

CATOOSA COUNTY, GEORGIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2019

JOHNSON, HICKEY & MURCHISON, P.C.
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Chattanooga, Tennessee

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INDEPENDENT AUDITORS' REPORT

**To the Board of Commissioners
Catoosa County, Georgia**

Report on the Financial Statements

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 Catoosa County, Georgia, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component unit, which is 100% of the assets, net position and revenues of the component unit activities.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Catoosa County Health Department, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Catoosa County Health Department, is based solely on the report of the other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, based on our audit and the report of other auditors, 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, each major fund, and the aggregate remaining fund information for Catoosa County, Georgia, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 on pages vi–xv, and the schedules of required supplementary information on pages 43-56 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 and other auditors 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catoosa County, Georgia's basic financial statements. The combining nonmajor fund financial statements, agency funds financial statement, and financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, agency fund financial statements, financial schedules, and the schedule of expenditures of federal awards 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining nonmajor fund financial statements, agency fund financial statements, financial schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020, on our consideration of Catoosa County, 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 solely 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 effectiveness of Catoosa County, Georgia's 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 Catoosa County, Georgia's internal control over financial reporting and compliance.

Johnson, Wickey & Meucham, P.C.

March 27, 2020
Chattanooga, Tennessee

Catoosa County, Georgia
Management's Discussion and Analysis
For the Year Ended September 30, 2019

Management's discussion and analysis provides an objective and easily readable analysis of the Government's financial activities. The analysis provides summary financial information for Catoosa County and should be read in conjunction with the Government's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government's basic financial statements comprise three components; (1) *Government-wide financial statements*, (2) *Fund financial statements*, and (3) *Notes to the financial statements*. The *Government-wide financial statements* present an overall picture of the Government's financial position and results of operations. The *Fund financial statements* present financial information for the Government's major funds. The *Notes to the financial statements* provide additional information concerning the Government's finances that are not disclosed in the Government-wide or Fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The *Government-wide financial statements* are the Statement of Net Position and the Statement of Activities. These statements use accounting methods like those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental Activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, fines, and charges for services. Business-type activities are supported by charges to the users of those activities.

The Statement of Net Position presents information on all assets and liabilities of the Government, with the difference between assets and liabilities reported as net position. Net position is reported in four categories: (1) net investment in capital assets (2) assigned, (3) restricted and (4) unrestricted. Assets, liabilities, and net position is reported for all Governmental activities separate from the assets, liabilities and net position of Business-type activities. In addition, assets, liabilities, and net position is reported for the Catoosa County Health Department which is considered a component unit of the Government.

The Statement of Activities presents information on all revenues and expenses of the Government and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the Government. To assist in understanding the Government's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the Government include public safety, judicial, public works, health and welfare, culture and recreation, and general government services. Business-type activities financed by user charges include storm water and solid waste collections. Again, expenses and revenues of the component unit are reported separately from the primary Government's financial information.

Fund financial statements present financial information for governmental funds, proprietary funds, and fiduciary funds. These statements provide financial information for the major funds of Catoosa County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and

expenditures), and current available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The statement of fiduciary net position provides information concerning assets held in trust by the Government on behalf of others.

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all governmental funds. A schedule of revenues, expenditures, and changes in fund balances – budget and actual, is provided as required supplementary information for the Government's General Fund. For the proprietary funds a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows are presented. A statement of fiduciary changes in assets and liabilities is presented for the Government's agency funds. *Fund financial statements* provide more detailed information about the Government's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

The *Government-wide financial statements* and the *Fund financial statements* provide different pictures of the Government. The *Government-wide financial statements* provide an overall picture of the Government's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the Government's overall financial health and how the Government paid for the various activities, or functions, provided by the Government. All assets including land, buildings, equipment and infrastructure (which include storm water systems, roads, bridges, traffic signals, etc.) are reported in the Statement of Net Position. All liabilities, including principal outstanding on bonds, capital leases, and future employee benefits obligated but not paid by the Government are reported in the Statement of Net Position. Transactions between the different functions of the Government, however, have been eliminated to avoid a duplication of the revenues and expenses. The *Fund financial statements* provide a picture of the major funds and a column for all non-major funds. In the case of governmental activities, outlays for long lived assets are reported as expenditures, and long-term liabilities, such as general obligation bonds, are not included in the fund financial statements. To provide a link from the *Fund financial statements* to the *Government-wide financial statements*, reconciliation is provided from the *Fund financial statements* to the *Government-wide financial statements*.

The *Notes to the financial statements* provide additional detail concerning the financial activities and financial balances of the Government. Additional information about the accounting practices of the Government; investments of the Government, long-term debt, and the pension plan are some of the items included in the Notes. The notes to the financial statements can be found on pages 13 to 40 of this report.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Catoosa County's total assets exceeded total liabilities by \$436.9 million (net position). Total net position for governmental activities were \$441.8 million; total net position for business-type activities was a deficit in the amount of \$4.9 million. The following table provides a summary of the County's net position.

STATEMENT OF NET POSITION (\$ IN MILLIONS)

	Governmental		Business-Type		Total Primary	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and Other Assets	\$ 35.1	\$ 28.4	\$ (1.2)	\$ (1.3)	\$ 33.9	\$ 27.1
Capital Assets	411.3	421.8	3.0	3.3	414.3	425.1
Total Assets	446.4	450.2	1.8	2.0	448.2	452.2
Total Deferred Outflows of Resources:						
	-	-	-	-	-	-
Liabilities:						
Current and Other Liabilities	2.8	1.8	-	-	2.8	1.8
Long-Term Liabilities	1.7	3.8	6.7	6.6	8.4	10.4
Total Liabilities	4.5	5.6	6.7	6.6	11.2	12.2
Total Deferred Inflows of Resources						
	-	-	-	-	-	-
Net Position:						
Invested in Capital Assets	410.4	418.8	3.0	3.3	413.4	422.1
Restricted	14.7	14.3	-	-	14.7	14.3
Unrestricted	16.7	11.5	(7.9)	(7.9)	8.8	3.6
Total Net Position	\$ 441.8	\$ 444.6	\$ (4.9)	\$ (4.6)	\$ 436.9	\$ 440.0

Total net position declined by \$4.1 million, with \$3.6 million of the decrease from governmental activities and \$300 thousand business-type activities. The decrease in the assets of \$4.0 million is due to a decrease in capital assets of \$10.8 million partially offset by an increase in current and other assets of \$6.8 million. The decrease in capital assets is the result of depreciation of \$13.1 million partially offset by increases for capital additions of \$2.4 million. The increase in current and other assets is the result of increases of \$6.0 million in cash and cash equivalents, \$100 thousand in other taxes receivable, and \$900 thousand in land held for resale partially offset by decreases of \$100 thousand in due from other governmental entities and \$100 thousand in prepaid expenses. Liabilities decreased \$1.0 million with a decrease of \$900 thousand in long-term liabilities due in more than one year and a decrease of \$1.1 million in long-term liabilities due within one year partially offset by an increase of \$1.0 million in accounts payable. Net capital assets in the amount of \$413.4 million comprised the bulk of the net assets of the County. This includes land, buildings, equipment, capital improvements, infrastructure as well as assets currently under construction. Restricted net assets in the amount of \$14.7 million are comprised of the SPLOST Funds, Confiscated Assets Fund and DATE Fund. The positive balance in unrestricted net assets of \$8.8 million is composed of a positive balance of \$16.7 million in governmental activities, mainly the General Fund reserve balance, and a negative of \$7.9 million in the business-type activities due to the negative fund equity in the Solid Waste Management Authority which is mainly a result of accrued landfill post closure care costs.

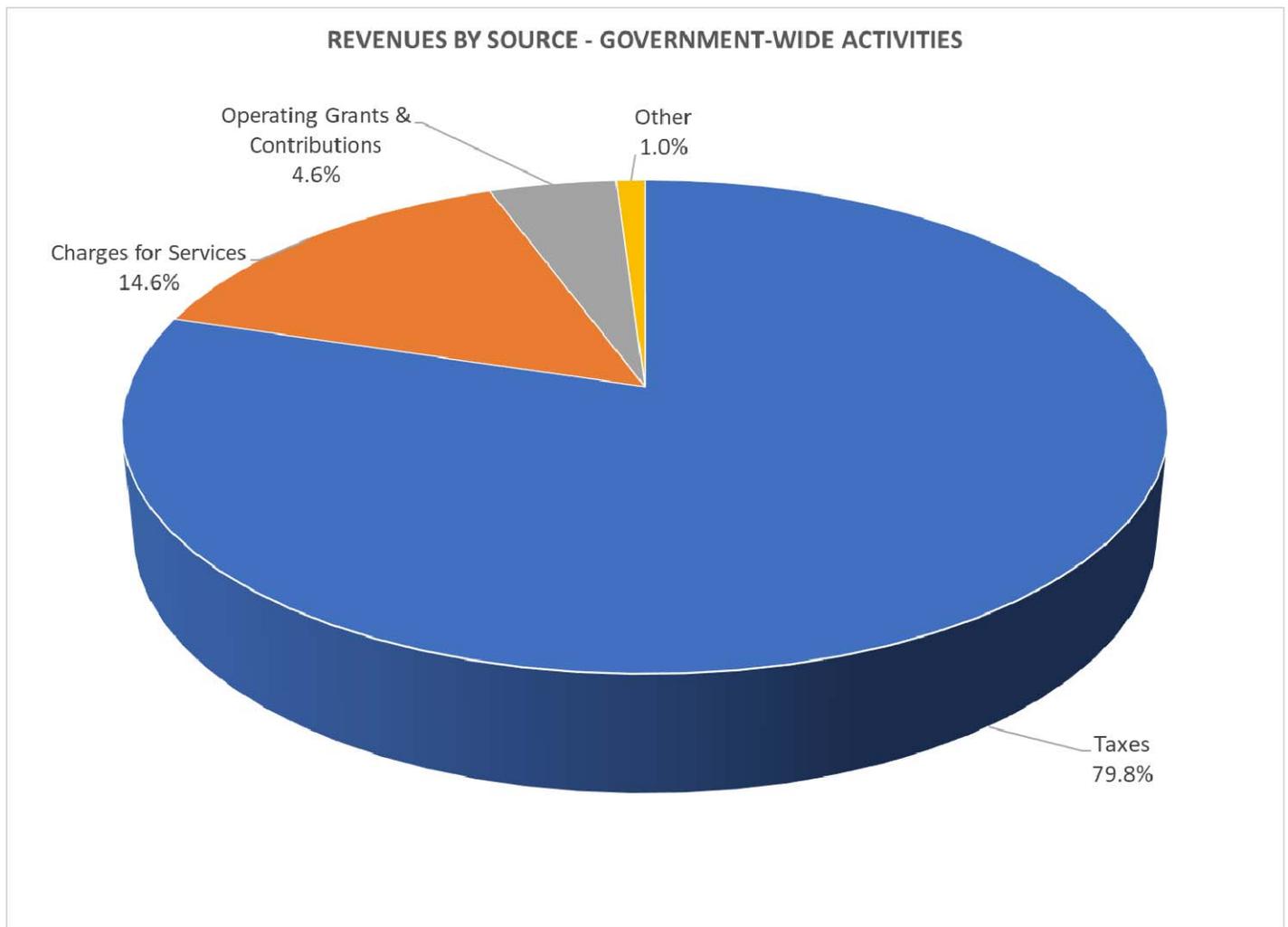
A comparative summary of the County's changes in net position is presented below.

CHANGES IN NET POSITION (\$ IN MILLIONS)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues						
Charges for services	6.5	6.3	0.5	0.4	7.0	6.7
Operating grants and contributions	2.2	1.9	-	-	2.2	1.9
Capital grants and contributions	-	-	-	-	-	-
General Revenues						
Property taxes	14.0	13.4	-	-	14.0	13.4
Special local option sales tax	11.3	10.4	-	-	11.3	10.4
Local option sales tax	8.0	7.3	-	-	8.0	7.3
Insurance premium tax	3.3	3.0	-	-	3.3	3.0
Federal payments in lieu of taxes	0.5	0.4	-	-	0.5	0.4
Other taxes	0.8	0.8	-	-	0.8	0.8
Franchise fees	0.3	0.4	-	-	0.3	0.4
Interest	0.3	0.1	-	-	0.3	0.1
Other	0.2	0.2	-	-	0.2	0.2
Total Revenues	<u>47.4</u>	<u>44.2</u>	<u>0.5</u>	<u>0.4</u>	<u>47.9</u>	<u>44.6</u>
Expenses:						
General government	5.0	4.8	-	-	5.0	4.8
Judicial	4.1	4.2	-	-	4.1	4.2
Public safety	16.7	15.4	-	-	16.7	15.4
Public works	18.5	17.7	-	-	18.5	17.7
Health and welfare	1.7	1.7	-	-	1.7	1.7
Housing and development	1.3	1.3	-	-	1.3	1.3
Culture and recreation	2.6	2.6	-	-	2.6	2.6
Landfill	-	-	0.8	0.9	0.8	0.9
Storm water	-	-	0.1	0.1	0.1	0.1
Total Expenses	<u>49.9</u>	<u>47.7</u>	<u>0.9</u>	<u>1.0</u>	<u>50.8</u>	<u>48.7</u>
Change in Net Position before Transfers	(2.5)	(3.5)	(0.4)	(0.6)	(2.9)	(4.1)
Transfers	(0.3)	(0.1)	0.1	0.1	(0.2)	-
Change in Net Position	(2.8)	(3.6)	(0.3)	(0.5)	(3.1)	(4.1)
Net position - beginning of year	444.6	448.2	(4.6)	(4.1)	440.0	444.1
Net position - end of year	<u>\$ 441.8</u>	<u>\$ 444.6</u>	<u>\$ (4.9)</u>	<u>\$ (4.6)</u>	<u>\$ 436.9</u>	<u>\$ 440.0</u>

Catoosa County's total government-wide revenues for 2019 were 47.9 million, an increase of \$3.3 million from \$44.6 million in 2018. The increase was the result of increases of \$300 thousand in charges for services, \$300 thousand in operating grants and contributions, \$600 thousand in property tax, \$900 thousand in special local option sales tax, \$700 thousand in local option sales tax, \$300 thousand in insurance premium tax, \$100 thousand in federal payments in lieu of taxes, and \$200 thousand in interest. These increases were partially offset by a decrease of \$100 thousand in franchise fees.

