MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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FINANCIAL SECTION

MAULDIN & JENKINS

CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of McIntosh County, Georgia
Darien, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **McIntosh County, Georgia** as of and for the year ended September 30, 2010, which collectively comprise McIntosh County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of McIntosh County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the McIntosh County Board of Health, which statements represent 100% of the assets and 100% of the revenues of the County's component units for the year ended September 30, 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the McIntosh County Board of Health in the component unit column, is based on the reports of the other auditor.

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

In our opinion, based on our audit and the reports 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of McIntosh County, Georgia as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Tornado 511 Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2011 on our consideration of McIntosh 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 - 10) and the Required Supplementary Information on page 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McIntosh County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121 and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Albany, Georgia
September 29, 2011

Introduction

As County Manager of McIntosh County, Georgia, I offer readers of the County's financial statements this narrative overview and analysis of the financial activities of McIntosh County for the year ended September 30, 2010. This discussion is intended to help provide a comprehensive understanding of the financial performance and condition of McIntosh County taken as a whole. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes to the financial statements.

Fiscal Year 2010 is the seventh year McIntosh County has prepared its annual report in compliance with the financial reporting model, GASB 34. This reporting model is combination of both Government–Wide Financial Statements and Fund Financial Statements. As such, our basic financial statements contain three components:

1) Government-Wide Financial Statements including the Statement of Net Assets and the Statements of Activities. These statements provide a broad, long-term overview of the County's finances based upon the driving factors of economic resources available.

2) Fund Financial Statements including Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balance. These statements focus more on the short-term performance of the County's finances based upon the current financial resources available.

3) Notes to the financial statements.

The discussion and analysis will assist the reader by highlighting and summarizing in general terms the basic financial information contained within the annual report.

Financial Highlights

Key Financial Highlights for fiscal year 2010 are as follows:

Government-Wide Financial Statements:

- At September 30, 2010 McIntosh County's assets exceeded its liabilities by $23,171,082 (net assets).
- The County's $20,103,379 investment in capital assets leaves the County with $3,067,703 in net assets of which $2,523,985 is restricted.
- McIntosh County's total net assets decreased from $23,615,321 in the prior year to $23,171,082 in the current year, for a total decrease of $444,239 or 1.87%.
- McIntosh County's revenues for fiscal year 2010 totaled $14,959,163. Of this amount, 44% are property tax revenues, 17% are sales tax revenues, 6% are other tax revenues, 26% are charges for services and the remaining 7% are other revenues. This is a 5% increase over fiscal year 2009 revenues.
- McIntosh County's total program expenses for fiscal year 2010 totaled $15,403,402. Of this amount, 38% are public safety expenses, 16% are general governmental expenses, 7% are judicial expenses, 32% are public works expenses and the remaining 7% are other expenses. This is an 8% increase over fiscal year 2009 expenses.

Governmental Funds Financial Statements:

- McIntosh County's Governmental Funds recorded total assets of $7,228,733 for fiscal year ending September 30, 2010. This amount is over the total Governmental Funds liabilities by $3,692,127 (fund balance).

- Total Governmental Fund's fund balances for fiscal year ending September 30, 2010 decreased by $1,569,593 from the previous year. This decrease was a result of a $1,091,123 decrease in the General Fund, a $76,298 decrease in the Tornado 511 Fund, a $15,614 increase in the Sales Tax Fund, and a $417,786 decrease in Other Governmental Funds.

- Total Governmental Fund Balance of $3,692,127 consists of $2,876,118 reserved, $816,009 unreserved.

- Due to total revenues for the General Fund falling short of budgeted amounts by $438,462 or approximately 4% and total expenditures for the General Fund being over budget by $112,052, or approximately 1%, McIntosh County experienced a decrease in the fund balance of approximately 10% of the budget.

Overview of the Financial Statements

The reporting model for the Government-Wide Financial Statements is designed to provide readers with a broad overview of the County's financial performance over the past year and the resulting condition thereof. The statements resemble those of private sector business by taking on an "economic resource" approach as opposed to a "current resource" approach traditionally found in Fund Financial Statements. Additionally, this Management Discussion and Analysis helps highlight and emphasize in plain language the events that have occurred over the past year to bring about the current financial condition of the County. I encourage readers to review all of the basic financial statements, along with the MD&A and supplementary information in order to fully understand the overall financial position of McIntosh County, Georgia.

