CITY OF ROSSVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

For the Fiscal
Year Ended September 30, 2011

By Authority of

The Mayor and City Council

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CITY OF ROSSVILLE, GEORGIA
Annual Financial Report
Year Ended September 30, 2011

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

EARL WILLIAMSON
LLOYD WILLIAMSON

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Rossville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rossville, Georgia, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rossville, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Rossville, Georgia as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2012 on our consideration of the City of Rossville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City of Rossville has not presented Management's Discussion and Analysis, supplementary information, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rossville, Georgia's basic financial statements. The accompanying budgetary comparisons on pages 32-33 are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the City of Rossville, Georgia. The budgetary comparisons have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Special Purpose Local Option Sales Tax Expenditures on page 40 is presented for the purposes of additional analysis as required by the Official Code of the State of Georgia §48-8-121, and is not a required part of the basic financial statements of the City of Rossville, Georgia. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williamson and Company

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
February 14, 2012

BASIC FINANCIAL STATEMENTS

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CITY OF ROSSVILLE, GEORGIA

Statement of Net Assets

September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Downtown Development Authority
Assets				
Cash and Cash Equivalents	$ 899,061	$ 242,761	$ 1,141,822	$ 16,794
Receivables, Net	271,359	5,586	276,945	-
Restricted Cash	381,950	-	381,950	-
Capital Assets:				
Land and Improvements	208,581	-	208,581	57,131
Other Capital Assets, Net of Depreciation	4,781,110	280,697	5,061,807	44,625
Total Capital Assets	4,989,691	280,697	5,270,388	101,756
Total Assets	6,542,061	529,044	7,071,105	118,550
Liabilities				
Accounts Payable	62,790	36,415	99,205	-
Other Payables	25,045	-	25,045	-
Noncurrent Liabilities:				
Due In More Than One Year	25,373	-	25,373	-
Total Liabilities	113,208	36,415	149,623	-
Net Assets				
Invested In Capital Assets	4,989,691	280,697	5,270,388	101,756
Restricted For:				
Capital Projects	331,395	-	331,395	-
Drug Enforcement Activities	46,188	-	46,188	-
Unrestricted	1,061,579	211,932	1,273,511	16,794
Total Net Assets	$ 6,428,853	$ 492,629	$ 6,921,482	$ 118,550

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Statement of Activities

For The Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	$ 609,136	$ 157,962	$ 32,473	$ 856
Police	830,518	360,040	-	12,161
Fire	326,959	-	200	-
Streets	508,676	-	-	73,810
Culture and Recreation	250,919	43,749	-	-
Sanitation	207,333	-	6,603	-
Drainage Improvements	33,008	-	-	-
Total Governmental Activities	2,766,549	561,751	39,276	86,827
Business-type Activities:				
Sewer Utility	436,267	512,036	-	-
Total Primary Government	$ 3,202,816	$ 1,073,787	$ 39,276	$ 86,827
Component Unit:				
Downtown Development Authority	$ 50,513	$ -	$ 16,503	$ 110,000

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Statement of Activities

For The Year Ended September 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Primary Government				
Governmental Activities:				
General Government	$ (417,845)	$	$ (417,845)	$
Police	(458,317)		(458,317)	
Fire	(326,759)		(326,759)	
Streets	(434,866)		(434,866)	
Recreation	(207,170)		(207,170)	
Sanitation	(200,730)		(200,730)	
Drainage Improvements	(33,008)		(33,008)	
Total Governmental Activities	(2,078,695)		(2,078,695)	
Business-type Activities:				
Sewer Utility		75,769	75,769	
Total Primary Government	(2,078,695)	75,769	(2,002,926)	
Component Unit:				
Downtown Development Authority				75,990
General Revenues:				
Property Taxes, Levied For General Purposes	687,343	-	687,343	-
Franchise Taxes	62,387	-	62,387	-
Alcoholic Beverage Excise Taxes	68,744	-	68,744	-
Occupational Taxes	236,363	-	236,363	-
Local Option Sales Tax	302,156	-	302,156	-
Investment Earnings	7,360	366	7,726	-
Miscellaneous	34,679	-	34,679	-
Gain on Disposition of Asset	-	-	-	13,962
Transfers	(1,544)	1,544	-	-
Total General Revenues and Transfers	1,397,488	1,910	1,399,398	13,962
Change In Net Assets	(681,207)	77,679	(603,528)	89,952
Net Assets - Beginning	7,110,060	414,950	7,525,010	28,548
Net assets - Ending	$ 6,428,853	$ 492,629	$ 6,921,482	$ 118,500