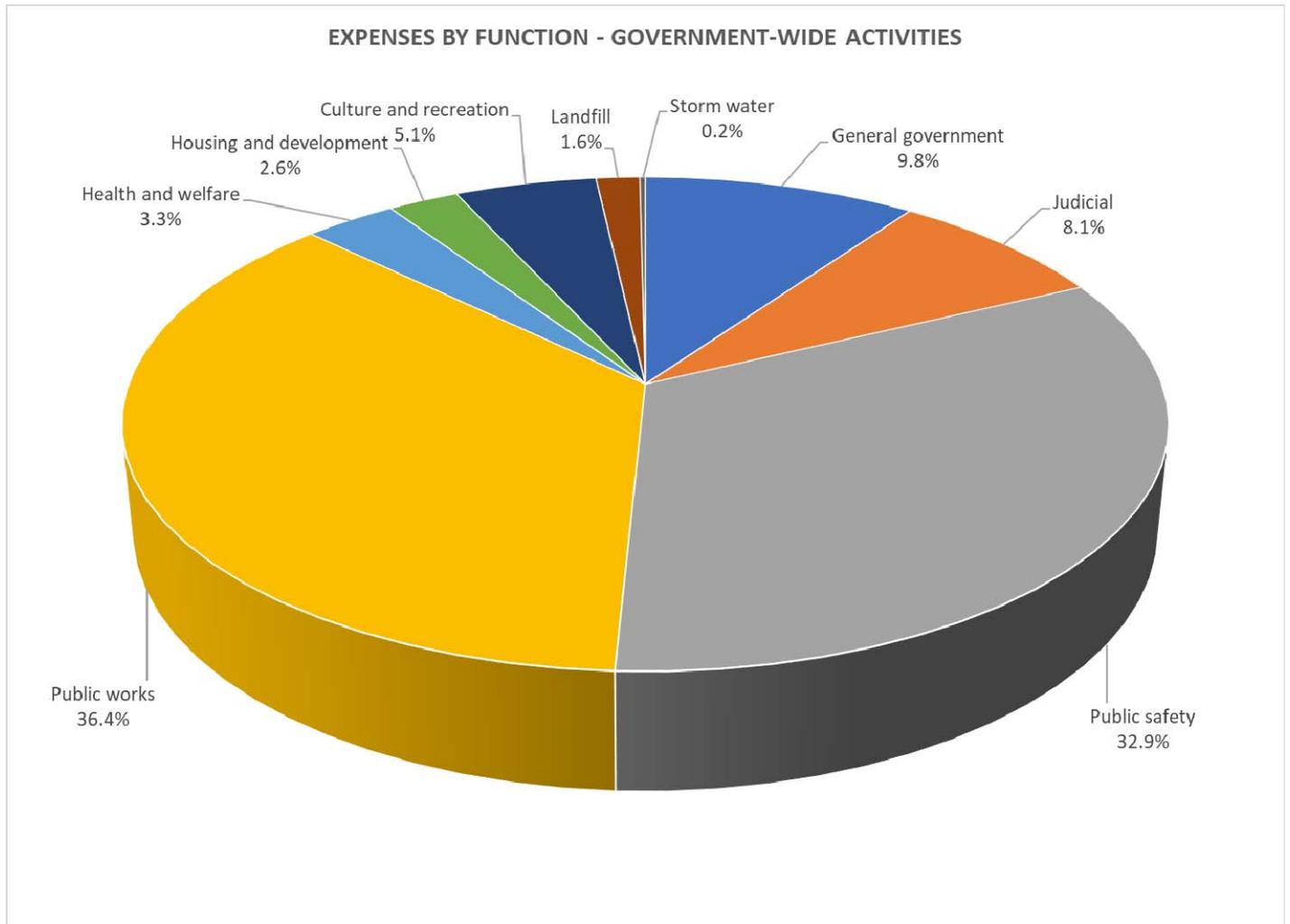
The chart below depicts the distribution of the government-wide revenues by source.



As indicated by the revenues chart, taxes were the largest source of revenue. The largest groups of taxes are property tax, sales tax, and insurance premium tax. The next largest source is charges for services. These charges include licenses and permits, fines and forfeitures related to judicial activity, fees charged through various County governmental departments, and others.

Catoosa County's government-wide expenses for 2019 were \$50.8 million, an increase of 2.1 million from \$48.7 million for 2018. The increase was a result of increases of \$200 thousand in general government, \$1.3 million in public safety, and \$800 in public works. The increases were partially offset by decreases of \$100 thousand in judicial and \$100 thousand in landfill.

The chart below depicts the distribution of the government-wide expenses by function.



As indicated by the expense chart, the largest use of County resources was for public works which includes road, bridge, and culvert repair and replacement among other services. The second largest use was for public safety services which include the Sheriff's Office, the jail, fire and rescue services and others.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Major Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Revenues in the governmental funds were \$47.3 million, an increase of \$3.1 million from \$44.2 million in 2018. The increase was the result of increases in the General Fund of \$1.9 million, SPLOST Capital Projects \$1.1 million, and Other Governmental Funds \$200 thousand which were partially offset by a decrease in the Development Authority \$100 thousand. The increase in the General Fund was due to increases in taxes \$1.5 million, intergovernmental \$200 thousand, fines, fees and forfeitures \$100 thousand, and investment earnings \$200 thousand; these were partially offset by a decrease of \$100 thousand in charges for services. SPLOST Capital Projects increased due to increases in taxes \$900 thousand, intergovernmental \$100 thousand, and investment earnings \$100 thousand. Other Governmental Funds increased due to increases in charges for services \$100 thousand and fines, fees and forfeitures \$100 thousand. The decrease in the Development Authority was due to a decrease in other revenue of \$100 thousand.

Expenditures in the governmental funds were \$41.7 million, an increase of \$200 thousand from \$41.5 million in 2018. The increase was the result of increases in the General Fund \$1.2 million, the Development Authority \$700 thousand, and Other Governmental Funds \$200 thousand; these increases were partially offset by a decrease in SPLOST Capital Projects of \$1.9 million. The increase in the General Fund was due to increases in general government \$200 thousand, public safety \$600 thousand, and \$100 thousand each for public works, health and welfare, housing and development, and culture and recreation. The increase in the Development Authority was due to a decrease in debt service \$900 thousand partially offset by a decrease in housing and development \$200 thousand. The increase in Other Governmental Funds was due to increases in public safety \$300 thousand and health and welfare \$100 thousand; these were partially offset by a decrease in capital outlay \$200 thousand. The decrease in SPLOST Capital Projects was due to decreases in culture and recreation \$100 thousand, intergovernmental \$400 thousand, and capital outlay \$2.7 million; these were partially offset by increases in public safety \$100 thousand and public works \$1.2 million.

There was no significant change in other financing sources and uses.

As the County completed the year, its governmental funds reported a combined fund balance of \$32.0 million an increase of \$5.6 million from \$26.4 million in 2018. The General Fund, which is the chief operating fund of the County increased \$3.9 million, the Development Authority increased \$1.1 million, SPLOST Capital Projects Fund increased \$400 thousand and Other Governmental Funds increased \$200 thousand.

Major Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The County has two proprietary funds which fall under business-type activities. These are the Solid Waste Authority which operates the landfill operations and the Public Works Authority. Operating revenues in business type activities were \$500 thousand, an increase of \$100 thousand from \$400 thousand in 2018. The increase was due to an increase in gas generation revenue. Operating expenses in business-type activities were \$900 thousand, a decrease of \$100 thousand from \$1.0 million in 2018. The decrease is due primarily to a decrease in equipment repairs for the landfill to gas generator. These two funds reported an operating loss of \$400 thousand less transfers from other funds of \$100 thousand which resulted in a reduction in net position of \$300 thousand for the period ended 2019.

The County has one proprietary fund which falls under governmental activities. This is the Internal Service Fund for the Self-Insured Health Insurance Fund. The operations began in July 2019. The operating revenues, which were received from other County operations and employee payroll deductions, were \$1.4 million. The operating expenses, which include medical and pharmacy claims, were \$1.3 million. The fund ended the year with a net position of \$100 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

General fund operations for 2019 resulted in a fund balance of \$16.4 million, an increase of \$3.9 million from \$12.5 million in 2018. The \$3.9 million increase is the result of the excess of revenues and other financing sources over expenditures and other financing uses.

Actual revenues and other financing sources exceeded budgeted revenues and other financing sources \$2.2 million. The excess was due to: property taxes \$400 thousand, other taxes \$1.0 million, charges for current services \$100 thousand, other revenue \$100 thousand, fines, fees and forfeitures \$100 thousand, investment earnings \$300 thousand, other \$100 thousand, and other financing sources \$100 thousand. 57% of the favorable variances were from increases in local option sales tax and title ad valorem tax.

Actual expenditures and other financing uses were less than budgeted expenditures \$1.7 million. The savings were a result of savings in the following categories: judicial \$300 thousand, general government \$300 thousand, public safety \$300 thousand, public works \$400 thousand, culture and recreation \$100 thousand, and other financing uses \$300 thousand. The favorable variances were fairly distributed over all functions as the effort continues to control expenditures.

CAPITAL ASSETS ACTIVITY

Investment in capital assets, net of accumulated depreciation, of the primary government decreased \$10.9 million. Beginning balance was \$425.1 million plus current year additions of \$2.4 million, less current year depreciation of \$13.1 million less dispositions of \$ 200 thousand resulted in an ending balance of \$414.3 million. The CIP balance includes \$233 thousand for the CAD Project and \$103 thousand for various other ongoing projects. The addition to the buildings category is Fire Station 2. In the equipment, vehicles, furniture and fixtures category the largest additions were: \$882 thousand for the Fire Department including \$361 thousand for a fire engine, \$446 thousand for safety gear, and \$75 thousand for vehicles, \$122 thousand for a Public Works paver, \$246 thousand for various other vehicles. Most capital additions were funded by SPLOST. Additional information on the County's capital assets can be found in Note (5) on pages 25 to 27 of this report.

A summary of activity in capital assets, net of depreciation, of the primary government for the year ended September 30, 2019, is as follows:

	Beginning Balance	Additions	Depreciation	Dispositions/ Reclass	Ending Balance
Land	\$ 6,146,358	\$ -	\$ -	\$ (244,500)	\$ 5,901,858
CIP	876,727	445,372	-	(985,718)	336,381
Land Improvements	6,370,669	-	(491,704)	145,411	6,024,376
Infrastructure	382,014,025	2,209	(10,366,605)	-	371,649,629
Buildings	23,982,328	534,125	(528,319)	809,760	24,797,894
Equipment, Vehicles, Furniture, & Fixtures	5,746,532	1,454,971	(1,691,856)	30,546	5,540,193
Total	<u>\$ 425,136,639</u>	<u>\$ 2,436,677</u>	<u>\$(13,078,484)</u>	<u>\$ (244,501)</u>	<u>\$ 414,250,331</u>

THE GOVERNMENT'S DEBT

The bonds payable of the Catoosa County Development Authority which were outstanding at the end of 2018 were paid in full in 2019. The outstanding balance of the note payable of the Catoosa County Development Authority to Financial Corporation of North Georgia, LLC, is \$850,764, which is payable on or before December 31, 2020 with no interest. The post closure obligations are \$1,890,164 for Site #1 and \$4,792,162 for Site #2 which is the Georgia Environmental Protection Division estimate of the future liability for the next seventeen to twenty-three years respectively. The compensated absences represent the cumulative and vesting for unpaid employee paid time off (PTO) leave. Additional information on the county's debt can be found in Note (6) on pages 28 to 30 of this report.

A summary of activity in long-term debt of the primary government for the year ended September 30, 2019, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital lease obligations	\$ -	\$ -	\$ -	\$ -
Bonds payable	1,280,600	-	(1,280,600)	-
Notes payable	1,750,764	-	(900,000)	850,764
Landfill closure / postclosure obligation	6,538,480	143,846	-	6,682,326
Compensated absences	771,967	109,612	-	881,579
Total	<u>\$ 10,341,811</u>	<u>\$ 253,458</u>	<u>\$ (2,180,600)</u>	<u>\$ 8,414,669</u>

STATUS OF THE CATOOSA COUNTY ECONOMY

Retail sales taxes for the fiscal year 2019 were up \$688 thousand, or 9.59% compared to fiscal year 2018. The net digest for real, personal, motor vehicles, mobile home, timber and equipment is up \$63.0 million, or 3.6% for 2019 over 2018.

REQUESTS FOR INFORMATION

This report is designed to present a general overview of Catoosa County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. For questions concerning this report or requests for additional information, please contact the Chief Financial Officer at carol.roberts@catoosa.com or at the following address and telephone number:

Catoosa County Government
Finance Department
800 Lafayette Street
Ringgold, Ga. 30736
706-965-2500

The Catoosa County Health Department, a component unit of Catoosa County, issues separately audited financial statements. Requests for additional information may be directed to:

Catoosa County Health Department
Finance Office
P.O. Box 609
Lafayette, Ga. 30728
706-638-5577

