586	$ 18,586
Installation charges	6,000	6,000	1,560	(4,440)
Penalties	21,000	21,000	20,431	(569)
Total operating revenues	497,000	454,000	467,577	13,577
OPERATING EXPENSES				
Operating and maintenance	448,500	610,500	451,373	159,127
Administration and general	19,500	21,500	16,363	5,137
Depreciation	89,000	93,000	92,106	894
Total operating expenses	557,000	725,000	559,842	165,158
Operating income (loss)	(60,000)	(271,000)	(92,265)	178,735
NON-OPERATING REVENUES (EXPENSES)				
Miscellaneous revenue	-	62,000	62,555	555
Income (loss) before transfers	(60,000)	(209,000)	(29,710)	179,290
Transfers in	60,000	209,000	208,866	(134)
Changes in net position	-	-	179,156	179,156
Total net position - beginning	1,124,793	1,124,793	1,124,793	-
Total net position - end	$ 1,124,793	$ 1,124,793	$ 1,303,949	$ 179,156

CITY OF RINGGOLD, GEORGIA
Proprietary Funds
Schedule of Operating Expenses
Year Ended December 31, 2013

	Enterprise		
Operating Expenses	**Sewer Fund**	**Water Fund**	**Totals**
Operating and maintenance			
Salaries	$ 35,076	$ 220,942	$ 256,018
Payroll taxes	2,659	15,672	18,331
Catoosa utility charges	-	6,814	6,814
Chemicals	-	28,627	28,627
Drinking water program	-	4,927	4,927
Equipment	10,558	1,565	12,123
Fuel	9,647	7,308	16,955
Insurance	9,798	68,702	78,500
Plant supplies	36,526	7,644	44,170
Repairs and maintenance	20,338	9,507	29,845
Retirement	3,465	19,651	23,116
Sewer treatment charges	504,240	-	504,240
Professional services	-	6,907	6,907
Telephone	1,390	2,092	3,482
Uniforms	942	2,254	3,196
Utilities	28,899	48,465	77,364
Water line repairs	-	296	296
Total operating and maintenance	663,538	451,373	1,114,911
Administration and general			
Advertising	-	229	229
Education and travel	1,462	3,251	4,713
Insurance	3,785	5,131	8,916
Licenses and dues	2,956	639	3,595
Printing and postage	183	6,138	6,321
Professional services	-	975	975
Total administration and general	8,386	16,363	24,749
Depreciation	560,986	92,106	653,092
Total operating expenses	$ 1,232,910	$ 559,842	$ 1,792,752

CITY OF RINGGOLD, GEORGIA
Schedule of Property Taxes Receivable
General Fund
December 31, 2013

Year of Levy	
2013	$ 48,034
2012	9,595
2011	1,869
2010	689
Total property taxes receivable	60,187
Less: allowance for uncollectibles	(13,379)
Net property taxes receivable	$ 46,808

CITY OF RINGGOLD, GEORGIA
Schedule of Changes in Property Taxes Receivable
General Fund
Year Ended December 31, 2013

	Taxes Receivable December 31, 2012	Taxes Levied	Pickups and (Releases)	Collections	Taxes Receivable December 31, 2013
2013	$ -	$ 457,737	$ (8,792)	$ (400,911)	$ 48,034
2012	43,146	-	8,006	(41,557)	9,595
2011	9,108	-	-	(7,239)	1,869
2010	2,519	-	-	(1,830)	689
2009	80	-	-	(80)	-
Total	$ 54,853	$ 457,737	$ (786)	$ (451,617)	$ 60,187

CITY OF RINGGOLD, GEORGIA
Schedule of Debt Service Requirements
Sewer Fund
Year Ended December 31, 2013

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

Year Ended December 31	Principal	Interest	Total Requirements
2014	$ 317,000	$ 335,922	$ 652,922
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	559,000	9,136	568,136
	$ 8,134,000	$ 3,479,895	$ 11,613,895

CITY OF RINGGOLD, GEORGIA
SCHEDULES OF STATISTICAL INFORMATION
December 31, 2013

I. SCHEDULE OF TAX RATES AND ASSESSMENTS

Tax Year	City Tax Rate	Assessment	Levy
2013	.2683	$ 170,606,411	$ 457,737
2012	.268	$ 169,020,896	$ 452,976
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

II. SCHEDULE OF BILLING RATES

The water and sewer rates for the City of Ringgold for the year ended December 31, 2013, were:

Water Rates

Meter Size	Minimum Usage (Gallons)	Minimum Monthly Bill
3/4" meter	0-2,000	$ 12.75 plus $3.46/1,000 gal.
1" meter	0-8,000	$ 33.47 plus $3.46/1,000 gal.
1-1/2" meter	0-17,000	$ 64.53 plus $3.46/1,000 gal.
2" meter	0-25,000	$ 92.14 plus $3.46/1,000 gal.
3" meter	0-45,000	$ 286.48 plus $3.46/1,000 gal.
4" meter	0-60,000	$ 381.97 plus $3.46/1,000 gal.
6" meter	0-90,000	$ 572.93 plus $3.46/1,000 gal.
8" meter	0-120,000	$ 763.93 plus $3.46/1,000 gal.
10" meter	0-150,000	$ 954.91 plus $3.46/1,000 gal.