The accompanying notes are an integral part of this financial statement.

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CITY OF ROSSVILLE, GEORGIA

Balance Sheet
Governmental Funds
September 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 899,061	$ -	$ -	$ 899,061
Receivables, Net	271,359	-	-	271,359
Cash Restricted	-	335,762	46,188	381,950
Total Assets	1,170,420	335,762	46,188	1,552,370
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	58,423	4,367	-	62,790
Other Payables	25,045	-	-	25,045
Total Liabilities	83,468	4,367	-	87,835
Fund Balances				
Restricted:				
Capital Projects	-	331,395	-	331,395
Law Enforcement	-	-	46,188	46,188
Assigned	29,414	-	-	29,414
Unassigned	1,057,538	-	-	1,057,538
Total Fund Balances	1,086,952	331,395	46,188	1,464,535
Total Liabilities and Fund Balances	$ 1,170,420	$ 335,762	$ 46,188	$ 1,552,370

Reconciliation of the Balance Sheet to the Statement of Net Assets

Total Fund Balances - Governmental Funds		$ 1,464,535
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental Capital Assets	7,982,888	
Less Accumulated Depreciation	(2,993,197)	4,989,691
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated Absences		(25,373)
Net Assets of Governmental Activities		$ 6,428,853

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 1,356,993	$ -	$ -	$ 1,356,993
Licenses and Permits	11,617	-	-	11,617
Charges For Services	190,094	-	-	190,094
Fines and Forfeitures	351,193	-	4,772	355,965
Investment Earnings	7,259	856	101	8,216
Intergovernmental	122,369	-	-	122,369
Contributions	6,953	-	-	6,953
Miscellaneous Income	9,754	-	24,925	34,679
Total Revenues	2,056,232	856	29,798	2,086,886
Expenditures				
Current:				
General Government	469,891	3,844	-	473,735
Police	765,711	6,886	17,330	789,927
Fire	238,321	-	-	238,321
Streets	388,754	11,182	-	399,936
Culture and Recreation	201,035	26,012	-	227,047
Sanitation	207,333	-	-	207,333
Drainage Improvements	-	33,008	-	33,008
Capital Outlay:				
General Government	-	21,281	-	21,281
Police	-	6,080	22,020	28,100
Fire	-	7,016	-	7,016
Streets	-	47,371	-	47,371
Culture and Recreation	-	30,426	-	30,426
Drainage Improvements	-	1,544	-	1,544
Total Expenditures	2,271,045	194,650	39,350	2,503,501
Excess (Deficiency) of Revenues Over Expenditures	(214,813)	(193,794)	(9,552)	(416,615)
Other Financing Sources (Uses)				
Proceeds From Disposal of Capital Assets	3,796	-	-	3,796
Total Other Financing Sources (Uses)	3,796	-	-	3,796
Net Change in Fund Balances	(211,017)	(193,794)	(9,552)	(414,363)
Fund Balances - Beginning	1,297,971	525,189	55,740	1,878,900
Fund Balances - Ending	$ 1,086,954	$ 331,395	$ 46,188	$ 1,464,537

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended September 30, 2011

Net Change in Fund Balances		$ (414,363)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period:		
Expenditures for Capital Assets	146,998	
Less Current Year Depreciation	(306,274)	
		(159,276)
Proceeds from the sale or disposal of capital assets are shown as other financing sources and uses in the governmental funds, while loss on disposal of capital assets is shown in the Statement of Activities.		(104,925)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.		
Net Change in Compensated Absences		(2,643)
Change In Net Assets of Governmental Activities		$ (681,207)