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents				
Available	\$ 23,583,025	\$ -	\$ 23,583,025	\$ 2,442,084
Restricted for specific use	1,225,000	-	1,225,000	-
Certificates of deposit				
Restricted for specific use	3,215,000	-	3,215,000	-
Investments	14,779	-	14,779	-
Due from other funds	1,170,348	(1,170,348)	-	-
Due from other governmental entities	1,718,534	-	1,718,534	200,683
Property taxes receivable	198,727	-	198,727	-
Other taxes receivable	975,107	-	975,107	-
Accounts receivable	30,271	-	30,271	-
Prepaid expenses	350,677	-	350,677	-
Prepaid supplies	74,352	-	74,352	21,841
Land held for resale	2,600,764	-	2,600,764	-
Land and other nondepreciable assets	4,469,102	1,769,137	6,238,239	-
Other capital assets, net	406,794,133	1,217,959	408,012,092	5,219
	<u>\$ 446,419,819</u>	<u>\$ 1,816,748</u>	<u>\$ 448,236,567</u>	<u>\$ 2,669,827</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension benefits	\$ -	\$ -	\$ -	\$ 183,388
Related to other post-employment benefits	-	-	-	126,083
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,471</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 2,722,999	\$ 7,377	\$ 2,730,376	\$ 3,726
Due to heirs, litigants and others	67,177	-	67,177	-
Due to other governments	-	-	-	79,952
Long-term liabilities				
Due within one year	881,579	-	881,579	3,747
Due in more than one year	850,764	6,682,326	7,533,090	1,514,340
	<u>\$ 4,522,519</u>	<u>\$ 6,689,703</u>	<u>\$ 11,212,222</u>	<u>\$ 1,601,765</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	\$ 40,592	\$ -	\$ 40,592	\$ -
Related to pension benefits	-	-	-	73,273
Related to other post-employment benefits	-	-	-	390,114
	<u>\$ 40,592</u>	<u>\$ -</u>	<u>\$ 40,592</u>	<u>\$ 463,387</u>
NET POSITION				
Net investment in capital assets	\$ 410,412,471	\$ 2,987,096	\$ 413,399,567	\$ 5,219
Restricted for				
Capital projects	14,311,879	-	14,311,879	-
Public safety	447,744	-	447,744	-
Health and welfare	3,191	-	3,191	-
Unrestricted	16,681,423	(7,860,051)	8,821,372	908,927
	<u>\$ 441,856,708</u>	<u>\$ (4,872,955)</u>	<u>\$ 436,983,753</u>	<u>\$ 914,146</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities								
Judicial	\$ 4,115,594	\$ 1,711,995	\$ 171,104	\$ -	\$ (2,232,495)	\$ -	\$ (2,232,495)	\$ -
General government	5,016,312	981,416	66,836	7,475	(3,960,585)	-	(3,960,585)	-
Public safety	16,661,446	2,635,374	84,687	-	(13,941,385)	-	(13,941,385)	-
Public works	18,482,226	-	943,567	-	(17,538,659)	-	(17,538,659)	-
Health and welfare	1,740,431	37,819	750,040	57,657	(894,915)	-	(894,915)	-
Housing and development	1,274,024	577,503	-	-	(696,521)	-	(696,521)	-
Culture and recreation	2,572,429	533,565	197,922	-	(1,840,942)	-	(1,840,942)	-
Interest	11,965	-	-	-	(11,965)	-	(11,965)	-
Total governmental activities	<u>49,874,427</u>	<u>6,477,672</u>	<u>2,214,156</u>	<u>65,132</u>	<u>(41,117,467)</u>	<u>-</u>	<u>(41,117,467)</u>	<u>-</u>
Business-type activities								
Landfill services	730,709	393,099	-	-	-	(337,610)	(337,610)	-
Stormwater management	126,659	81,188	-	-	-	(45,471)	(45,471)	-
Total business-type activities	<u>857,368</u>	<u>474,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(383,081)</u>	<u>(383,081)</u>	<u>-</u>
Total primary government	<u>50,731,795</u>	<u>6,951,959</u>	<u>2,214,156</u>	<u>65,132</u>	<u>(41,117,467)</u>	<u>(383,081)</u>	<u>(41,500,548)</u>	<u>-</u>
COMPONENT UNITS								
Health Department	<u>965,509</u>	<u>544,752</u>	<u>725,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,670</u>
Total component units	<u>\$ 965,509</u>	<u>\$ 544,752</u>	<u>\$ 725,427</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,670</u>
GENERAL REVENUES								
Property taxes					13,975,796	-	13,975,796	-
Special local option sales tax					11,345,497	-	11,345,497	-
Local option sales tax					7,951,206	-	7,951,206	-
Insurance premium tax					3,318,259	-	3,318,259	-
Federal payments in lieu of					493,083	-	493,083	-
Other taxes					788,242	-	788,242	-
Franchise fees					332,588	-	332,588	-
Interest					330,728	-	330,728	25,595
Gain on sale of capital assets					85,127	-	85,127	-
Other					57,801	-	57,801	486,236
Total general revenues					<u>38,678,327</u>	<u>-</u>	<u>38,678,327</u>	<u>511,831</u>
TRANSFER TO OTHER GOVERNMENT								
					(244,500)	-	(244,500)	-
TRANSFERS								
					<u>(93,132)</u>	<u>93,132</u>	<u>-</u>	<u>-</u>
Change in net position					(2,776,772)	(289,949)	(3,066,721)	816,501
NET POSITION								
Beginning					<u>444,633,480</u>	<u>(4,583,006)</u>	<u>440,050,474</u>	<u>97,645</u>
Ending					<u>\$ 441,856,708</u>	<u>\$ (4,872,955)</u>	<u>\$ 436,983,753</u>	<u>\$ 914,146</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Development Authority	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,126,150	\$ 6,471	\$ 14,383,170	\$ -	\$ 23,515,791
Certificates of deposit	3,215,000	-	-	-	3,215,000
Restricted cash	1,225,000	-	-	-	1,225,000
Investments	14,779	-	-	-	14,779
Due from other governmental entities	1,718,534	-	-	-	1,718,534
Due from other funds	3,015,812	-	-	625,984	3,641,796
Property taxes receivable	198,727	-	-	-	198,727
Other taxes receivable	6,907	-	968,200	-	975,107
Other receivables	-	-	30,271	-	30,271
Prepaid expenses	350,677	-	-	-	350,677
Prepaid supplies	74,352	-	-	-	74,352
Land held for resale	-	2,600,764	-	-	2,600,764
	<u>\$ 18,945,938</u>	<u>\$ 2,607,235</u>	<u>\$ 15,381,641</u>	<u>\$ 625,984</u>	<u>\$ 37,560,798</u>
Total assets					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,348,528	\$ -	\$ 1,034,715	\$ 45,946	\$ 2,429,189
Due to heirs, litigants and others	67,177	-	-	-	67,177
Due to other funds	982,194	1,802,372	38,759	4,302	2,827,627
	<u>2,397,899</u>	<u>1,802,372</u>	<u>1,073,474</u>	<u>50,248</u>	<u>5,323,993</u>
Total liabilities					
Deferred inflows of resources					
Deferred tax revenue	183,717	-	-	-	183,717
Deferred grant revenue	-	-	-	40,592	40,592
	<u>183,717</u>	<u>-</u>	<u>-</u>	<u>40,592</u>	<u>224,309</u>
Total deferred inflows of resources					
Fund balances					
Nonspendable					
Prepaid items	425,029	-	-	-	425,029
Restricted for					
SPLOST projects	-	-	14,308,167	-	14,308,167
Capital projects	-	-	-	3,712	3,712
Public safety	-	-	-	447,744	447,744
Health and welfare	-	-	-	3,191	3,191
Unassigned	15,939,293	804,863	-	80,497	16,824,653
	<u>16,364,322</u>	<u>804,863</u>	<u>14,308,167</u>	<u>535,144</u>	<u>32,012,496</u>
Total fund balances					
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,945,938</u>	<u>\$ 2,607,235</u>	<u>\$ 15,381,641</u>	<u>\$ 625,984</u>	<u>\$ 37,560,798</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Differences in amounts reported for governmental activities in the statement of net position on page 1:

Fund balances – total governmental funds \$ 32,012,496

Amounts reported for governmental activities in the statement of net position are different because:

Certain 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. 183,717

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 411,263,235

Internal service funds are used by management to charge the costs of self-insurance. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net position. 129,603

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (1,732,343)

\$ 441,856,708

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Development Authority	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 25,879,116	\$ -	\$ 11,345,497	\$ -	\$ 37,224,613
Licenses and franchises	395,728	-	-	-	395,728
Charges for services	734,254	-	-	1,350,239	2,084,493
Intergovernmental	1,066,574	-	745,348	787,968	2,599,890
Fines, fees and forfeitures	3,241,988	-	-	312,638	3,554,626
Investment earnings	330,667	61	198,219	-	528,947
Other	848,244	2,250	-	23,278	873,772
	<u>32,496,571</u>	<u>2,311</u>	<u>12,289,064</u>	<u>2,474,123</u>	<u>47,262,069</u>
Total revenues					
EXPENDITURES					
Current					
Judicial	3,962,688	-	-	57,048	4,019,736
General government	4,692,653	-	164,438	-	4,857,091
Public safety	13,440,669	-	92,028	1,799,797	15,332,494
Public works	2,159,474	-	3,793,977	-	5,953,451
Health and welfare	1,184,910	-	-	464,614	1,649,524
Housing and development	825,349	309,933	15,131	-	1,150,413
Culture and recreation	2,210,905	-	14,959	186,455	2,412,319
Intergovernmental	-	-	1,997,638	-	1,997,638
Capital outlay	-	-	2,109,434	58,589	2,168,023
Debt service					
Principal	-	2,180,600	-	-	2,180,600
Interest	-	18,064	-	-	18,064
	<u>28,476,648</u>	<u>2,508,597</u>	<u>8,187,605</u>	<u>2,566,503</u>	<u>41,739,353</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,019,923	(2,506,286)	4,101,459	(92,380)	5,522,716
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	85,127	-	-	-	85,127
Insurance proceeds	49,557	-	-	-	49,557
Transfers from other funds	-	3,670,782	-	214,782	3,885,564
Transfers to other funds	(307,914)	-	(3,670,782)	-	(3,978,696)
NET CHANGE IN FUND BALANCES	3,846,693	1,164,496	430,677	122,402	5,564,268
FUND BALANCES					
Beginning	<u>12,517,629</u>	<u>(359,633)</u>	<u>13,877,490</u>	<u>412,742</u>	<u>26,448,228</u>
Ending	<u>\$ 16,364,322</u>	<u>\$ 804,863</u>	<u>\$ 14,308,167</u>	<u>\$ 535,144</u>	<u>\$ 32,012,496</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

Differences in amounts reported for governmental activities in the statement of activities on page 2:

Net change in fund balances – total governmental funds	\$ 5,564,268
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay reported as expenditures in the governmental funds are reported as capital assets in the statement of activities.	2,436,677
Transfer of capital assets to other governmental entity is included in the statement of activities.	(244,500)
Depreciation expense on governmental capital assets are included in the statement of activities.	(12,778,441)
Long-term liabilities in the statement of net position include an estimated liability for compensated absences. These are planned to be liquidated with future resources; therefore, the increase or decrease in the liability does not affect expenditures in the governmental funds.	(109,612)
Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.	38,535
Payment of accrued interest associated with long-term debt is an expenditure in the governmental funds, but the repayment reduces the accrued interest payable in the statement of net position.	6,098
Internal service funds are used by management to charge the costs of self-insurance. The income and expenses of the internal service funds are included in governmental activities columns in the statement of net position.	129,603
Repayment of long-term debt and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>2,180,600</u>
	<u>\$ (2,776,772)</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>	
	<u>Solid Waste Management Authority</u>	<u>Public Works Authority</u>		
<u>ASSETS</u>				
CURRENT ASSETS				
Cash	\$ -	\$ -	\$ -	\$ 67,234
Due from other funds	-	31	31	356,179
Total current assets	-	31	31	423,413
CAPITAL ASSETS				
Land	1,738,360	30,777	1,769,137	-
Land improvements	6,601,955	898,093	7,500,048	-
Buildings	40,465	-	40,465	-
Equipment and vehicles	1,861,463	30,815	1,892,278	-
	10,242,243	959,685	11,201,928	-
Less accumulated depreciation	7,479,832	735,000	8,214,832	-
Net capital assets	2,762,411	224,685	2,987,096	-
Total assets	<u>\$ 2,762,411</u>	<u>\$ 224,716</u>	<u>\$ 2,987,127</u>	<u>\$ 423,413</u>
<u>LIABILITIES AND NET POSITION</u>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 6,682	\$ 695	\$ 7,377	\$ 14,660
Claims payable	-	-	-	279,150
Due to other funds	1,170,379	-	1,170,379	-
Total current liabilities	1,177,061	695	1,177,756	293,810
LONG-TERM LIABILITIES				
Accrued postclosure care costs	6,682,326	-	6,682,326	-
Total long-term liabilities	6,682,326	-	6,682,326	-
Total liabilities	7,859,387	695	7,860,082	293,810
NET POSITION				
Net investment in capital assets	2,762,411	224,685	2,987,096	-
Unrestricted	(7,859,387)	(664)	(7,860,051)	129,603
	(5,096,976)	224,021	(4,872,955)	129,603
Total liabilities and net position	<u>\$ 2,762,411</u>	<u>\$ 224,716</u>	<u>\$ 2,987,127</u>	<u>\$ 423,413</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>	
	<u>Solid Waste Management Authority</u>	<u>Public Works Authority</u>		
OPERATING REVENUES				
Charges for services	\$ 393,099	\$ 81,188	\$ 474,287	\$ 1,440,797
Total revenues	<u>393,099</u>	<u>81,188</u>	<u>474,287</u>	<u>1,440,797</u>
OPERATING EXPENSES				
Depreciation	255,138	44,905	300,043	-
General operating expenses	<u>475,571</u>	<u>81,754</u>	<u>557,325</u>	<u>1,311,194</u>
Total expenses	<u>730,709</u>	<u>126,659</u>	<u>857,368</u>	<u>1,311,194</u>
OPERATING INCOME (LOSS)	(337,610)	(45,471)	(383,081)	129,603
TRANSFERS				
Transfers from other funds	<u>93,132</u>	<u>-</u>	<u>93,132</u>	<u>-</u>
CHANGE IN NET ASSETS	(244,478)	(45,471)	(289,949)	129,603
NET POSITION				
Beginning	<u>(4,852,498)</u>	<u>269,492</u>	<u>(4,583,006)</u>	<u>-</u>
Ending	<u>\$ (5,096,976)</u>	<u>\$ 224,021</u>	<u>\$ (4,872,955)</u>	<u>\$ 129,603</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>	
	<u>Solid Waste Management Authority</u>	<u>Public Works Authority</u>		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from user fees	\$ 393,099	\$ 81,188	\$ 474,287	\$ 1,440,797
Payments to suppliers for goods or services	<u>(342,385)</u>	<u>(81,188)</u>	<u>(423,573)</u>	<u>(1,017,384)</u>
Net cash provided by operating activities	<u>50,714</u>	<u>-</u>	<u>50,714</u>	<u>423,413</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Loan to other funds	<u>(143,846)</u>	<u>-</u>	<u>(143,846)</u>	<u>(356,179)</u>
Net cash used by capital and related financing activities	<u>(143,846)</u>	<u>-</u>	<u>(143,846)</u>	<u>(356,179)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	<u>93,132</u>	<u>-</u>	<u>93,132</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>93,132</u>	<u>-</u>	<u>93,132</u>	<u>-</u>
NET CHANGE IN CASH	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,234</u>
CASH AND CASH EQUIVALENTS				
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,234</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (337,610)	\$ (45,471)	\$ (383,081)	\$ 129,603
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	255,138	44,905	300,043	-
Net change in operating liabilities	<u>133,186</u>	<u>566</u>	<u>133,752</u>	<u>293,810</u>
Net cash provided by operating activities	<u>\$ 50,714</u>	<u>\$ -</u>	<u>\$ 50,714</u>	<u>\$ 423,413</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,552,927
	<u>1,552,927</u>
Total assets	\$ 1,552,927
	<u>1,552,927</u>
LIABILITIES	
Due to heirs, litigants, and others	\$ 649,035
Due to other governmental entities	<u>903,892</u>
	<u>1,552,927</u>
Total liabilities	\$ 1,552,927
	<u>1,552,927</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
STATEMENT OF NET POSITION
COMPONENT UNIT
SEPTEMBER 30, 2019

	Catoosa County Health Department June 30, 2019
ASSETS	
Cash	\$ 2,442,084
Due from other governments	200,683
Inventory	21,841
Other capital assets, net of accumulated depreciation	<u>5,219</u>
Total assets	<u><u>\$ 2,669,827</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
Related to pension benefits	\$ 183,388
Related to other post-employment benefits	<u>126,083</u>
	<u><u>\$ 309,471</u></u>
 LIABILITIES	
Accounts payable	\$ 3,726
Due to other governments	79,952
Long-term liabilities	
Due within one year	3,747
Due in more than one year	<u>1,514,340</u>
Total liabilities	<u><u>\$ 1,601,765</u></u>
 DEFERRED INFLOWS OF RESOURCES	
Related to pension benefits	\$ 73,273
Related to other post-employment benefits	<u>390,114</u>
	<u><u>\$ 463,387</u></u>
 NET POSITION	
Net investment in capital assets	5,219
Unrestricted	<u>908,927</u>
Total net position	<u><u>\$ 914,146</u></u>

(The accompanying notes are an integral part of these statements.)

**CATOOSA COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
COMPONENT UNIT
YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Catoosa County Health Department				
Health Department operations	<u>\$ 965,509</u>	<u>\$ 544,752</u>	<u>\$ 725,427</u>	<u>\$ 304,670</u>
Total component units	<u>\$ 965,509</u>	<u>\$ 544,752</u>	<u>\$ 725,427</u>	<u>304,670</u>
 GENERAL REVENUES				
				486,186
Intergovernmental funding				50
Miscellaneous				25,595
Interest				<u>25,595</u>
				511,831
Total general revenues				<u>511,831</u>
				816,501
Change in net position				816,501
 NET POSITION				
				97,645
Beginning				<u>97,645</u>
				914,146
Ending				<u>\$ 914,146</u>

(The accompanying notes are an integral part of these statements.)

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Catoosa County, Georgia (the County) was organized by Georgia Acts of 1853. The County is governed by a five-member Board of Commissioners, with day-to-day operations vested in an appointed county manager.

The accounting policies of the County conform to generally accepted accounting principles applicable to local governments. The more significant accounting policies of the County are summarized below.

Reporting Entity

The accompanying financial statements include all funds of Catoosa County, Georgia (the primary government) as well as its component units, entities for which the County is financially accountable.

The County's financial statements include the financial statements (the only ones available) of the Catoosa County Solid Waste Management Authority and the Catoosa County Public Works Authority. These entities are reported as blended component units, as they provide services to the County and its citizens and are governed by boards controlled by members of the Board of Commissioners. The rates for user charges and debt authorizations are subject to approval by the Catoosa County Board of Commissioners. The Authorities are reported as enterprise funds.