Sewer Rates

Meter Size	Minimum Usage (Gallons)	Minimum Monthly Bill
3/4" meter	0-2,000	$ 13.90 plus $3.46/1,000 gal.
1" meter	0-8,000	$ 34.65 plus $3.46/1,000 gal.
1-1/2" meter	0-17,000	$ 65.80 plus $3.46/1,000 gal.
2" meter	0-25,000	$ 93.53 plus $3.46/1,000 gal.
3" meter	0-45,000	$ 312.80 plus $3.46/1,000 gal.
4" meter	0-60,000	$ 416.92 plus $3.46/1,000 gal.
6" meter	0-90,000	$ 625.38 plus $3.46/1,000 gal.
8" meter	0-120,000	$ 833.84 plus $3.46/1,000 gal.
10" meter	0-150,000	$1,043.32 plus $3.46/1,000 gal.

As of December 31, 2013 the City had 1,126 water customers and 967 sewer customers.

III. INTERNAL CONTROL AND COMPLIANCE SECTION

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

To the Mayor and Council Members
City of Ringgold, Georgia

We have audited 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise the City of Ringgold, Georgia's basic financial statements, and have issued our report thereon dated April 2, 2014.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City of Ringgold, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ringgold, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ringgold, Georgia's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 13-1 that we consider to be a significant deficiency.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City of Ringgold, Georgia's financial statements are free from 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*.

Response to Findings
The City of Ringgold, Georgia's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Ringgold, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
April 2, 2014

CITY OF RINGGOLD, GEORGIA
Schedule of Findings and Responses
December 31, 2013

SUMMARY OF AUDITOR'S RESULTS

Opinion on Financial Statements

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 of America.

Internal Control Reportable Conditions:

During the audit of the financial statements, one deficiency in internal controls was disclosed.

Material Noncompliance:

No instances of noncompliance or other matters was disclosed.

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

INTERNAL CONTROL:

Finding 13-1 - Approvals and documentation (Repeat 12-1)

Criteria:

Government Auditing Standards Chapter A.06(h) states that, "inadequate controls for the safeguarding of assets" is a control deficiency.

Condition:

Not all invoices were initialed as approved before being paid.

Cause:

An approval process was not followed so that every disbursement is initialed as approved for payment.

Effect:

Without following the proper procedures for disbursements, improper payments could be expensed to the City.

Management's Response:

We concur. We are making every effort to correct the area as noted.

CITY OF RINGGOLD, GEORGIA
Schedule of Prior Audit Findings
December 31, 2013

Finding 12-1 - Approvals and documentation

Still in effect.

Finding 12-2 - Commingling of SPLOST funds

Corrected.

Certified Public Accountants

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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, 2013. 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, 2013, in conformity with accounting principles generally accepted in the United States of America.

Johnson, Murphey & Wright, P.C.

Chattanooga, Tennessee
April 2, 2014

CITY OF RINGGOLD, GEORGIA
Schedule of Special Purpose Local Option Sales Tax
Year Ended December 31, 2013

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	$ 2,317,619	$ -	$ 2,317,619	77 %
Peavine Basin	$ 8,000,000	$ 206,225	$ -	$ 206,225	3 %
2009 SPLOST -					
Ringgold water and sewer projects	$ 13,270,000	$ 4,914,288	$ 1,129,595	$ 6,043,883	46 %
Ringgold projects -					
Vehicles and equipment	$ 520,000	$ 98,643	$ -	$ 98,643	19 %
Government buildings	$ 1,500,000	$ 324,763	$ 111,027	$ 435,790	29 %
Streets, sidewalks & parks	$ 500,000	$ 94,969	$ 264,954	$ 359,923	72 %

City of Ringgold

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April 2, 2014

Edward Blaha, Director
Department of Audits and Accounts
254 Washington Street, SW
Atlanta, GA 30534-8400

Dear Mr. Blaha:

The corrective action plan for our December 31, 2013 audit is as follows:

13-1 - Approvals and Documentation

We concur with the finding. The City Manager will make every effort to see that proper documentation is kept and approved for all purchases.

Thank you for your attention to this matter.

Respectively submitted,

CITY OF RINGGOLD, GEORGIA

Dan Wright
City Manager