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2011

	Budget			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Taxes	$ 1,407,271	$ 1,407,271	$ 1,356,993	$ (50,278)
Licenses And Permits	16,750	16,750	11,617	(5,133)
Charges For Services	184,900	184,900	190,094	5,194
Fines And Forfeitures	350,000	350,000	351,193	1,193
Investment Earnings	12,000	12,000	7,259	(4,741)
Intergovernmental	114,070	114,070	122,369	8,299
Contributions	-	-	6,953	6,953
Miscellaneous Income	6,000	6,000	9,754	3,754
Total Revenues	2,090,991	2,090,991	2,056,232	(34,759)
Expenditures				
General Government	455,331	470,331	469,891	440
Police	770,310	766,310	765,711	599
Fire	253,931	238,931	238,321	610
Streets	375,543	378,043	388,754	(10,711)
Culture And Recreation	180,118	180,118	201,035	(20,917)
Sanitation	206,000	207,500	207,333	167
Total Expenditures	2,241,233	2,241,233	2,271,045	(29,812)
Excess (Deficiency) Of Revenues Over Expenditures	(150,242)	(150,242)	(214,813)	(64,571)
Other Financing Sources				
Proceeds From Disposal Of Capital Assets	3,000	3,000	3,796	796
Total Other Financing Sources	3,000	3,000	3,796	796
Net Change In Fund Balances	(147,242)	(147,242)	(211,017)	(63,775)
Fund Balances - Beginning	1,297,971	1,297,971	1,297,971	-
Appropriation of Prior Year Fund Balance	147,242	147,242	-	(147,242)
Fund Balances - Ending	$ 1,297,971	$ 1,297,971	$ 1,086,954	$ (211,017)

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Statement of Net Assets

Proprietary Funds

September 30, 2011

	Sewer Utility
Assets	
Current Assets:	
Cash And Cash Equivalents	$ 242,761
Receivables, Net	5,586
Total Current Assets	248,347
Noncurrent Assets:	
Capital Assets:	
Lines And Extensions	257,738
Equipment	60,942
Less Accumulated Depreciation	(37,983)
Total Noncurrent Assets	280,697
Total Assets	529,044
Liabilities	
Current Liabilities:	
Accounts Payable	36,415
Total Currrent Liabilities	36,415
Total Liabilities	36,415
Net Assets	
Invested In Capital Assets	280,697
Unrestricted	211,932
Total Net Assets	$ 492,629

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

For the Year Ended September 30, 2011

	Sewer Utility
Operating Revenues	
Charges For Services	$ 512,036
Total Operating Revenues	512,036
Operating Expenses	
Costs Of Sales And Services	423,693
Depreciation	12,574
Total Operating Expenses	436,267
Operating Income	75,769
Nonoperating Revenues	
Interest and Investment Revenue	366
Total Nonoperating Revenues	366
Income Before Contributions	76,135
Capital Contribution	1,544
Change In Net Assets	77,679
Total Net Assets - Beginning	414,950
Total Net Assets - Ending	$ 492,629

The accompanying notes are an integral part of this financial statement.

CITY OF ROSSVILLE, GEORGIA

Statement of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2011

	Sewer Utility
Cash Flows From Operating Activities	
Receipts From Customers	$ 548,519
Payments To Suppliers	(422,677)
Net Cash Provided By Operating Activities	125,842
Cash Flows From Noncapital Financing Activities	
No Noncapital Financing Activities	-
Cash Flows From Capital and Related Financing Activities	
No Capital or Related Financing Activities	-
Cash Flows From Investing Activities	
Interest Earned	366
Net Increase In Cash	126,208
Cash Balances - October 1, 2010	116,553
Cash Balances - September 30, 2011	$ 242,761
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:	
Operating Income	$ 75,769
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:	
Depreciation Expense	12,574
(Increase)/Decrease In Accounts Receivable	36,483
Increase/(Decrease) In Accounts Payable	1,016
Net Cash Provided By Operating Activities	$ 125,842
Noncash Investing, Capital, and Financing Activities:	
Capital Asset Transfer	$ 1,544

The accompanying notes are an integral part of this financial statement.