The County's financial statements also include the financial statements (the only ones available) of the Catoosa County Development Authority. The development authority is reported as a blended component unit. The Catoosa County Development Authority was created by legislative act in the State of Georgia. The Board is appointed by the County Board of Commissioners which must approve Authority debt for which the Board is ultimately responsible. The purpose of the development authority is to develop industry in the County by assisting in the purchase and financing of property through bond issues and other debt. This component unit operates as a special revenue fund. In accordance with current guidance, the development authority is presented as a blended component unit because the development authority's total debt outstanding is expected to be repaid entirely with resources of the primary government.

The discretely presented component units include organizations which are legally separate from the primary government. They are considered component units because a majority of their boards are appointed by the County and because there is a financial benefit/burden relationship with the County. Discretely presented component units are as follows:

The Development Authority of Catoosa County (which had no assets and no activity during the current year) was created by legislative act in the State of Georgia. The Board of the Catoosa County Development Authority and the Board of the Development Authority of Catoosa County are the same, and are appointed by the County Board of Commissioners which must approve the Authority's debt for which the Board is ultimately responsible. The purpose of the development authority is to develop industry in the County by assisting in the purchase and financing of property through bond issues and other debt. This component unit operates as an enterprise fund. There are no financial statements available for the Development Authority of Catoosa County due to no assets and current year activity.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

The Catoosa County Health Department was created by legislative act in the State of Georgia and provides health care services and education to County residents. The Catoosa County Board of Health, the governing authority of the Health Department, is composed of seven members, three of whom are appointed by the County Board of Commissioners and one of whom is the chief executive officer of the Board of Commissioners.

The Catoosa County Health Department issues separately audited financial statements. Copies of these financial statements may be obtained from the Catoosa County Health Department, Ringgold, Georgia. In its separately audited financial statements, the Catoosa County Health Department is reported as a general fund. The Health Department's fiscal year end is June 30.

The following organizations have separately selected governing bodies, and are legally separate and fiscally independent from the County. Therefore, they are not considered component units of Catoosa County and are excluded from the accompanying financial statements:

Catoosa County Board of Education
Catoosa County Department of Family and Children's Services
Catoosa Utility District

Basis of Presentation

The County presents government-wide as well as fund level financial statements with activities at both levels categorized as either governmental or business-type. The government-wide statements of net position and activities have eliminated internal balances and transfers between the activities of the governmental funds, which were presented separately in the fund financial statements. Transfers between governmental activities and business-type activities of the primary government are separately stated on the government-wide statement of net position. As further discussed in Note 3, cash balances held by agency funds for governmental activities of the primary government are eliminated in the government-wide statement of net position and in the fund financial statements. The government-wide statement of activities reflects both the gross and net cost of functional categories which are otherwise supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues are those directly associated with the function and include revenues from fines and forfeitures, licenses and permit fees, and charges for services. Operating and capital grants and contributions are limited to the funding of a specific operating expense or capital acquisition.

At the fund level, major funds are presented separately while nonmajor funds are combined into a single column. Major funds are determined based on their percentage of assets, liabilities, revenues or expenditures compared to the total of the same for all governmental funds, and on their percentage of the same for the total of all governmental and proprietary funds, as applicable. The general fund, Development Authority, and the SPLOST capital projects fund are reported as major governmental funds. The Solid Waste Management Authority is a major enterprise fund.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The government-wide financial statements, consisting of the statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred. The government-wide financial statements report information on all of the nonfiduciary activities of the County as a whole.

The fund-level financial statements of the governmental funds, consisting of the general fund, special revenue funds, and capital projects funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are susceptible to accrual, which is defined as being both measurable, meaning that the amount of the transaction can be determined, and available, meaning collectible within the current period or soon enough thereafter (generally defined as within 60 days) to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property and other taxes, federal and state grants, other state funds, interest income and charges for services. Expenditures are generally recognized when the liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay and other employee amounts which are expected to be liquidated with future resources.

Since the governmental funds 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 the applicable fund statement which reconciles the adjustments necessary to convert the fund financial statements to the governmental activities column of the government-wide presentation.

All business-type activities, including the primary government proprietary funds, use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the liability is incurred. Operating revenues of proprietary funds are those revenues that result from the activities of the fund, such as charges for services. All other revenue is considered nonoperating revenue and includes grants, investment earnings, and gain on the sale of capital assets. Likewise, operating expenses are those expenses related to the principal activity of the fund, such as depreciation. Nonoperating expenses include all other expenses not considered operating, such as interest expense.

Internal service funds of a government traditionally provide services primarily to other funds of the government. Internal service funds are presented as part of the proprietary fund financial statement. Activities in the internal service fund include self-funding for health insurance, employee health clinic operations, and employee wellness and health benefits administration. Operating revenues and expenses are the result of providing services to the principal user of the internal service. Any revenues or expenses that are not the result of providing those services are classified as nonoperating. Since the principal users of the internal services are the County's governmental activities, financial statements of the internal service funds are consolidated into the governmental activities column when presented at the government-wide level and interfund transactions are eliminated. To the extent possible, the costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Agency funds are custodial in nature, as they receive and disburse receipts for other funds and other entities. The County's agency funds are presented using the economic resources measurement focus and the accrual basis of accounting.

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

Fund Accounting

The accounts of the County are organized on the basis of funds, which are considered separate accounting entities. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Amounts reported in the fund financial statements as due to or due from other funds are eliminated upon preparation of the government-wide statement of net position. The various funds are grouped into fund types as follows:

Governmental Funds

General Fund

The general fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund, or those for which it is considered fiscally responsible to be accounted for in a separate fund.

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.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets not financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and therefore funded primarily through user charges.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Fiduciary Funds

Trust and Agency Funds

Trust and agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Non-current governmental assets/liabilities

The County eliminates the presentation of account groups, but provides for these records to be maintained and incorporated into the governmental activities section of the government-wide financial statements.

The County maintains the following funds:

General fund (major fund)

Special revenue funds

Confiscated Assets Fund, which accounts for revenues and expenditures associated with currency forfeitures and drug fines and restitution.

Emergency 911 Fund, which accounts for revenues and expenditures associated with the operation of a County 911 emergency service.

Multiple Grant Fund, which accounts for revenues and expenditures from certain grants.

JCSA Fund, which accounts for specific revenues and expenditures associated with the operation of the County jail.

State Library Fund, which accounts for specific revenues and expenditures of the County library.

DATE Program Fund, which accounts for revenues and expenditures associated with drug awareness.

Catoosa County Development Authority (a blended component unit and major fund), which accounts for aid and assistance in the promotion and establishment of new business and recreation within the County.

Catoosa County Health Department (a discretely presented component unit), which provides health care services and health education to the residents of Catoosa County. In its separately issued financial statements, the Health Department is reported as a general fund.

Capital projects funds

SPLOST Capital Projects Fund (major fund), which accounts for the acquisition of assets, and other specific projects, with proceeds from the special local option sales tax.

Capital Projects Grant Fund, which accounts for acquisition of assets with proceeds from state or federal grants.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Proprietary funds

Enterprise funds

Public Works Authority (a blended component unit), which accounts for the operation of stormwater management.

Solid Waste Management Authority (a blended component unit and major fund), which accounts for the operation of the disposal of solid waste.

Development Authority of Catoosa County (a discretely presented component unit), which accounts for aid and assistance in the promotion and establishment of new business and recreation within the County.

Internal Service Funds

Healthcare Fund, which accounts for the County's self-insurance program for employee healthcare as well as the employee health clinic and employee wellness and health benefits administration. The costs for these programs are funded through premiums paid by the departments and agencies to the County.

Fiduciary funds

Agency funds

Tax Commissioner, which accounts for receipts and disbursements of property and other taxes.

Clerk of Superior Court, which accounts for receipts and disbursements of the Clerk's office, primarily court costs, fines and settlements.

Magistrate Court, which accounts for receipts and disbursements of the Magistrate Court, primarily court costs, fines and settlements.

Probate Judge, which accounts for receipts and disbursements of the Probate Judge office, primarily traffic fines and marriage license fees.

Sheriff, which accounts for receipts and disbursements of the Sheriff's Department, primarily cash bonds.

Fund Equity

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

Fund balance – Generally fund balance represents the difference between assets and liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., 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 County 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 County Board of Commissioners through the adoption of a resolution. The Board also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by Board action to be used for specific purposes, but are neither restricted or committed.

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

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

Net position – Net position represents the residual of all elements presented in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balances section above. All other net position is reported as unassigned.

Budget and budgetary control

Although no budget to actual statements are presented in the basic financial statements, the County provides, for informational purposes, its budget requirements and process. Annual revenue estimates and expenditure appropriations, on the modified accrual basis of accounting, are prepared for all governmental funds, with the exception of the capital projects funds, for which no annual appropriation is required and none is adopted. The projects accounted for in the capital projects funds are subject to budgetary control on a project basis. Providing budgetary information on an annual basis does not provide meaningful information because projects extend over more than one reporting period. Although a budget is not required for proprietary fund types, the County adopts a budget on the accrual basis of accounting for its primary government proprietary funds.

The proposed budget is reviewed by the Board of Commissioners for determination of the property tax levy. The current tax levy, along with other required information, is filed in the Office of the Clerk of the Superior Court and published in the local newspaper with notice of public hearings to obtain taxpayer comments. The budget is legally enacted through adoption at a subsequent public hearing as required by law.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget and budgetary control (continued)

Expenditures may not legally exceed budgeted appropriations at the department level. Budgetary integration is employed as a management tool during the fiscal year. As needed during the year, the County finance manager is authorized to amend line items, with the exception of salaries, within a department. Approval by the Board of Commissioners is required for amendments to salary line items, or department or fund totals. The budget was amended within the above guidelines for the year ended September 30, 2019.

Receivables

Receivables are reported at the outstanding principal amount. The County uses the direct write-off method to account for bad debts, which produces no material differences from the allowance method. Individual accounts are written off when they are determined to be uncollectible.

Capital Assets

For the fund financial statements, capital assets of governmental funds are recorded as expenditures at the time of purchase. For its proprietary funds and for governmental funds at the government-wide presentation, the County capitalizes long-lived assets with an original cost of \$1,000 or more. Such assets are recorded at cost.

For its proprietary funds and for its governmental funds at the government-wide presentation, depreciation of property and equipment is provided over the estimated useful lives of individual assets by the straight-line method. Estimated lives are as follows: equipment, 3 to 7 years; buildings, 25 to 75 years; land improvements, 10 to 27 years; infrastructure, 40 to 60 years.

Public domain (infrastructure) assets, which include roads, streets, curbs, gutters, sidewalks, etc., are recorded in the funds as expenditures at the time of purchase, and as capital assets in the government-wide financial statements. Infrastructure assets acquired prior to July 1, 1979, are not reported in these financial statements.

Notes payable

Notes payable reported in governmental funds are expected to be liquidated with expendable, available resources.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County.

Prepaid expenses

Prepaid expenses consist of certain payments which reflect costs applicable to future periods. In governmental funds, these types of costs are recorded as expenditures during the term of the benefit period, rather than when paid.

Discounts/premiums/issuance costs

In governmental funds, at the fund-level presentation, these types of transactions are recognized as revenue when received or as expenditures in the period in which incurred.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discounts/premiums/issuance costs (continued)

In proprietary funds, and at the government-wide presentation for governmental activities, discounts and premiums are deferred and amortized over the benefit or payment period. Debt issuance costs, except for any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred.

Cash equivalents

For purposes of these financial statements, the County considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Deferred Outflows/Inflows of Resources

The County has adopted the provisions of GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources - an acquisition of net position by the government that is applicable to a future reporting period.

As of September 30, 2019, the County did not have any deferred outflows of resources and had deferred inflows of resources from deferred property taxes of \$183,717 and deferred grant revenue of \$40,592.

(2) CASH AND INVESTMENTS

The County reports its cash and other investments under the provisions of governmental auditing standards.

Interest Rate Risk – As a means of limiting its exposure to losses resulting from rising interest rates, the County's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio. The County's investments experienced no significant fluctuations in fair value during the year.

Custodial Credit Risk – The County's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 110% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance, by collateral held by the County's agent in the County's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the County may participate. The County's policy is to limit its investments to certificates of deposit and savings and money market accounts with local banks and Georgia Fund 1, a combined state and local government investment pool. As of September 30, 2019 all deposits were insured or collateralized, as required by government policy. In addition all certificates of deposit were reported at cost and were insured as required by government policy.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(2) CASH AND INVESTMENTS (continued)

Credit Risk – The County’s policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

Investments in the local government investment pool are specifically invested in “Georgia Fund 1”. Georgia Fund 1, created by OCGA 36-83-8, is a Standard and Poor’s AA+ rated investment pool which is managed by the Office of the State Treasurer to maintain principal stability. The pool is not registered with the SEC as an investment company and the State does not consider Georgia Fund 1 to be a 2a-7 like pool. Georgia Fund 1 is managed to maintain a constant net asset value of \$1.00 value per share and a weighted maturity of 90 days or less, with the maximum maturity of any investment limited to 397 days. At October 31, 2019, the Georgia Fund 1 weighted average maturity was 39 days. This information was not available as of September 30, 2019. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker’s acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value. The fair values of investments in external investment pools are the same as the value of the pool shares. The County maintained a balance of \$14,779 in Georgia Fund 1 as of September 30, 2019.

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Most interfund receivable and payable balances are attributable to unsettled balances for charges between funds, and are expected to be paid within one year.

General fund payables to other governmental funds result from revenues received for these funds being held in a general fund cash account until an expenditure need arises. The balance in the confiscated assets fund is not expected to be repaid within one year. It is anticipated that the balance in the other funds will be repaid within one year.

The general fund receivable from the solid waste fund resulted from the general fund disbursing funds in a prior year for the Landfill Gas to Energy Project. This project is generating revenues that are funding the postclosure care cost on the landfill with the excess going to reduce the balance due to the general fund.

Payables from the agency funds to other funds consist of taxes, fines and forfeitures, and fees collected by the agency funds on behalf of other funds. At September 30, 2019, payables from agency funds to other funds were \$386,938, and have been eliminated and reported as cash and cash equivalents in the fund for which the revenue was collected.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(3) INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (continued)

Interfund receivables and payables at September 30, 2019, consist of the following:

Amounts receivable to the general fund from the following funds:

Major governmental fund		
Development Authority	\$	1,802,372
SPLOST capital projects	\$	38,759
Nonmajor governmental funds		
Emergency 911	\$	4,302
Major enterprise funds		
Solid waste	\$	1,170,379

Amounts payable from the general fund to the following funds:

Nonmajor governmental funds		
Confiscated assets	\$	62,735
Multiple grant	\$	31,439
JCSA	\$	109,332
State grant for library	\$	7,631
DATE program	\$	386,082
Capital projects	\$	28,765
Nonmajor enterprise funds		
Public works	\$	31
Internal service fund		
Healthcare	\$	356,179

In addition, the general fund advanced the Development Authority \$1,802,372 for the purpose of land development, and other expenses for industrial revenue projects. Repayment is expected for a period greater than one year and to be paid back with 2019 SPLOST proceeds for economic development.

The purpose of transfers are to allocate revenues from the fund that collects them to the fund that expends the resources based on budgetary operations of the County.