Reporting on the County as a Whole

The model of financial reporting, which includes the Statements of Net Assets and the Statement of Activities beginning on page 11, helps readers identify whether or not the County as a whole is in better condition as a result of the events that have taken place over the past year. These statements capture all assets and liabilities using the *accrual basis of accounting.* This format of accounting resembles that used by most private-sector companies by recording all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Assets and the Statement of Activities, the County is presented in two distinct activities:

- Governmental Activities – This section reports most of the familiar governmental services: General Government, Judicial, Public Safety, Public Works, Health and Welfare, Culture and Recreation, Housing and Development and Interest on Long-term Debt. The majority of funding for these programs comes from property taxes, sales tax, charges for services and fines and forfeitures.

- Business-type Activities – This section reports activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.

- Component units – There is one component unit included in the report related to McIntosh County Health Department. Although this unit is a legally separate entity, it is important because the County has a significant financial interest in this unit.

Reporting on the County's Most Significant Funds

The Fund Financial Statements beginning on page 14 provide a more detailed look at the County's most significant funds – not the County as a whole. While some funds are required by state law, others are established by the Board of Commissioners to help control budgets and financing for specific purposes. The County maintains three categories of funds: Governmental, Proprietary and Fiduciary.

- Governmental Funds - As you might expect, most of the familiar governmental services (General government, Judiciary, Public safety, Public works, Health and welfare, Culture and recreation, Housing and development, and Interest on Long-term Debt) are captured and reported in Governmental Funds. These funds use a method of accounting called the modified accrual approach. This method of accounting measures cash and other financial assets that can be readily converted into cash. The Governmental Funds provide a short-term view of the County's general government operations and services, and help determine the amount of financial resources that are available in the near future to fund County programs. On page 16 is the reconciliation between the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and the Statements of Activities.

- Proprietary Funds - The County maintains one type of proprietary fund classified as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water Fund and Solid Waste Fund. The accounting method used for these funds is much like that used for a business, the *full accrual* method.

- Fiduciary Funds - These funds are established to report on assets being held by the county for the benefit of parties outside the Government. Although these funds are presented in the Fund Financial Statements, they do not appear in the Government-wide statements because the resources of these funds are not available to support the programs of McIntosh County Local Government. The accounting method used for these funds is much like that used for proprietary funds, the *full accrual* method.

McIntosh County Government-Wide Financial Analysis

The table on the following page presents a summary of the Statement of Net Assets for the County as of September 30, 2010 and 2009.

Table 1
Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current & Other Assets	$ 5,614,090	$ 7,148,089	$ 97,941	$ (758,355)	$ 5,712,031	$ 6,389,734
Capital Assets	17,355,692	16,864,935	5,362,100	3,581,423	22,717,792	20,446,358
Total Assets	22,969,782	24,013,024	5,460,041	2,823,068	28,429,823	26,836,092
Long-term Liabilities	2,518,007	604,368	1,129,101	1,075,217	3,647,108	1,679,585
Other Liabilities	1,592,221	1,465,324	19,412	75,862	1,611,633	1,541,186
Total Liabilities	4,110,228	2,069,692	1,148,513	1,151,079	5,258,741	3,220,771
Net Assets:						
Invested in Capital Assets, net of debt	14,741,279	16,178,103	5,362,100	3,581,423	20,103,379	19,759,526
Restricted	2,523,985	2,508,371	-	-	2,523,985	2,508,371
Unrestricted	1,594,290	3,256,858	(1,050,572)	(1,909,434)	543,718	1,347,424
Total Net Assets	$ 18,859,554	$ 21,943,332	$ 4,311,528	$ 1,671,989	$ 23,171,082	$ 23,615,321

Net Assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $23,171,082 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (87 percent) reflects its investment in capital assets (e.g., land, building machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debit, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be sued to liquidate these liabilities.