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Note 1. Summary of Significant Accounting Policies

The City of Rossville was incorporated in 1905 and operates under a Mayor/Council form of government. The City provides the following services: General and Administrative Services, Public Safety (Police and Fire), Public Utilities (Sewer), Recreation, and Public Works (which includes Streets and Sanitation).

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Unit. The Downtown Development Authority of the City of Rossville was created to facilitate development/revitalization of the downtown business district. The City Council appoints the board members of the Authority, but currently has no further accountability or financial interest in it. The Downtown Development Authority of the City of Rossville does not issue separate financial statements. Information concerning the Authority and its operations may be obtained at the City's administrative offices.

B. Government-wide and Fund Financial Statements

GASB Statement 34 took effect for entities the size of the City of Rossville during the fiscal year ending September 30, 2004. The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type. Fiduciary funds are not included in the government-wide statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide statement of net assets, governmental and business type activities are presented on a consolidated basis and reflect full accrual, economic resources basis, which includes long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements emphasize major funds in either the governmental or business-type category. Non-major governmental funds (if any) are reported as a separate column in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial transactions of the City are recorded in individual funds which provide a separate set of self-balancing accounts that are comprised of assets, liabilities, reserves, fund equity, revenues and expenditures. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncements and APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

Governmental 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

D. Fund Types and Major Funds

The government reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for the receipts and disbursements of resources that are to be used to finance the acquisition and/or construction of capital assets.

The government reports the following major proprietary fund:

The *Sewer Utility Fund* accounts for those operations of the City which involve sewage pumping stations and collection systems. A fee is charged to external users for goods or services and the activity is intended to be self-supporting.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise fund are charges to customers for sales and services. The sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

E. Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities and stated at fair value.

F. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances which represent receivables and payables between governmental and business-type activities are reported as internal balances. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the General Fund and the Sewer Utility Fund. Elimination of these charges would distort the direct costs and revenues

reported for the two funds.

Property tax receivables is presented net of uncollectible allowance and is compromised of all taxes unpaid from current and prior years.

G. Restricted Cash

Demand and time deposits set aside for the purchase and/or renovation of capital assets are classified as restricted on the balance sheet because their use is limited by applicable voter approved legislation for the sales tax which provides those funds.

H. Capital Assets

Capital assets that cost more than $1,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, including property, plant, vehicles, equipment and infrastructure (streets, bridges, curbs and gutters, sidewalks, drainage and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Any general infrastructure acquisitions made after September 30, 2004 will be recorded and depreciated by the City's capital asset schedule.

I. Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements.

J. Long-term Obligations

Long-term debt and other obligations are reported as a liability in the government-wide financial statements and the proprietary fund types in the fund financial statements.

K. Bond Discounts/Issuance Costs

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the bonds-outstanding, method which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable whereas issuance

costs are recorded as deferred charges.

L. Fund Equity

Fund equity at the governmental fund reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- *Restricted* – fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- *Committed* – fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- *Assigned* – fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

- *Unassigned* – fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in general fund. Negative unassigned fund balance may be reported in all funds.

When restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

Net Assets – represents the different between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition, construction of capital assets. Net assets may be reported as restricted or unrestricted.

M. Inventory

Inventory (where applicable) is valued at lower of cost (first-in, first-out) or market.

Note 2. Stewardship, Compliance and Accountability

Budgets

Georgia Law requires an annual balanced budget for the general fund, special revenue fund and a project length budget for each capital project fund. Budgets are adopted on a basis consistent with generally accepted accounting principles. All departments of the City submit requests for appropriation to the City Clerk so that a budget may be prepared. The budget is prepared by fund, function (department), and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Department heads may make transfers of appropriations within a department. The legal level of budgetary control is at the department level. Transfers of appropriations between departments must be approved by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by Council.