Transfers for the 2019 year were as follows:

Transfer from SPLOST (major fund) to development authority (major fund)	\$	3,670,782
Transfer from general fund (major fund) to emergency 911 (nonmajor fund)	\$	214,782
Transfer from general fund (major fund) to solid waste (major enterprise fund)	\$	93,132

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(4) FAIR VALUE MEASUREMENTS

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value for certain assets and liabilities using a consistent definition and accepted valuation techniques. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets and for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2

Inputs to the valuation methodology other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used for assets at fair value:

Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;

Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(4) FAIR VALUE MEASUREMENTS (continued)

Assets itemized below were measured at fair value during the year ended September 30, 2019. The market approach was used to determine the fair value of the land held for resale.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Land held for resale	\$ 2,600,764	\$ -	\$ -	\$ 2,600,764
Other investments				
Georgia Fund 1				14,779
				\$ 2,615,543

(5) CAPITAL ASSETS

Governmental activities

A summary of changes in capital assets and accumulated depreciation for governmental activities is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Nondepreciable capital assets				
Land	\$ 4,377,221	\$ -	\$ (244,500)	\$ 4,132,721
Construction in progress	876,727	445,372	(985,718)	336,381
Nondepreciable capital assets	\$ 5,253,948	\$ 445,372	\$ (1,230,218)	\$ 4,469,102
	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Depreciable capital assets				
Land improvements	\$ 7,613,166	\$ -	\$ 145,411	\$ 7,758,577
Infrastructure	759,568,370	2,209	-	759,570,579
Buildings	33,397,727	534,125	809,760	34,741,612
Equipment, vehicles, furniture and fixtures	21,594,920	1,454,971	(687,136)	22,362,755
	822,174,183	1,991,305	268,035	824,433,523

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(5) CAPITAL ASSETS (continued)
Governmental activities (continued)

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Less accumulated depreciation				
Land improvements	2,203,705	375,910	-	2,579,615
Infrastructure	377,554,345	10,366,605	-	387,920,950
Buildings	9,415,399	528,319	-	9,943,718
Equipment, vehicles, furniture and fixtures	16,405,182	1,507,607	(717,682)	17,195,107
	<u>405,578,631</u>	<u>12,778,441</u>	<u>(717,682)</u>	<u>417,639,390</u>
Depreciable capital assets, net	<u>\$ 416,595,552</u>	<u>\$ (10,787,136)</u>	<u>\$ 985,717</u>	<u>\$ 406,794,133</u>

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 188,609
Judicial	108,689
Public safety	1,399,485
Public works	10,547,951
Health and welfare	99,665
Culture and recreation	301,673
Housing and development	132,369
	<u>\$ 12,778,441</u>

Business-type activities

A summary of changes in capital assets and accumulated depreciation for the business-type activities is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Nondepreciable capital assets				
Land	<u>\$ 1,769,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,769,137</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(5) CAPITAL ASSETS (continued)
Business-type activities (continued)

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Depreciable capital assets				
Land improvements	\$ 7,500,048	\$ -	\$ -	\$ 7,500,048
Buildings	40,465	-	-	40,465
Equipment and vehicles	1,892,278	-	-	1,892,278
	<u>9,432,791</u>	<u>-</u>	<u>-</u>	<u>9,432,791</u>
Less accumulated depreciation				
Land improvements	6,538,840	115,794	-	6,654,634
Buildings	40,465	-	-	40,465
Equipment and vehicles	1,335,484	184,249	-	1,519,733
	<u>7,914,789</u>	<u>300,043</u>	<u>-</u>	<u>8,214,832</u>
Depreciable capital assets, net	<u>\$ 1,518,002</u>	<u>\$ (300,043)</u>	<u>\$ -</u>	<u>\$ 1,217,959</u>

Depreciation expense for the business-type activities totaled \$300,043.

Component Units

A summary of changes in capital assets and accumulated depreciation is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Dispositions and Reclassifications</u>	<u>Ending</u>
Depreciable capital assets				
Machinery and equipment	\$ 28,050	\$ -	\$ -	\$ 28,050
	<u>28,050</u>	<u>-</u>	<u>-</u>	<u>28,050</u>
Less accumulated depreciation				
Machinery and equipment	20,591	2,240	-	22,831
	<u>20,591</u>	<u>2,240</u>	<u>-</u>	<u>22,831</u>
Depreciable capital assets, net	<u>\$ 7,459</u>	<u>\$ (2,240)</u>	<u>\$ -</u>	<u>\$ 5,219</u>

Depreciation expense for the component unit totaled \$2,240.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(6) LONG-TERM DEBT

Governmental activities

Debt for governmental activities reported in the government-wide statement of net position represents amounts not expected to be paid with expendable, available resources consists of the following:

Notes payable of the Catoosa County Development Authority consist of the following:

Note payable to Financial Corporation of North Georgia, LLC, original borrowings of \$1,704,923, payable on or before December 31, 2020 with no interest due.

\$ 850,764

Maturities of notes payable are as follows:

	Gross Payments	Imputed Interest	Net Present Value
For the year ending September 30, 2020	\$ -	\$ -	\$ -
2021	850,764	-	850,764
	<u>\$ 850,764</u>	<u>\$ -</u>	<u>\$ 850,764</u>

A summary of changes in long-term debt for governmental activities is as follows:

	Beginning Balance	Adjustments and Additions	Adjustments and Retirements	Ending Balance
Bonds payable	\$ 1,280,600	\$ -	\$ (1,280,600)	\$ -
Notes payable	1,750,764	-	(900,000)	850,764
Compensated absences	771,967	109,612	-	881,579
	<u>\$ 3,803,331</u>	<u>\$ 109,612</u>	<u>\$ (2,180,600)</u>	<u>\$ 1,732,343</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(6) LONG-TERM DEBT (continued)

Governmental activities (continued)

Presentation of long-term debt of governmental activities in the government-wide statement of net position is as follows:

Due within one year - compensated absences	\$ 881,579
Due in more than one year - note payable	<u>850,764</u>
	<u>\$ 1,732,343</u>

The resources of the general fund have been used in prior years to liquidate the balance of the compensated absences.

Business-type activities

As discussed in Note 13, the Solid Waste Management Authority has an estimated liability for postclosure care costs in the amount of \$6,682,326. The entire balance of this liability is considered long-term based on communication from the Georgia Environmental Protection Division. See Note 13 for further discussion.

A summary of changes in long-term debt for business-type activities is as follows:

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Landfill postclosure	<u>\$ 6,538,480</u>	<u>\$ 143,846</u>	<u>\$ -</u>	<u>\$ 6,682,326</u>

Presentation of long-term debt of business-type activities in the government-wide statement of net position presents the entire liability as long-term.

As further addressed in Note 13, it is anticipated that a portion of the landfill postclosure liability will be liquidated with general government resources.

Component unit

A summary of changes in long-term debt for component units is as follows:

	<u>Beginning Balance</u>	<u>Adjustments and Additions</u>	<u>Adjustments and Retirements</u>	<u>Ending Balance</u>
Compensated absences	<u>\$ 42,720</u>	<u>\$ 7,988</u>	<u>\$ (13,243)</u>	<u>\$ 37,465</u>

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(6) LONG-TERM DEBT (continued)

Component unit (continued)

Presentation of long-term debt of component units is as follows:

Due within one year					
Compensated absences		\$		3,747	
Due in more than one year					
Compensated absences				33,718	
		\$		37,465	

(7) TAXES

Property taxes are levied for the calendar year on October 20 and are delinquent after December 20 of each year. Property taxes attach as an enforceable lien on property as of the levy date.

The County is required by state law to reduce the property tax levy by the amount of local option sales tax collections for the previous calendar year.

(8) EMPLOYEE RETIREMENT PLANS

Primary Government

The Catoosa County Pension Plan is a defined contribution pension plan established by the County to provide benefits at retirement age to full-time, permanent employees of the County. This plan is administered by trustees appointed by the Board of Commissioners. Participation in the plan is elective, subject to certain eligibility requirements. At September 30, 2019, there were approximately 249 participants in the plan. Participants are required to contribute 3% of covered salary, and the County is required to contribute 7%. An employee becomes 100% vested after three years of service in regards to employer contributions. If a participant terminates employment before being fully vested, then the non-vested portion of the terminated participant's account balance remains in the Plan and is called a forfeiture. Forfeitures will be used to reduce any employer contributions. For the year ended September 30, 2019, there were no plan forfeitures. For the year ended September 30, 2019, employer and employee contributions were \$718,550 and \$308,087, respectively. Employer contributions have been charged to expense. At September 30, 2019, the County had a liability of approximately \$102,000 related to employer retirement contributions. Plan provisions and contribution requirements are established and may be amended by the Catoosa County Board of Commissioners.

Catoosa County Development Authority

The Catoosa County Development Authority has no employees and, therefore, no pension plan.

Catoosa County Health Department

All permanent personnel of the Health Department are covered by the Employee's Retirement System of Georgia (ERS), a cost-sharing, multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(8) EMPLOYEE RETIREMENT PLANS (continued)

Catoosa County Health Department (continued)

47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials. Complete pension disclosures are in the Health Department's separately issued financial statements. Summarized information related to the plan is indicated below.

At June 30, 2019, the Health Department reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The Health Department's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2018. At June 30, 2018, the Employer's proportion was 0.023260%, which was a decrease of 0.000246% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Health Department recognized pension expense of \$18,460. At June 30, 2019, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,740	\$ -
Changes of assumptions	45,050	-
Net difference between projected and actual earnings on pension plan investments	-	22,036
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,082	51,237
Employer contributions related to specific liabilities of individual employers	(15,967)	
Employer contributions subsequent to the measurement date	<u>118,483</u>	<u>-</u>
	<u>\$ 183,388</u>	<u>\$ 73,273</u>

Health Department contributions subsequent to the measurement date of \$118,483 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(8) EMPLOYEE RETIREMENT PLANS (continued)

Catoosa County Health Department (continued)

Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending June 30, 2020	\$	24,448
2021		29,629
2022		(36,631)
2023		(9,847)
2024		-
Thereafter		-

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25-7.00%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

The following presents the Health Department's proportionate share of the net pension liability calculated using the discount rate of 7.3%, as well as what the Health Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3%) or 1 percentage point higher (8.3%) than the current rate:

		Current		1%
		Discount		Increase
		Rate		(8.3%)
		(7.3%)		(6.3%)
Employer's proportionate share of the net pension liability	\$ 1,360,092	\$ 956,226	\$	612,123

(9) OTHER POSTEMPLOYMENT BENEFITS

Catoosa County Health Department

State OPEB Plan

Employees of State organizations as defined in §45-18-25 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the State OPEB Fund – a cost sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 45 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board. Complete OPEB disclosures are in the Health Department's separately issued financial statements. Summarized information related to the plan is indicated below.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) OTHER POSTEMPLOYMENT BENEFITS (continued)

Catoosa County Health Department (continued)

As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the Health Department were \$100,550 for the year ended June 30, 2019. Active employees are not required to contribute to the State OPEB fund.

At June 30, 2019, the Health Department reported a liability of \$559,840 for its proportionate share of the net OPEB liability. The net OPEB liability was measured at June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The Health Department's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2017. At June 30, 2018, the Health Department's proportion was 0.021404%, which was a decrease of 0.001252% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Health Department recognized OPEB expense of \$(83,857). At June 30, 2019, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 44,032
Changes of assumptions	-	202,933
Net difference between projected and actual earnings on OPEB plan investments	12,941	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	137,289
Employer contributions subsequent to the measurement date	<u>100,550</u>	<u>-</u>
	<u>\$ 113,491</u>	<u>\$ 384,254</u>

Health Department contributions subsequent to the measurement date of \$100,550 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ending June 30, 2020	\$	(129,717)
2021		(129,717)
2022		(88,838)
2023		(23,041)
2024		-
Thereafter		-

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) OTHER POSTEMPLOYMENT BENEFITS (continued)

Catoosa County Health Department (continued)

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions and other inputs, applies to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Inflation	2.75%
Salary increases	3.25-7.00%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, including inflation

The following presents the Health Department's proportionate share of the net OPEB liability calculated using the discount rate of 5.22%, as well as what the Health Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1%-point lower (4.22%) or 1%-point higher (6.22%) than the current discount rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Employer's proportionate share of the net OPEB liability	\$ 655,110	\$ 559,840	\$ 472,868

SEAD OPEB Plan

SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employee's Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than OPEB Plans. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments. Complete OPEB disclosures are in the Health Department's separately issued financial statements. Summarized information related to the plan is indicated below.

At June 30, 2019, the Health Department reported a liability of \$(35,444) for its proportionate share of the net OPEB liability. The net OPEB liability was measured at June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The Health Department's proportion of the net OPEB liability was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2018. At June 30, 2017, the Health Department's proportion was 0.013096%, which was a decrease of 0.003199% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Health Department recognized OPEB expense of \$5,602. At June 30, 2019, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) OTHER POSTEMPLOYMENT BENEFITS (continued)
Catoosa County Health Department (continued)
SEAD OPEB Plan (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 387	\$ -
Changes of assumptions	1,821	-
Net difference between projected and actual earnings on OPEB plan investments	-	5,860
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,384	-
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
	<u>\$ 12,592</u>	<u>\$ 5,860</u>

There are no contributions subsequent to the measurement date of the Health Department reported as deferred outflows of resources that will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ending June 30, 2020	\$	8,066
2021		946
2022		(1,790)
2023		(490)
2024		-
Thereafter		-

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%	
Salary increases	3.25-7.00%, including inflation	
Investment rate of return	7.3%, net of OPEB investment expense, including inflation	

The following presents the Health Department's proportionate share of the net OPEB liability calculated using the discount rate of 7.3%, as well as what the Health Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1%-point lower (6.3%) or 1%-point higher (8.3%) than the current discount rate:

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) OTHER POSTEMPLOYMENT BENEFITS (continued)
Catoosa County Health Department (continued)

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
Employer's proportionate share of the net OPEB liability	\$ (19,097)	\$ (35,444)	\$ (48,843)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at www.ers.ga.gov/financials.

(10) CONDUIT DEBT

The Catoosa County Development Authority has special limited obligations related to various projects that represent conduit debt obligations. Conduit debt obligations are limited-obligation bonds or similar instruments issued by a governmental unit to provide capital financing for a third party that is not part of the reporting entity. Debt proceeds are typically used to finance development of industry, hospital, or environmental facilities within the governmental unit's jurisdiction that are transferred to the third party by sale or lease. The governmental unit has no obligation for the debt beyond the resources received from the third party by sale or lease. The obligations issued by the Development Authority do not constitute an indebtedness or pledge of the faith and credit of the Development Authority or the County.

As of September 30, 2019, the Development Authority had an outstanding conduit debt obligation with Shaw Industries for \$14,544,711 for Series 2014B Taxable Industries Revenue Bonds. The original amount of the 2017B Taxable Industries Revenue Bonds was \$17,000,000. During the year ended September 30, 2019, the net reduction in principal due to equipment additions and removals was \$2,455,289. Shaw also had \$85,741,992 for Series 2018 Taxable Industries Revenue Bonds outstanding at September 30, 2019.