An additional portion of the County's net assets (11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($543,718) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table summarizes the changes in net assets for the primary government for the fiscal years ended September 30, 2010 and 2009.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$ 3,375,919	$ 3,497,892	$ 587,352	$ 553,198	$ 3,963,271	$ 4,051,090
Operating grants	602,371	404,165	-	-	602,371	404,165
Capital grants	379,164	686,986	-	-	379,164	686,986
General revenues:						
Property taxes	6,541,286	6,119,991	-	-	6,541,286	6,119,991
Sales taxes	2,470,551	2,364,932	-	-	2,470,551	2,364,932
Insurance premium taxes	460,834	468,425	-	-	460,834	468,425
Other taxes	497,100	708,757	-	-	497,100	708,757
Unrestricted investment earnings	26,818	55,504	877	364	27,695	55,868
Gain of sale of assets	3,891	-	13,000	-	16,891	-
Total Revenues	14,357,934	14,306,652	601,229	553,562	14,959,163	14,860,214
Program expenses:						
General government	2,392,583	2,467,418	-	-	2,392,583	2,467,418
Judicial	1,119,759	1,184,253	-	-	1,119,759	1,184,253
Public safety	5,789,808	5,865,383	-	-	5,789,808	5,865,383
Public works	3,674,751	3,142,400	-	-	3,674,751	3,142,400
Health & welfare	78,355	146,411	-	-	78,355	146,411
Culture & recreation	635,612	562,213	-	-	635,612	562,213
Housing & development	369,836	515,925	-	-	369,836	515,925
Interest	31,744	32,770			31,744	32,770
Water	-	-	480,177	431,460	480,177	431,460
Solid waste	-	-	830,777	808,164	830,777	808,164
Total expenses	14,092,448	13,916,773	1,310,954	1,239,624	15,403,402	15,156,397
Excess (deficiency)	265,486	389,879	(709,725)	(686,062)	(444,239)	(296,183)
Transfers	(3,349,264)	(553,319)	3,349,264	553,319	-	-
Net changes in net assets	(3,083,778)	(163,440)	2,639,539	(132,743)	(444,239)	(296,183)
Net assets - beg. of year	21,943,332	22,106,772	1,671,989	1,804,732	23,615,321	23,911,504
Net assets - end of year	$ 18,859,554	$ 21,943,332	$ 4,311,528	$ 1,671,989	$ 23,171,082	$ 23,615,321

Total revenues for Governmental Activities exceed total expenses by $265,486. By review of Table 2, it is apparent that the bulk of revenues supporting Governmental Activities are attributable to Property taxes, $6,541,286 or 46%, and Charges for services $3,375,919 or 24%.

Additionally, Table 2 illustrates the bulk of Governmental Activities expense being reported within the program of Public safety, at $5,789,808 or 41%, with the second largest expense attributable to Public works, reporting expenses of $3,674,751 or 26%.

Governmental Activities

The current reporting model provides users with an understanding of how governmental activities are fully supported. Table 3 will help illustrate how these programs fall short of supporting themselves and must therefore rely on general revenues such as property tax, sales tax, fines and grants. The table lists the total cost of each program, and the final net cost (total cost less revenues generated by the program).

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
General government	$ 2,392,583	$ 2,467,418	$ 1,933,638	$ 2,142,442
Judicial	1,119,759	1,184,253	1,119,759	1,184,253
Public safety	5,789,808	5,865,383	3,226,214	3,289,320
Public works	3,674,751	3,142,400	3,028,226	1,707,698
Health & welfare	78,355	146,411	(231,882)	(31,604)
Culture & recreation	635,612	562,213	573,278	486,926
Housing & development	369,836	515,925	54,017	515,925
Interest on long-term debt	31,744	32,770	31,744	32,770
Totals	$ 14,092,448	$ 13,916,773	$ 9,734,994	$ 9,327,730

As noted in the above table, governmental programs fell $9,734,994 short of supporting themselves through direct revenues attributable to those programs. As a result, citizens support these programs through payment of property taxes, sales, and other taxes.

While the County was able to support its Governmental Activities, it should be noted that a few significant factors affected total revenues for the year ended September 30, 2010.

The County's Major Governmental Funds

At the end of fiscal year 2010, the County reported its governmental funds (as presented in the balance sheet on page 14) having a combined fund balance of $3,692,127. This balance decreased by $1,569,593 from prior year's balance. This negative result reflects the actual results in the majority of the governmental funds. The statement of Revenues, Expenditures and Changes in Fund Balances presented on page 15 reports the loss of $1,091,123 in the General Fund, a loss totaling $76,298 was reported in the Tornado 511 Fund, a surplus totaling $15,614 was reported for Sales Tax Fund and a loss of $417,786 for other Governmental Funds.