Expenditures exceeded budgeted appropriations in the following General Fund departments:

Streets	$10,711
Culture and Recreation	20,917

Note 3. Deposits and Investments

Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities.

At year end the government's carrying amount of deposits was $1,523,772 and the bank balance was $1,524,938. The bank balance was covered by $252,380 federal depository insurance and the remaining $1,271,376 balance was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. This represents a category 2 level of risk.

Cash as of September 30, 2011 is as follows:

Statement of Net Assets

Cash	$ 1,141,822
Restricted Cash	381,950
Total	$ 1,523,772

The City has no investments other than cash.

Note 4. Receivables

Accounts receivables consist of amounts due from customers for charges related to providing water/sewer services. Receivables as of year-end for the government's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General Fund	Sewer Utility Fund
Accounts	$ -	$ 5,586
Taxes	285,039	-
Total	285,039	5,586
Less: Allowance For Uncollectibles	(13,680)	-
Net Total Receivables	$ 271,359	$ 5,586

Property Tax

Property tax is levied upon receipt of the digest from Walker County and based upon the assessed value at January 1. Taxes were billed September 29, 2010 and due by December 20, 2010. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Assessed values are established by the Walker County Board of Tax Assessors and are currently calculated at 40% of market value. The gross assessed value of property at January 1, 2010 was $638,334. Based on the 2010 millage levy of 9.035, a property owner would pay $9.035 per $1,000 of assessed valuation. Current tax collections of $602,114 were 94.3 percent of the tax levy.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

Note 5. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds:

The City had no interfund receivables or payables as of September 30, 2011.

Transfers and Payments:

Routine transfers and payments between funds are to subsidize operations, fund capital projects, pay for capital asset acquisition and to re-allocate special revenues. During fiscal 2011, the City's Capital Projects Fund acquired an asset for the Sewer Utility Fund. At the fund level, this transaction is presented as a capital contribution in the Sewer Utility Fund. At the entity-wide level it is presented as a transfer between governmental activities and business-type activities.

Entity-wide transfers between governmental and business-type activities for the fiscal year are as follows:

Between Governmental and Business-type Funds:

Source Fund	Transfer to Fund	Amount
Capital Projects	Sewer Utility Fund	$ 1,544

Note 6. Capital Assets

The following is a summary of the primary government capital asset activity during the fiscal year:

Primary Government

Governmental Activities	Balance October 1, 2010	Additions	Deletions	Transfers In/(Out)	Balance September 30, 2011
Nondepreciable Capital Assets					
Land	$ 308,080	$ -	$ (53,805)	$ (45,694)	$ 208,581
Total Nondepreciable Capital Assets	308,080	-	(53,805)	(45,694)	208,581
Depreciable Capital Assets					
Buildings and Improvements	2,553,717	9,000	(56,195)	45,694	2,552,216
Machinery and Equipment	3,015,762	137,998	(5,374)	-	3,148,386
Infrastructure	2,069,565	4,140	-	-	2,073,705
Total Depreciable Capital Assets	7,639,044	151,138	(61,569)	45,694	7,774,307
Less Accumulated Depreciation For:					
Buildings and Improvements	(1,333,451)	(44,306)	937	-	(1,376,820)
Machinery and Equipment	(1,256,097)	(210,125)	5,374	-	(1,460,848)
Infrastructure	(103,686)	(51,843)	-	-	(155,529)
Total Accumulated Depreciation	(2,693,234)	(306,274)	6,311	-	(2,993,197)
Total Depreciable Capital Assets, Net	4,945,810	(155,136)	(55,258)	45,694	4,781,110
Total Capital Assets, Net	$ 5,253,890	$ (155,136)	$ (109,063)	$ -	$ 4,989,691