(11) LITIGATION

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

(12) COMMITMENTS

The County has construction commitments totaling \$2,957,303. As of September 30, 2019, the remaining balance on these commitments totaled \$2,060,332.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(13) LANDFILL CLOSURE AND POSTCLOSURE CARE COST

Catoosa County operates the S.R. 151 Municipal Solid Waste Landfill. This facility is permitted for operation by the Georgia Department of Natural Resources Environmental Protection Division, which specifies the requirements for its design, operation, closure and postclosure care.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Site 1 ceased operation in July, 1998. The certificate of closure was issued, and the thirty year postclosure care period began on July 15, 2003. The current estimate of postclosure care cost is approximately \$108,793 per year for 17 years. A liability of \$1,890,164 represents 100% of the estimated postclosure care costs for Site 1. Site 2 ceased operation in October, 2004. The certificate of closure was issued on July 10, 2008, and the thirty year postclosure care period began approximately one year later. The current estimate of postclosure care cost is approximately \$203,870 per year for 23 years. A liability of \$4,792,162 represents 100% of the estimated postclosure care costs for Site 2.

The above estimates are based on what it would cost to perform postclosure care in 2019. Because of the potential for change, due to inflation, technology, or laws and regulations, actual costs may be higher, when the costs are actually incurred. As directed by the Georgia Environmental Protection Division, the costs associated with the landfill postclosure are no longer being discounted and will continue to be based on the above mentioned years of postclosure care. The federal regulations governing postclosure financial assurance, which Georgia has adopted by reference, does not allow for the reduction in years.

The County has complied with Environmental Protection Agency rules regarding financial assurance relative to projected closure and postclosure care costs.

(14) RISK FINANCING ACTIVITIES

It is the policy of the County to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability and property and casualty, with a \$25,000 deductible per claim. Settled claims have not exceeded commercial coverage in the past three fiscal years. The County paid \$9,405 and \$9,019 for deductibles for the years ended September 30, 2018 and 2017, respectively. There were no deductibles for which the County was responsible for the fiscal year ended September 30, 2019.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, Catoosa County became a member of the Association of County Commissioners of Georgia Workers' Compensation Self Insurance Fund. The effective date of membership was January 1, 1989. The liability of the fund to the employees of any employer (Catoosa County) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

As a member of the Fund, the County is jointly and severally liable for the liabilities of the Fund. The County pays an annual premium to the Fund, based on the estimated payrolls in various job classifications. Based on the overall incidence of claims during the year, the Fund either distributes a dividend if the claims history has been better than expected, or assesses additional premiums if the claims history has been much worse than expected. The County participates in these dividends or assessments on a pro-rata basis, based on the County's actual payrolls as a percentage of the total payrolls in the Fund.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(14) RISK FINANCING ACTIVITIES (continued)

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries and demanding compensation thereto, although such suits, other proceedings, allegations or demands may be wholly groundless, false or fraudulent. The Fund is to pay all costs 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.

(15) COMPENSATED ABSENCES

The County has a policy of compensated annual vacation/personal leave from 6 to 40 days based upon years of service. The leave is cumulative and vesting, to a maximum of 320 hours, and any unused leave is payable upon the employee's termination, resignation, retirement, death, or request.

The County has a policy of compensated sick leave of 48 hours per year. The leave is cumulative and vesting, to a maximum of 160 hours, and any unused leave is payable upon termination, resignation, retirement or death. Any unused leave may be payable, under specific circumstances, upon request of the employee.

An estimated liability, in the amount of \$881,579, for unpaid vacation and sick leave is recorded in the government-wide financial statements. There is no liability for business-type activities. None of the government activities liability is recorded in the fund financial statements, because any payments, even those which would be paid in the next twelve months, if susceptible to a reasonable estimate, are expected to be liquidated with future resources.

The Catoosa County Health Department provides for vacation and sick leave, with specific vesting options. Complete disclosures are in the Health Department's separately issued financial statements. An estimated liability, in the amount of \$37,465 for unpaid vacation and sick leave is reported in the component units and government-wide statements of net position.

(16) DEFICIT FUND EQUITY

At September 30, 2019, the Solid Waste Management Authority has a net position deficit in the amount of \$5,096,976, resulting primarily from the liability for landfill postclosure care costs.

As discussed in Note 13, the Authority has a liability of approximately \$6.5 million to fund the estimated postclosure care costs. Effective with the fiscal year ending September 30, 2012, the Solid Waste Management Authority placed equipment in service which generates electricity from the methane generated by the landfill. The anticipated revenue from the sale of electricity is expected to fund a portion of the liability for postclosure care costs. It is anticipated that the County general government will fund the remaining balance.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(16) DEFICIT FUND EQUITY (continued)

At September 30, 2019, the Emergency 911 Fund has a fund balance deficit in the amount of \$12,998 resulting primarily from the liability for accounts payable at year end.

(17) JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the fifteen county northwest Georgia area, is a member of the Northwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the year ended September 30, 2019, the County paid approximately \$53,000 in such dues. Membership in a 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 30162-1793

(18) TAX ABATEMENTS

During the year ended September 30, 2018, the County implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires state and local governments to disclose tax abatement agreements entered into by other governments that reduce the reporting government's tax revenues. Catoosa County enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Catoosa County.

For the fiscal year ended September 30, 2019, Catoosa County abated property taxes due to the County that were levied on Aug 31, 2018 and due on December 20, 2018 totaling \$216,234. Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10.00% percent of the total amount abated:

- A 15% property tax abatement to a local manufacturer of consumer goods for continued investment in operations and local employment. The abatement amounted to \$115,160.
- A 15% property tax abatement to a local manufacturer of consumer goods for continued investment in operations and local employment. The abatement amounted to \$30,726.
- A 20% property tax abatement to a local manufacturer of consumer goods for continued investment in operations and local employment. The abatement amounted to \$9,599.

CATOOSA COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(19) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2020, the date which these financial statements were available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
Property taxes				
Real property	\$ 11,133,693	\$ 11,199,619	\$ 11,199,619	\$ -
Motor vehicle	241,344	195,566	195,566	-
TAVT true-up	584,368	461,360	461,360	-
MV title ad valorem tax	1,077,341	1,375,662	1,729,099	353,437
Alternative ad valorem tax	-	-	37,791	37,791
Mobile home ad valorem	61,763	61,763	62,255	492
Railroad ad valorem	-	-	5,214	5,214
Heavy duty equipment	39,167	4,642	4,642	-
Timber	239	28	28	-
Penalties and interest	200,000	200,000	241,687	41,687
	<u>13,337,915</u>	<u>13,498,640</u>	<u>13,937,261</u>	<u>438,621</u>
Other taxes				
Intangible recording	300,000	300,000	350,296	50,296
Malt beverage	250,000	250,000	260,977	10,977
Local option sales tax	7,024,000	7,041,412	7,951,206	909,794
Insurance premium tax	3,031,877	3,318,259	3,318,259	-
Financial institutions	50,000	50,000	61,117	11,117
	<u>10,655,877</u>	<u>10,959,671</u>	<u>11,941,855</u>	<u>982,184</u>
	<u>23,993,792</u>	<u>24,458,311</u>	<u>25,879,116</u>	<u>1,420,805</u>
LICENSES AND FRANCHISES				
Malt beverage licenses	30,000	30,000	31,100	1,100
Business licenses	28,660	29,460	30,890	1,430
Other licenses	-	500	1,150	650
Cable television franchises	350,000	332,588	332,588	-
	<u>408,660</u>	<u>392,548</u>	<u>395,728</u>	<u>3,180</u>
CHARGES FOR CURRENT SERVICES				
Recreation fees	277,500	175,216	187,641	12,425
Zoning fees	70,300	69,500	69,500	-
Inspection fees	430,149	419,732	477,113	57,381
	<u>777,949</u>	<u>664,448</u>	<u>734,254</u>	<u>69,806</u>
INTERGOVERNMENTAL				
Real estate transfer tax	90,000	90,000	115,852	25,852
	<u>90,000</u>	<u>90,000</u>	<u>115,852</u>	<u>25,852</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
OTHER REVENUE				
Federal financial assistance				
Transportation grants	\$ 275,165	\$ 275,165	\$ 285,426	\$ 10,261
State DOT grant for bus purchase	88,106	-	-	-
Emergency management grant	-	-	500	500
Coosa Valley vehicle grant	-	-	57,657	57,657
Federal payments in lieu of taxes	440,000	440,000	493,083	53,083
Salary reimbursement	113,803	103,065	114,056	10,991
	<u>917,074</u>	<u>818,230</u>	<u>950,722</u>	<u>132,492</u>
	<u>1,007,074</u>	<u>908,230</u>	<u>1,066,574</u>	<u>158,344</u>
FINES, FEES AND FORFEITURES				
Magistrate Court	140,000	136,379	136,379	-
Juvenile Court	3,000	508	4,044	3,536
Clerk of Courts	425,000	408,808	412,551	3,743
Probate Judge	180,000	162,117	162,118	1
State Court	909,109	909,109	996,903	87,794
Tax Commissioner	968,000	942,483	944,121	1,638
Sheriff	599,600	583,640	585,872	2,232
	<u>3,224,709</u>	<u>3,143,044</u>	<u>3,241,988</u>	<u>98,944</u>
INVESTMENT EARNINGS				
Interest	<u>70,000</u>	<u>70,000</u>	<u>330,667</u>	<u>260,667</u>
OTHER				
Animal control fees	20,200	19,495	30,007	10,512
Theater admissions	125,200	125,089	130,333	5,244
Amphitheater	10,000	-	-	-
Passenger fares	40,000	37,819	37,819	-
Building rentals	221,500	192,941	196,534	3,593
Election fees	1,500	-	5,045	5,045
Prisoner reimbursements	108,000	106,756	107,548	792
Library fees	25,000	19,056	19,057	1
Donations	3,200	-	66,836	66,836
Fire service contract	281,528	249,070	249,070	-
Other income	3,500	2,550	5,995	3,445
	<u>839,628</u>	<u>752,776</u>	<u>848,244</u>	<u>95,468</u>
	<u>30,321,812</u>	<u>30,389,357</u>	<u>32,496,571</u>	<u>2,107,214</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Judicial				
Magistrate Court	\$ 669,859	\$ 681,438	\$ 678,055	\$ 3,383
Superior Court	315,496	315,496	273,429	42,067
Juvenile Court	539,728	586,740	549,963	36,777
Clerk of Court	865,356	874,240	835,284	38,956
State Court	247,041	247,676	227,073	20,603
State Court Solicitor	221,960	222,634	202,953	19,681
Probate Judge	398,724	401,460	386,842	14,618
Public Defender	332,652	332,652	302,952	29,700
District Attorney	571,583	571,583	506,137	65,446
	<u>4,162,399</u>	<u>4,233,919</u>	<u>3,962,688</u>	<u>271,231</u>
General Government				
Board of Commissioners	304,165	377,153	373,056	4,097
County manager	236,773	250,157	249,853	304
County attorney	150,000	150,000	127,947	22,053
Finance	294,841	313,247	310,684	2,563
Finance administration	134,597	144,703	129,282	15,421
Purchasing	54,178	54,873	54,415	458
Information systems	114,500	114,500	113,249	1,251
Tax Commissioner	1,061,029	1,070,273	1,054,298	15,975
Tax Assessor	611,841	617,256	521,177	96,079
Elections	329,241	334,447	313,469	20,978
Malt Beverage Board	1,650	1,650	838	812
Public buildings	1,112,095	1,034,483	1,034,482	1
Projects administration	63,839	68,048	67,273	775
Other agencies	101,000	101,000	74,574	26,426
Risk management	299,751	137,155	103,587	33,568
Geographic information system	42,050	42,050	21,090	20,960
Internship program	-	26,840	12,946	13,894
Human resources	154,614	167,741	130,433	37,308
	<u>5,066,164</u>	<u>5,005,576</u>	<u>4,692,653</u>	<u>312,923</u>
Public Safety				
Sheriff	4,962,407	4,962,407	4,816,305	146,102
Traffic control	397,785	397,785	375,962	21,823
Jail operations	3,891,101	3,891,101	3,805,656	85,445
Coroner	85,915	85,915	81,693	4,222
Animal control	347,779	351,375	339,998	11,377
Emergency management	102,922	102,922	68,861	34,061
Ambulance service	150,000	206,137	206,136	1
Fire service	3,936,111	3,750,495	3,746,058	4,437
	<u>13,874,020</u>	<u>13,748,137</u>	<u>13,440,669</u>	<u>307,468</u>

CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public Works				
Roads and bridges	\$ 2,432,290	\$ 2,422,024	\$ 2,082,547	\$ 339,477
Public works administration	73,208	78,939	76,927	2,012
Total public works	<u>2,505,498</u>	<u>2,500,963</u>	<u>2,159,474</u>	<u>341,489</u>
Health and Welfare				
Public health	511,686	511,686	511,285	401
Public welfare	60,500	60,500	58,200	2,300
Public transportation	698,060	625,792	615,425	10,367
Total health and welfare	<u>1,270,246</u>	<u>1,197,978</u>	<u>1,184,910</u>	<u>13,068</u>
Housing and Development				
Planning and zoning	343,982	300,794	278,366	22,428
Economic development	169,915	191,969	185,098	6,871
Agriculture Extension Service	124,063	125,514	113,657	11,857
Building inspection	239,552	249,737	248,228	1,509
Total housing and development	<u>877,512</u>	<u>868,014</u>	<u>825,349</u>	<u>42,665</u>
Culture and Recreation				
Library	519,423	524,023	524,023	-
General recreation	513,679	567,184	567,104	80
Jack Mattox Recreation Park	270,521	247,108	213,452	33,656
Boynton Stephens Park	15,000	15,000	15,000	-
RYSA Poplar Springs Ball Field	45,700	45,700	29,086	16,614
McConnell Park	15,286	15,286	4,795	10,491
Lynhurst canoe launch	1,100	1,100	-	1,100
County recreation programs	15,000	15,000	15,000	-
Elsie Holmes Nature Park	14,486	14,486	10,899	3,587
Adult Literacy Center	139,678	196,570	180,512	16,058
Senior Center	90,982	152,543	152,353	190
Amphitheater	5,600	10,517	9,998	519
Colonnade/Civic Center	508,820	511,366	488,683	22,683
Total culture and recreation	<u>2,155,275</u>	<u>2,315,883</u>	<u>2,210,905</u>	<u>104,978</u>
Total expenditures	<u>29,911,114</u>	<u>29,870,470</u>	<u>28,476,648</u>	<u>1,393,822</u>

**CATOOSA COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final Budget</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 410,698	\$ 518,887	\$ 4,019,923	\$ 3,501,036
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	20,000	20,000	85,127	65,127
Insurance proceeds	1,000	1,000	49,557	48,557
Transfers to other funds	(431,698)	(539,887)	(307,914)	231,973
	<u>(410,698)</u>	<u>(518,887)</u>	<u>(173,230)</u>	<u>345,657</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	3,846,693	3,846,693
FUND BALANCES				
Beginning	<u>12,517,629</u>	<u>12,517,629</u>	<u>12,517,629</u>	-
Ending	<u>\$ 12,517,629</u>	<u>\$ 12,517,629</u>	<u>\$ 16,364,322</u>	<u>\$ 3,846,693</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budget is prepared on the same basis as the expenditures are presented, therefore no reconciliation between the budget basis and the basis under generally accepted accounting principles is required.

**CATOOSA COUNTY, GEORGIA
DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Other	\$ -	\$ 2,250	\$ 2,250	\$ -
Interest	-	61	61	-
	<u>-</u>	<u>61</u>	<u>61</u>	<u>-</u>
Total revenue	<u>-</u>	<u>2,311</u>	<u>2,311</u>	<u>-</u>
EXPENDITURES				
Housing and Development				
Economic development	-	309,933	309,933	-
	<u>-</u>	<u>309,933</u>	<u>309,933</u>	<u>-</u>
Debt Service				
Principal	1,280,600	2,180,600	2,180,600	-
Interest	18,197	18,064	18,064	-
	<u>1,298,797</u>	<u>2,198,664</u>	<u>2,198,664</u>	<u>-</u>
Total debt service	<u>1,298,797</u>	<u>2,198,664</u>	<u>2,198,664</u>	<u>-</u>
Total expenditures	<u>1,298,797</u>	<u>2,508,597</u>	<u>2,508,597</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(1,298,797)	(2,506,286)	(2,506,286)	-
OTHER FINANCING SOURCES				
Transfers from other funds	1,298,797	3,670,782	3,670,782	-
	<u>1,298,797</u>	<u>3,670,782</u>	<u>3,670,782</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES				
	-	1,164,496	1,164,496	-
FUND BALANCES				
Beginning	(359,633)	(359,633)	(359,633)	-
	<u>(359,633)</u>	<u>(359,633)</u>	<u>(359,633)</u>	<u>-</u>
Ending	<u>\$ (359,633)</u>	<u>\$ 804,863</u>	<u>\$ 804,863</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budget is prepared on the same basis as the expenditures are presented, therefore no reconciliation between the budget basis and the basis under generally accepted accounting principles is required.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0232600%	0.0230140%	0.0282750%	0.0310930%	0.0320400%
Proportionate share of the net pension liability	\$ 956,226	\$ 934,676	\$ 1,337,526	\$ 1,259,701	\$ 1,201,698
Covered-employee payroll	\$ 535,318	\$ 653,665	\$ 624,912	\$ 701,744	\$ 771,628
Proportionate share of the net pension liability as a % of its covered-employee payroll	178.63%	142.99%	214.03%	179.51%	155.74%
Plan fiduciary net position as a % of the total pension liability	76.68%	76.33%	72.34%	76.20%	77.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 147,191	\$ 140,056	\$ 162,517	\$ 156,113	\$ 133,178
Contribution in relation to the contractually required contribution	<u>147,191</u>	<u>140,056</u>	<u>162,517</u>	<u>156,113</u>	<u>133,178</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 535,318	\$ 653,665	\$ 624,912	\$ 701,744	\$ 771,628
Contributions as a % of covered-employee payroll	27.50%	21.43%	26.01%	22.25%	17.26%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
NOTES TO REQUIRED SUPPLEMENTAY INFORMATION
EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2019

Changes in assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primarily among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

On March 15, 2018 the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.5% to 7.4% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed rate of return was further reduced by 0.10% from 7.4% to 7.3% as of the June 30, 2018 measurement date.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE OPEB FUND
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
Proportion of the OPEB liability	0.0214040%	0.0226560%
Proportionate share of the net OPEB liability	\$ 559,840	\$ 923,052
Covered-employee payroll	\$ 535,318	\$ 653,665
Proportionate share of the net OPEB liability as a % of its covered-employee payroll	104.58%	141.21%
Plan fiduciary net position as a % of the total OPEB liability	31.48%	17.34%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
SCHEDULE OF CONTRIBUTIONS - STATE OPEB FUND
YEAR ENDED JUNE 30, 2019

	2019	2018
Contractually required contributions	\$ 107,357	\$ 112,874
Contribution in relation to the contractually required contribution	107,357	112,874
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 535,318	\$ 653,665
Contributions as a % of covered-employee payroll	20.05%	17.27%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SEAD OPEB FUND
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
Proportion of the OPEB liability	0.0130960%	0.0162950%
Proportionate share of the net OPEB liability	\$ (35,444)	\$ (42,352)
Covered-employee payroll	\$ 181,301	\$ 237,292
Proportionate share of the net OPEB liability as a % of its covered-employee payroll	-19.55%	-17.85%
Plan fiduciary net position as a % of the total OPEB liability	129.46%	130.17%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
SCHEDULE OF CONTRIBUTIONS - SAED OPEB FUND
YEAR ENDED JUNE 30, 2019

	2019	2018
Contractually required contributions	\$ -	\$ -
Contribution in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 181,301	\$ 237,292
Contributions as a % of covered-employee payroll	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CATOOSA COUNTY, GEORGIA
CATOOSA COUNTY HEALTH DEPARTMENT (COMPONENT UNIT)
NOTES TO REQUIRED SUPPLEMENTAY INFORMATION
OPEB FUNDS
JUNE 30, 2019

(1) STATE OPEB FUND

Changes of benefit terms: In June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

Changes in assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location.

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.

(2) SEAD OPEB PLAN

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primarily among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

On March 15, 2018 the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.5% to 7.4% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed rate of return was further reduced by 0.10% from 7.4% to 7.3% as of the June 30, 2018 measurement date.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**

**CATOOSA COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019**

	Special Revenue									Total Nonmajor Governmental Funds	
	Confiscated Assets	Emergency 911	Multiple Grant	JCSA	State Grant for Library	DATE Program	Salary Reimbursement United States Treasury	Operational Grants	Total		Capital Projects Grant Fund
ASSETS											
Due from other funds	\$ 62,735	\$ -	\$ 31,439	\$ 109,332	\$ 7,631	\$ 386,082	\$ -	\$ -	\$ 597,219	\$ 28,765	\$ 625,984
Total assets	<u>\$ 62,735</u>	<u>\$ -</u>	<u>\$ 31,439</u>	<u>\$ 109,332</u>	<u>\$ 7,631</u>	<u>\$ 386,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,219</u>	<u>\$ 28,765</u>	<u>\$ 625,984</u>
LIABILITIES											
Accounts payable	\$ 691	\$ 8,696	\$ 12,661	\$ 19,365	\$ 4,103	382	\$ -	\$ -	\$ 45,898	\$ 48	\$ 45,946
Due to other funds	-	4,302	-	-	-	-	-	-	4,302	-	4,302
Total liabilities	<u>\$ 691</u>	<u>\$ 12,998</u>	<u>\$ 12,661</u>	<u>\$ 19,365</u>	<u>\$ 4,103</u>	<u>\$ 382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,200</u>	<u>\$ 48</u>	<u>\$ 50,248</u>
DEFERRED INFLOWS OF RESOURCES											
Deferred revenue	\$ -	\$ -	\$ 15,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,587	\$ 25,005	\$ 40,592
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,587</u>	<u>\$ 25,005</u>	<u>\$ 40,592</u>
FUND BALANCES											
Restricted	\$ 62,044	\$ -	\$ 3,191	\$ -	\$ -	\$ 385,700	\$ -	\$ -	\$ 450,935	\$ 3,712	\$ 454,647
Unassigned	-	(12,998)	-	89,967	3,528	-	-	-	80,497	-	80,497
Total fund balances	<u>\$ 62,044</u>	<u>\$ (12,998)</u>	<u>\$ 3,191</u>	<u>\$ 89,967</u>	<u>\$ 3,528</u>	<u>\$ 385,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,432</u>	<u>\$ 3,712</u>	<u>\$ 535,144</u>

**CATOOSA COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue										
	Confiscated Assets	Emergency 911	Multiple Grant	JCSA	State Grant for Library	DATE Program	Salary Reimbursement United States Treasury	Operational Grants	Total	Capital Projects Grant Fund	Total Nonmajor Governmental Funds
REVENUES											
Charges for services	\$ -	\$ 1,350,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,239	\$ -	\$ 1,350,239
Intergovernmental	-	-	441,336	-	183,102	-	6,266	1,485	632,189	155,779	787,968
Fines, fees and forfeitures	68,097	-	-	155,207	-	89,334	-	-	312,638	-	312,638
Other	-	-	23,278	-	-	-	-	-	23,278	-	23,278
Total revenues	68,097	1,350,239	464,614	155,207	183,102	89,334	6,266	1,485	2,318,344	155,779	2,474,123
EXPENDITURES											
Current											
Judicial	-	-	-	-	-	-	-	-	-	57,048	57,048
Public safety	58,333	1,483,429	-	138,569	-	63,279	6,266	1,485	1,751,361	48,436	1,799,797
Health and welfare	-	-	464,614	-	-	-	-	-	464,614	-	464,614
Culture and recreation	-	-	-	-	183,102	-	-	-	183,102	3,353	186,455
Capital outlay	2,041	3,614	-	5,992	-	-	-	-	11,647	46,942	58,589
Total expenditures	60,374	1,487,043	464,614	144,561	183,102	63,279	6,266	1,485	2,410,724	155,779	2,566,503
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,723	(136,804)	-	10,646	-	26,055	-	-	(92,380)	-	(92,380)
OTHER FINANCING SOURCES											
Transfer from other funds	-	214,782	-	-	-	-	-	-	214,782	-	214,782
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	7,723	77,978	-	10,646	-	26,055	-	-	122,402	-	122,402
FUND BALANCES											
Beginning	54,321	(90,976)	3,191	79,321	3,528	359,645	-	-	409,030	3,712	412,742
Ending	\$ 62,044	\$ (12,998)	\$ 3,191	\$ 89,967	\$ 3,528	\$ 385,700	\$ -	\$ -	\$ 531,432	\$ 3,712	\$ 535,144

AGENCY FUNDS

Agency funds are used to account for funds collected by the County as an agent for individuals, private organizations, other governments, and other funds.

CATOOSA COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SEPTEMBER 30, 2019

	Beginning	Additions	Deductions	Ending
ASSETS				
Cash and cash equivalents				
Tax Commissioner	\$ 900,875	\$ 54,290,858	\$ 54,287,841	\$ 903,892
Clerk of Superior Court	275,608	3,525,016	3,353,655	446,969
Magistrate Court	4,978	238,993	238,799	5,172
Probate Judge	3,000	243,179	239,514	6,665
State Court	69,194	1,515,573	1,465,708	119,059
Sheriff	52,353	540,000	521,183	71,170
Total assets	\$ 1,306,008	\$ 60,353,619	\$ 60,106,700	\$ 1,552,927
 LIABILITIES				
Due to other funds				
Tax Commissioner	\$ -	\$ 14,132,078	\$ 14,132,078	\$ -
Clerk of Superior Court	-	934,003	934,003	-
Magistrate Court	-	137,227	137,227	-
Probate Judge	-	203,223	203,223	-
State Court	-	1,185,581	1,185,581	-
Sheriff	-	86,874	86,874	-
	-	16,678,986	16,678,986	-
Unrestricted due to other governments				
Tax Commissioner	900,875	40,158,780	40,155,763	903,892
	900,875	40,158,780	40,155,763	903,892
Due to heirs, litigants and others				
Clerk of Superior Court	275,608	2,591,013	2,419,652	446,969
Magistrate Court	4,978	101,766	101,572	5,172
Probate Judge	3,000	39,956	36,291	6,665
State Court	69,194	329,992	280,127	119,059
Sheriff	52,353	453,126	434,309	71,170
	405,133	3,515,853	3,271,951	649,035
Total liabilities	\$ 1,306,008	\$ 60,353,619	\$ 60,106,700	\$ 1,552,927

FINANCIAL SCHEDULES

CATOOSA COUNTY, GEORGIA
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
SEPTEMBER 30, 2019

	Levy Year					Total
	2018	2017	2016	2015	Prior to 2015	
TAXES RECEIVABLE						
Beginning	\$ -	\$ 159,811	\$ 46,530	\$ 3,701	\$ 1,153	\$ 211,195
TAX LEVY	11,239,331	-	-	-	-	11,239,331
ADJUSTMENTS						
Releases, net of pickups	(560)	(1,976)	(361)	(1,021)	(321)	(4,239)
COLLECTIONS	<u>(11,082,596)</u>	<u>(118,113)</u>	<u>(43,835)</u>	<u>(2,356)</u>	<u>(660)</u>	<u>(11,247,560)</u>
TAXES RECEIVABLE						
Ending	<u>\$ 156,175</u>	<u>\$ 39,722</u>	<u>\$ 2,334</u>	<u>\$ 324</u>	<u>\$ 172</u>	<u>\$ 198,727</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

CATOOSA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Pass-Through Number	Beginning Accrued (Deferred)	Cash Receipts (Refunds)	Expenditures	Ending Accrued (Deferred)
U.S. Department of Health and Human Services						
Pass-through from Georgia Department of Behavioral Health and Developmental Disabilities						
Substance Abuse and Mental Health Services	93.959	44100-026-0000014883	\$ (8,084)	\$ -	\$ 2,954	\$ (5,130)
Substance Abuse and Mental Health Services	93.959	44100-026-0000014883	-	150	150	-
Substance Abuse and Mental Health Services	93.959	44100-906-0000089599	36,240	36,240	-	-
Substance Abuse and Mental Health Services	93.959	44100-906-0000089599	-	172,521	200,182	27,661
	93.959	44100-906-00000100151	43,185	43,185	-	-
	93.959	44100-906-00000100151	-	157,253	187,354	30,101
Total Health and Human Services			<u>71,341</u>	<u>409,349</u>	<u>390,640</u>	<u>52,632</u>
U.S. Department of Transportation						
Pass-through from Georgia Department of Transportation						
Mass Transportation Assistance	20.507	TT006234	72,047	243,556	203,077	31,568
Mass Transportation Assistance	20.507	TT006235	-	-	82,349	82,349
Mass Transportation Assistance	20.507	TT006234	-	-	-	-
			<u>72,047</u>	<u>243,556</u>	<u>285,426</u>	<u>113,917</u>
Pass-through from Transit Alliance Group						
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		6,927	35,160	28,233	-
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		-	-	9,586	9,586
			<u>6,927</u>	<u>35,160</u>	<u>37,819</u>	<u>9,586</u>
Total Department of Transportation			<u>78,974</u>	<u>278,716</u>	<u>323,245</u>	<u>123,503</u>
U.S. Department of Homeland Security						
Pass-through from Georgia Emergency Management Agency						
Emergency Management Performance Grants	97.042	OEM18	-	19,183	19,183	-
Total Department of Homeland Security			<u>-</u>	<u>19,183</u>	<u>19,183</u>	<u>-</u>

CATOOSA COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Pass-Through Number	Beginning Accrued (Deferred)	Cash Receipts (Refunds)	Expenditures	Ending Accrued (Deferred)
U.S. Department of Justice						
Bulletproof Vest Partnership	16.607		-	4,225	4,225	-
			-	4,225	4,225	-
Pass-through from Georgia Justice Coordinating Council						
VOCA	16.575	C16-8-207-C15-8-374	13,457	13,457	-	-
VOCA	16.575	C17-8-171	-	43,545	57,048	13,503
			13,457	57,002	57,048	13,503
Total U.S. Department of Justice			13,457	61,227	61,273	13,503
Total Federal Awards			\$ 163,772	\$ 768,475	\$ 794,341	\$ 189,638

CATOOSA COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
SEPTEMBER 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Catoosa County, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Catoosa County, Georgia has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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 Board of Commissioners
Catoosa County, Georgia**

We have audited, in accordance with the 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Catoosa County, Georgia as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2020. Our report includes a reference to other auditors who audited the financial statements of the Catoosa County Health Department, as described in our report on the Catoosa County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catoosa County, 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 Catoosa County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Catoosa County, 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 the 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

Catoosa County, Georgia's Response to Findings

Catoosa County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Catoosa County, 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 results 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, Wiley & Meacham, P.C.

March 27, 2020
Chattanooga, Tennessee



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Commissioners
Catoosa County, Georgia**

Report on Compliance for Each Major Federal Program

We have audited Catoosa County, Georgia's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Catoosa County, Georgia's major federal programs for the year ended September 30, 2019. Catoosa County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Catoosa County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Catoosa County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Catoosa County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Catoosa County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

The management of Catoosa County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Catoosa County, Georgia's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Catoosa County, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Johnson, Nicky & Meucham, P.C.