Business-type Activities	Balance October 1, 2010	Additions	Deletions	Transfers In/(Out)	Balance September 30, 2011
Depreciable Capital Assets					
Lines and Extensions	$ 257,738	$ -	$ -	$ -	$ 257,738
Equipment	59,398	-	-	1,544	60,942
Total Depreciable Capital Assets	317,136	-	-	1,544	318,680
Less Accumulated Depreciation For:					
Lines and Extensions	(25,027)	(6,443)	-	-	(31,470)
Equipment	(382)	(6,131)	-	-	(6,513)
Total Accumulated Depreciation	(25,027)	(12,574)	-	-	(37,983)
Total Depreciable Capital Assets, Net	$ 292,109	$ (12,574)	$ -	$ 1,544	$ 280,697

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

Governmental Activities:	
General Government	$ 29,186
Police	54,879
Fire	89,762
Public Works	107,809
Culture and Recreation	24,638
Total Depreciation Expense - Governmental Activities	$ 306,274
Business-type Activities:	
Sewer Utility	$ 12,574

The following estimated useful lives are used to compute depreciation (straight-line method):

Equipment	3-10 Years
Buildings	20-50 Years
Infrastructure	30 Years
System	20-75 Years

Note 7. Long-term Debt

Long-term debt activity for the fiscal year ended September 30, 2011 is as follows:

Governmental Activities:	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Compensated Absences	$ 22,730	$ 26,720	$ 24,077	$ 25,373	$ -
Total Long-term Liabilities	$ 22,730	$ 26,720	$ 24,077	$ 25,373	$ -

Compensated absences in the governmental activities are liquidated in the General Fund.

There were no long – term debt payable issues as of September 30, 2011

Note 8. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Rossville Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 65 years of age with 5 years of service. Early retirement is possible at age 55 with 10 years of service.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10). According to the latest actuarial valuation, dated January 1, 2010, the estimated minimum annual contribution under these funding standards for the fiscal year ended September 30, 2011 was $49,427.

According to the annual plan valuation dated January 1, 2010, the recommended contribution to the plan for fiscal 2011 was $56,583 ($0 employee and $56,583 employer; 0% employee and

8.38% employer of expected covered payroll respectively), and for fiscal 2010 was $74,413 ($0 employee and $74,413 employer, 0% employee and 10.27% employer of expected covered payroll). Expected covered payroll for 2011 and 2010 was $658,020 and $724,682, respectively.

Funded Status. GASB No. 27 requires disclosure of the City's annual pension cost, percentage of annual pension cost contributed and net pension obligation for the most recent three years.

Three-Year Trend information

Year Ended	Employer Annual Pension Cost (APC)	Percentage Of APC Contributed	Net (EOY) Pension Obligation
2011	$ 56,583	100%	-
2010	74,413	100%	-
2009	48,876	100%	-

Schedule of Funding Progress

Actuarial Valuation Dated January 1	(1) Actuarial Value Of Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as % Of Covered Payroll (3)/(5)
2010	$ 1,192,459	$ 1,312,778	$ 120,319	90.83%	$ 658,020	18.29%
2009	941,688	1,306,026	364,338	72.10%	724,682	50.28%
2008	1,167,534	1,233,037	65,503	94.69%	583,309	11.23%
2007	1,116,462	1,158,521	42,059	96.37%	645,921	6.51%
2006	1,080,539	1,093,535	12,996	98.81%	638,668	2.03%
2005	1,058,439	1,096,717	38,278	96.51%	599,453	6.39%
2004	1,045,431	1,032,265	(13,166)	101.28%	521,997	-2.52%

Significant Actuarial Assumptions. A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and the assumptions for the fiscal year ending September 30, 2011 are summarized below:

Rate of return on investment	7.75% per year
Projected salary increases for	
Inflation	3.5% per year
Merit or Seniority	Varies dependent on age and service

Annual rates of increase in:	
Salaries	Varies dependent on age and service
Future Social Security Wage Base	3.5%
Cost of living adjustment	Not applicable
Post retirement benefit increases	Not applicable
Actuarial Methods:	
Normal Cost and Actuarial Accrued Liability	Projected Unit Credit
Actuarial Value of Assets	Roll forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses).