March 27, 2020
Chattanooga, Tennessee

CATOOSA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Catoosa County, Georgia were prepared in accordance with GAAP.
2. Two material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Catoosa County, Georgia were disclosed by the audit.
4. No significant deficiencies were reported and no material weaknesses were identified during the audit of the major federal award program.
5. The auditors' report on the major federal awards program for Catoosa County, Georgia expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were:
 - U.S. Department of Health and Human Services
 - Substance Abuse and Mental Health Services – CFDA 93.959.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Catoosa County, Georgia was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Current Year Findings

2019-001 Noncompliance with County Purchasing Policy

Condition

Catoosa County, Georgia has a purchasing policy ordinance that requires all purchases greater than \$15,000 but not more than \$50,000 be awarded by competitive sealed bid. The County purchased a vehicle for the Sheriff's department at a cost of \$34,292 without advertising the purchase for bid.

Criteria

The County purchased a vehicle without following the proper competitive bid process.

Effect

Vehicles could be purchased at a higher cost to the County without proper bid procedures being followed.

Recommendation

All purchases subject to the County bid procedures should follow the competitive bid process as outlined in the County purchasing policy ordinance.

**CATOOSA COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2019**

B. FINDINGS FINANCIAL STATEMENTS AUDIT (continued)

Current Year Findings (continued)

2019-001 Noncompliance with County Purchasing Policy (continued)

Views of the Responsible Officials

Management concurs with this finding. The County will develop a procedure guide to complement the Purchasing Policy and aid in understanding. The County will also conduct purchasing training with all department heads and applicable staff.

2019-002 Noncompliance with County Purchasing Policy

Condition

Catoosa County, Georgia has a purchasing policy ordinance that requires all purchases of used equipment greater than \$15,000 be purchased upon approval of the Board at a public auction or at a private sale provided that the terms of the sale, including the name of the seller, description of the equipment and purchase price are advertised in the legal organ of the county at least once after the close of the private purchase.

Criteria

The County purchased a used firetruck for \$360,679 and failed to advertise the purchase in the legal organ of the County ten days prior to the close of the purchase.

Effect

Equipment could be purchased at a higher cost to the County without proper advertising procedures being followed.

Recommendation

All purchases subject to the County advertising policy should follow the proper advertising process as outlined in the County purchasing policy ordinance.

Views of the Responsible Officials

Management concurs with this finding. The County will develop a procedure guide to complement the Purchasing Policy and aid in understanding. The County will also conduct purchasing training with all department heads and applicable staff.

Prior Year Findings

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Current Year Findings

None

Prior Year Findings

None



CATOOSA COUNTY GOVERNMENT

800 LaFayette Street
Ringgold, Georgia 30736

Phone: 706-965-2500
Fax: 706-935-3112

March 27, 2020

Greg S. Griffin, State Auditor
State of Georgia, Department of Audits and Accounts
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

RE: Corrective Action Plan for Catoosa County, Georgia
FYE: September 30, 2019

Dear Mr. Griffin:

Please find below our response and corrective action plan for the findings identified in our audit report for the fiscal year indicated above.

Audit Finding:

2019-001 Noncompliance with County Purchasing Policy

Condition:

Catoosa County, Georgia has a purchasing policy ordinance that requires all purchases greater than \$15,000 but not more than \$50,000 be awarded by competitive sealed bid. The County purchased a vehicle for the Sheriff's department at a cost of \$34,292 without advertising the purchase for bid.

Recommendation:

All purchases subject to the County bid procedures should follow the competitive bid process as outlined in the County purchasing policy ordinance.

Response:

Management concurs with the finding. Although the State allows local governments to purchase from State contracts, the County's purchasing policy does not reference any options for State contract purchasing. When the Sheriff was evaluating the purchasing options for a vehicle, there was a misunderstanding regarding the ability to purchase from State contracts.

Unfortunately, this happened during the time that the former County CFO was preparing for retirement and the infraction was not caught.

Corrective Action Plan:

As the Chief Financial Officer, I am responsible for this Corrective Action Plan. We will take the following corrective steps:

1. We will develop a “frequently asked questions” guide and a more detailed procedures manual to complement the purchasing policy and aid in understanding and compliance.
2. We will conduct purchasing training with all department heads, relevant staff, and relevant elected official staff.
3. We will enact a procedure which requires CFO approval of any purchase order or invoice which meets or exceeds the bid threshold.
4. This action plan will be completed by September 30, 2020.

Audit Finding:

2019-002 Noncompliance with County Purchasing Policy

Condition:

Catoosa County, Georgia has a purchasing policy ordinance that requires all purchases of used equipment greater than \$15,000 be purchased upon approval of the Board at a public auction or at a private sale provided that the terms of the sale, including the name of the seller, description of the equipment and purchase price are advertised in the legal organ of the County at least once after the close of the private purchase. The County purchased a used fire truck for \$360,679 and failed to advertise the purchase in the legal organ of the County.

Recommendation:

All purchases subject to the County advertising policy should follow the proper advertising process as outlined in the County purchasing policy ordinance.

Response:

Management concurs with the finding. The approval and purchase of the used fire truck happened early in my tenure as the new County CFO. I had failed to familiarize myself with the used equipment details of the purchasing policy and therefore failed to ensure compliance with the advertising requirement.

Corrective Action Plan:

As the Chief Financial Officer, I am responsible for this Corrective Action Plan. We will take the following corrective steps:

1. We will develop a “frequently asked questions” guide and a more detailed procedures manual to complement the purchasing policy and aid in understanding and compliance.
2. We will conduct purchasing training with all department heads, relevant staff, and relevant elected official staff.
3. We will designate one individual as being responsible for all used equipment advertising.
4. This action plan will be completed by September 30, 2020.

If you have any questions regarding the above, you can contact me at (706)965-0558 or carol.roberts@catoosa.com.

Sincerely,



Carol J. Roberts, CPA
Chief Financial Officer

Cc: Board of Commissioners
County Manager
Johnson, Hickey & Murchison, P.C.

SPECIAL LOCAL OPTION SALES TAX



INDEPENDENT AUDITORS' REPORT ON SPECIAL 1 PERCENT SALES AND USE TAX

**To the Board of Commissioners
Catoosa County, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Catoosa County, Georgia as of and for the year ended September 30, 2019, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2020. We have also audited the accompanying schedules of the County's projects constructed with special local option sales tax funds, for the year ended September 30, 2019, (the specific projects allowed having been identified in resolutions dated April 3, 2003, June 17, 2008, January 15, 2013, and February 6, 2018 calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA). These schedules are the responsibility of the management of Catoosa County, Georgia. Our responsibility is to express an opinion on the schedules based on our audit.

We conducted our audit of the schedules in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules of the County's projects constructed with special local option sales tax funds are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedules of the County's projects constructed with special local option sales tax funds, as referred to above, present fairly, in all material respects, the amounts of projects constructed with proceeds from the County's special local option sales tax for the year ended September 30, 2019, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Hickey & Murchison, P.C.

March 27, 2020
Chattanooga, Tennessee

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS 2004 CYCLE
SEPTEMBER 30, 2019

PROJECT	ORIGINAL	REALLOC- ATIONS	REVISED	EXPENDITURES			PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
	ESTIMATED COST		ESTIMATED COSTS	PRIOR YEARS	CURRENT YEAR	TOTAL		
Fort Oglethorpe sewer, water and capital outlay projects	\$ 5,461,000	\$ -	\$ 5,461,000	\$ 5,609,689	\$ 29	\$ 5,609,718	100%	\$ 341,362
Ringgold sewer, water and capital outlay projects	1,935,000	-	1,935,000	2,448,303	-	2,448,303	100%	69,881
Catoosa Utility District water projects	2,500,000	-	2,500,000	2,562,322	-	2,562,322	100%	59,612
Fort Oglethorpe sewer projects	2,000,000	-	2,000,000	1,789,112	-	1,789,112	89%	-
Catoosa County sewer projects	16,190,000	-	16,190,000	17,078,141	-	17,078,141	100%	983,104
Stormwater projects	2,000,000	-	2,000,000	2,292,419	-	2,292,419	100%	-
Keith projects	637,000	-	637,000	652,763	-	652,763	100%	-
Recreation	2,000,000	-	2,000,000	2,049,490	-	2,049,490	100%	-
Public safety equipment	5,015,000	-	5,015,000	5,139,098	-	5,139,098	100%	-
Public works vehicles	685,000	-	685,000	701,950	-	701,950	100%	-
Multi-purpose buildings	550,000	-	550,000	563,610	-	563,610	100%	-
Roads and bridges	2,000,000	-	2,000,000	2,261,965	-	2,261,965	100%	161,611
Library enhancement	350,000	-	350,000	358,660	-	358,660	100%	-
	<u>\$ 41,323,000</u>	<u>\$ -</u>	<u>\$ 41,323,000</u>	<u>\$ 43,507,522</u>	<u>\$ 29</u>	<u>\$ 43,507,551</u>		<u>\$ 1,615,570</u>

Reconciliation of current year expenditures

SPLOST 2004 expenditures per financial statements
Less debt service principal

\$ 29

-

\$ 29

**CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS 2009 CYCLE
SEPTEMBER 30, 2019**

PROJECT	ORIGINAL ESTIMATED COST	REALLOC- ATIONS	REVISED ESTIMATED COSTS	EXPENDITURES			PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
				PRIOR YEARS	CURRENT YEAR	TOTAL		
Fort Oglethorpe sewer, water and capital outlay projects	\$ 7,112,000	\$ -	\$ 7,112,000	\$ 5,747,923	\$ -	\$ 5,747,923	81%	\$ 29,154
Ringgold sewer, water and capital outlay projects	2,520,000	-	2,520,000	2,260,366	-	2,260,366	90%	33,163
Catoosa Utility District water projects	4,000,000	-	4,000,000	3,231,921	-	3,231,921	81%	15,518
Catoosa County sewer projects	15,750,000	-	15,750,000	12,432,570	31,155	12,463,725	79%	-
Recreation	2,000,000	-	2,000,000	1,607,369	-	1,607,369	80%	-
Public safety equipment	5,509,000	-	5,509,000	4,323,526	-	4,323,526	78%	-
Public works vehicles	1,500,000	-	1,500,000	1,202,270	-	1,202,270	80%	-
Multi-purpose buildings	1,190,000	-	1,190,000	872,957	21,511	894,468	75%	-
Roads, buildings, and stormwater	9,869,000	-	9,869,000	10,022,727	-	10,022,727	100%	2,087,050
Library enhancement	500,000	-	500,000	260,052	14,415	274,467	55%	-
Economic development	2,000,000	-	2,000,000	1,657,974	-	1,657,974	83%	-
GIS department	400,000	-	400,000	104,930	30,400	135,330	34%	5,940
Historical tourism/greenspace	750,000	-	750,000	642,602	544	643,146	86%	10,000
	<u>\$ 53,100,000</u>	<u>\$ -</u>	<u>\$ 53,100,000</u>	<u>\$ 44,367,187</u>	<u>\$ 98,025</u>	<u>\$ 44,465,212</u>		<u>\$ 2,180,825</u>

Reconciliation of current year expenditures

SPLOST 2009 expenditures per financial statements
Less debt service principal

\$ 98,025
10,000
\$ 108,025

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS 2014 CYCLE
SEPTEMBER 30, 2019

PROJECT	ORIGINAL	REALLOC- ATIONS	REVISED	EXPENDITURES			PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
	ESTIMATED COST		ESTIMATED COSTS	PRIOR YEARS	CURRENT YEAR	TOTAL		
Fort Oglethorpe sewer, water and capital outlay projects	\$ 7,150,000	\$ -	\$ 7,150,000	\$ 4,209,634	\$ 1,605,922	\$ 5,815,556	81%	\$ 2,776
Ringgold sewer, water and capital outlay projects	2,500,000	-	2,500,000	1,432,692	374	1,433,066	57%	706
Catoosa Utility District water projects	2,300,000	-	2,300,000	1,542,647	391,313	1,933,960	84%	97
Catoosa County sewer projects	12,400,000	-	12,400,000	5,742,273	771,222	6,513,495	53%	447,666
Recreation	2,263,101	-	2,263,101	1,265,541	303,294	1,568,835	69%	-
Public safety equipment and buildings	9,222,399	-	9,222,399	4,119,792	1,668,801	5,788,593	63%	-
Roads and bridges	9,000,000	-	9,000,000	5,887,090	2,038,308	7,925,398	88%	2,502,387
Equipment and vehicles	2,164,500	-	2,164,500	941,661	278,468	1,220,129	56%	-
Public buildings and grounds	800,000	-	800,000	386,810	110,901	497,711	62%	26,758
Courthouse renovation	2,200,000	-	2,200,000	998,390	19,359	1,017,749	46%	-
Stormwater projects	3,000,000	-	3,000,000	1,490,767	164,704	1,655,471	55%	-
Economic development	6,700,000	-	6,700,000	4,177,510	3,367,488	7,544,998	113%	331,905
GIS department	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>4,795</u>	<u>-</u>	<u>4,795</u>	2%	<u>-</u>
	<u>\$ 60,000,000</u>	<u>\$ -</u>	<u>\$ 60,000,000</u>	<u>\$ 32,199,602</u>	<u>\$ 10,720,154</u>	<u>\$ 42,919,756</u>		<u>\$ 3,312,295</u>

Reconciliation of current year expenditures
SPLOST 2014 expenditures per financial statements \$ 10,720,154
Less debt service principal -

CATOOSA COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROJECTS 2019 CYCLE
SEPTEMBER 30, 2019

PROJECT	ORIGINAL	REALLOC- ATIONS	REVISED	EXPENDITURES			PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
	ESTIMATED COST		ESTIMATED COSTS	PRIOR YEARS	CURRENT YEAR	TOTAL		
Fort Oglethorpe sewer, water and capital outlay projects	\$ 7,800,000	\$ -	\$ 7,800,000	\$ -	\$ -	\$ -	0%	\$ 11
Ringgold sewer, water and capital outlay projects	2,665,000	-	2,665,000	-	-	-	0%	4
Catoosa Utility District water projects	1,250,000	-	1,250,000	-	-	-	0%	2
Catoosa County sewer projects	11,035,000	-	11,035,000	-	-	-	0%	-
Recreation	2,400,000	-	2,400,000	-	-	-	0%	-
Emergency equipment	9,400,000	-	9,400,000	-	232,954	232,954	2%	-
County equipment and vehicles	1,625,000	-	1,625,000	-	-	-	0%	2,502,387
Public buildings and grounds	1,500,000	-	1,500,000	-	-	-	0%	-
Roads and bridges	11,400,000	-	11,400,000	-	792,094	792,094	7%	745,348
Library	300,000	-	300,000	-	-	-	0%	-
Stormwater projects	2,500,000	-	2,500,000	-	-	-	0%	-
Economic Development	8,000,000	-	8,000,000	-	5,131	5,131	0%	-
GIS department	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	0%	<u>-</u>
	<u>\$ 60,000,000</u>	<u>\$ -</u>	<u>\$ 60,000,000</u>	<u>\$ -</u>	<u>\$ 1,030,179</u>	<u>\$ 1,030,179</u>		<u>\$ 3,247,752</u>

Reconciliation of current year expenditures
SPLOST 2019 expenditures per financial statements

\$ 1,030,179