As of January 1, 2010, employee membership data related to the fiscal 2011 plan membership was as follows:

Retirees and beneficiaries currently receiving benefits	19
Terminated employees entitled to benefits but not yet receiving them	6
Vested active participants	8
Nonvested participants	13
Total	46

Note 9. Net Asset Restrictions

Restrictions are used to indicate that a portion of the net assets is not appropriable for expenditure or is legally segregated for a specific future use. The City uses the following restrictions:

Governmental Activities:

Restricted for capital projects – Created to segregate monies received from federal, state, or local sources that restrict use for specific capital projects only. These are accounted for in the Capital Projects Fund.

Restricted for law enforcement activities- Created to segregate money received from sale or seizure of property acquired through confiscations. These are accounted for the Seizure Fund.

Business-type Activities:

As of September 30, 2011, there are no restrictions on the Sewer Utility Fund requiring a restriction of any portion of net assets.

Note 10. Other Information

Vacation and Sick Leave

City employees are granted vacation and sick leave in varying amounts. At year end employees are paid for ½ of unused sick leave. Unused vacation leave, 48 hours maximum, can be carried forward by employees. Any amounts exceeding the 48 hour threshold are lost.

Note 11. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three years, the costs of any settlements have not exceeded insurance coverage.

Note 12. Joint Venture

The City of Rossville is a member of the Coosa Valley Regional Department Center (RDC). The RDC was created under the laws of the State of Georgia and cities and counties in the area served by the RDC are required to be members. The membership of the RDC includes 10 counties and 35 municipalities. The City has no equity interest in the RDC nor does the City materially contribute to the continued existence of the RDC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RDC ceases operation, the membership can be assessed for any debt or obligation of the RDC. Separate financial statements may be obtained from: Coosa Valley Regional Development Center, P.O. Box 1793, Rome, Georgia 30162.

Note 13. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 14. Restricted Assets

As of September 30, 2011, the City's restricted asset account balances were comprised of the following:

Governmental Activities:

Cash - Capital Projects	$ 335,762
Cash - Law Enforcement	46,188
Total Restricted Asset Balances	$ 381,950

Note 15. Special Local Option Sales Tax

On July 15, 2008, Walker County voters passed a referendum on the question of "yes/no" shall a special one percent sales and use tax be imposed in Walker County for a period of time not to exceed 24 calendar quarters. Actual collection of the tax began November 1, 2008. The City of Rossville's distributive share of the revenue was projected to be $2,394,000 and used for water, sewer, and storm water improvements; acquisition, construction, and renovation of recreation facilities; technology and books for the library; road, street, and bridge improvements; and the acquisition of equipment for various governmental departments.

Note 16. Other Post Retirement Benefits

The City does not offer any post retirement benefits other than the pension plan described in Note 8.

BUDGETARY COMPARISONS

CITY OF ROSSVILLE, GEORGIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the Year Ended September 30, 2011

	Acutal			
	Prior Years	**Current Year**	**Total to Date**	**Project Authorization**
Revenues				
Taxes	$ 1,688,057	$ -	$ 1,688,057	$ 2,394,000
Interest Income	4,766	856	5,622	-
Total Revenues	1,692,823	856	1,693,679	2,394,000
Expenditures				
Current:				
General Government	16,712	3,844	20,556	-
Police	6,135	6,886	13,021	-
Fire	7,411	-	7,411	-
Streets	7,647	11,182	18,829	-
Culture and Recreation	38,246	26,012	64,258	-
Drainage Improvements	-	33,008	33,008	-
Capital Outlays:				
General Government	-	21,281	21,281	70,000
Police	85,251	6,080	91,331	368,000
Fire	622,674	7,016	629,690	293,000
Streets	173,501	47,371	220,872	1,115,500
Culture and Recreation	60,603	30,426	91,029	150,000
Drainage Improvements	152,454	1,544	153,998	397,500
Total Expenditures	1,170,634	194,650	1,365,284	2,394,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	522,189	(193,794)	328,395	-
Other Financing Sources				
Proceeds From Disposal of Capital Assets	3,000	-	3,000	-
Total Other Financing Sources	3,000	-	3,000	-
Net Change in Fund Balance	$ 525,189	(193,794)	$ 331,395	$ -
Fund Balance - Beginning of Year		525,189		
Fund Balance - End of Year		$ 331,395		

CITY OF ROSSVILLE, GEORGIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Special Revenue Seizure Fund
For the Year Ended September 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Fines and Forfeitures	$ -	$ 50,000	$ 4,772	$ (45,228)
Interest Income	-	-	101	101
Miscellaneous Revenue	-	-	24,925	24,925
Total Revenues	-	50,000	29,798	(20,202)
Expenditures				
Current - Police	-	25,000	17,330	7,670
Capital Outlay - Police	-	25,000	22,020	2,980
Total Expenditures	-	50,000	39,350	10,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(9,552)	(9,552)
Net Change in Fund Balance	-	-	(9,552)	(9,552)
Fund Balance - Beginning of Year	55,740	55,740	55,740	-
Fund Balance - End of Year	$ 55,740	$ 55,740	$ 46,188	$ (9,552)

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COMPLIANCE SECTION

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

EARL WILLIAMSON
LLOYD WILLIAMSON

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rossville, Georgia, as of and for the year ended September 30, 2011, which collectively comprise the City of Rossville, Georgia's basic financial statements and have issued our report thereon dated February 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting (11-1). 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Rossville, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of City of Rossville, Georgia, in a separate letter dated February 14, 2012.

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

This report is intended solely for the information and use of management, City Council, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Williamson and Company

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
February 14, 2012

Finding 11-1 Recording of Cash Disbursements

Criteria: Fiscal year expenditures paid for immediately after yearend should be recorded as accounts payable and cash transactions should always be recorded within the period they take place.

Condition: Cash disbursements made after the end of the fiscal year for expenditures incurred during the fiscal year were posted as entries to cash for the fiscal year under audit.

Cause: Misunderstanding by management on how to record cash disbursements made after yearend for expenditures/expenses incurred during the reporting period.

Effect: As a result, General Fund cash and accounts payable were understated and had to be adjusted.

Recommendation: After the close of each year end, management review all unpaid invoices and record as accounts payable, and only report cash receipts and disbursements in the period in which they are received or disbursed.

Management's Response: After discussing with our auditor during fieldwork, in the future all cash transactions will be recorded in the period that they take place.

CITY OF ROSSVILLE, GEORGIA

Schedule of Special Purpose Local Option Sales Tax Expenditures

Year Ended September 30, 2011

Project Description	Estimated Costs		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2008 SPLOST					
Acquisition of Vehicles, Equipment, for all City Departments; Construction and Renovations of City's Roads, Bridges, Water, Sewer, and Stormwater Facilities; Technology Equipment and Books for the Library	$ 2,394,000	$ 2,394,000	$ -	$ -	$ -
Acquisition, Construction, Renovation and Installation of Street Department Facilities	-	-	57,498	-	57,498
Renovation, Construction, Expansion and Equipping of Public Safety Building	-	-	-	-	-
Acquisition, Construction, Renovation of Sewer System and Storm Water System	-	-	152,454	34,552	187,006
Acquisition, Construction, Renovation and Installation of Recreation Facilities and Equipment	-	-	77,110	51,141	128,251
Acquisition of Equipment and Vehicles for Fire and Police	-	-	733,226	19,982	753,208
Acquisition of Equipment and Vehicles for Street Department	-	-	109,897	50,636	160,533
Acquisition of Technology Equipment and Books for Library	-	-	18,732	5,297	24,029
Acquisition, Construction, Repair and Improvements to Roads, Streets, and Bridges	-	-	2,005	7,917	9,922
Acquisition of Equipment for Administration Offices	-	-	16,712	25,125	41,837
Total	$ 2,394,000	$ 2,394,000	$ 1,167,634	$ 194,650	$ 1,362,284

This schedule of SPLOST expenditures is prepared on the accrual basis of accounting.