McIntosh County's total Governmental Fund Balance of $3,692,127 is divided into two categories: Reserved and Unreserved. $2,523,985 of this fund balance is reserved for SPLOST Capital Outlay which leaves $1,168,142 reported as unreserved and available for use to meet current ongoing obligations of McIntosh County.

Revenues for the General Fund totaled $11,372,476, or approximately 79% of total governmental revenues reported in the Statement of Revenues, Expenditures and Changes in Fund Balances presented on page 15. Of this amount, $6,583,842 (or 58%) was collected through property taxes, with second largest source of revenues reported in the line item of fines and forfeitures, $1,278,620 (or 11%).

Expenditures for the General Fund totaled $11,462,568 (not including Other Financing Sources). Expenditures exceeded revenues by approximately $90,092.

General Fund Budgetary Highlights

Total revenues in the General Fund were short of budgeted amounts by $438,462, or approximately 4%. This final result is a combination of both positive and negative variance as reported on the General Fund Budgetary Comparison Schedule presented on page 17. The largest positive variance, $123,239 is reported in the line item of sales taxes.

General Fund expenditures (not including Other Financing Sources) for the year ending September 30, 2010 were over budget by $112,052, or approximately 1%. The largest area of variance of $331,572 is reported in the public safety line item. The main contributing factors to this variance can be found in the line item of Sheriff.

Tornado 511 Fund Budgetary Highlights

Total revenues, as reported on the Tornado 511 Fund Budgetary Comparison Schedule presented on page 19, were short of budgeted amounts by $3,253, or approximately 1%. Total expenditures were less than budgeted amounts by $114,755, or approximately 21%.

Capital Asset and Debt Administration

McIntosh County's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to $22,717,792 (net of accumulated depreciation). This is an increase of $3,987,255 from last year. The increase is mostly due to new county buildings. Table 4 is summary data of capital assets.

Table 4
Capital Assets (Net of Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	$ 302,702	$ 7,200	$ 309,902
Construction in progress	-	2,242,370	2,242,370
Buildings	8,319,558	158,760	8,478,318
Machinery and equipment	2,083,491	616,939	2,700,430
Infrastructure	6,649,941	-	6,649,941
Water System	-	2,000,778	2,000,778
Landfill	-	336,053	336,053
Totals	$ 17,355,692	$ 5,362,100	$ 22,717,792

It should be noted that the majority of the capital assets in McIntosh County have been obtained through the use of Special Purpose Local Option Sales Tax (SPLOST). Currently, the County is approximately 80% complete with the 2005 SPLOST program. More detail on the County's capital assets can be found in Note 6, pages 34 to 36 of the Notes to Financial Statements.

At year end, the County had a total $3,906,560 in outstanding long-term liabilities which includes $1,126,298 in closure and post closure care costs for the McIntosh County Landfill Fund, $1,724,585 in notes payable and the resulting balance being capital leases, net pension obligation and compensated absences. More information regarding the County's Long-Term and Short Term Debt can be found in Note 7 on pages 36 to 38 in the Notes to Financial Statements.

Other Economic Factors

The Board of Commissioners and County Manager have considered several factors when establishing FY11 budget including, the overall economic issues affecting the entire County as a result in decreased SPLOST and LOST revenues, the impact of the mortgage crisis on the tax digest, and the closures of businesses.

Finally, the Board in conjunction with the County Manager and Finance Department will continue to develop various financial policies to help govern the way McIntosh County does business. These policies will include standards to track funds balances on a monthly basis compared to budget. Furthermore, standards will be implemented to ensure appropriate procurement procedures are followed and adherence to budget is achieved.

Contacting the County's Financial Management

This Annual Financial Report is designed to help citizens, taxpayers, customers, investors and creditors evaluate the overall condition of McIntosh County, Georgia and the operations thereof. Additional details can be requested by mail at the following address: McIntosh County Board of Commissioners, P.O. Box 584, Darien, Georgia 31305.

MCINTOSH COUNTY, GEORGIA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
Cash and cash equivalents	$ 3,713,024	$ 7,144	$ 3,720,168	$ 140,606
Taxes receivable	719,073	-	719,073	-
Accounts receivable	432,078	88,547	520,625	9,493
Notes receivable	91,785	-	91,785	-
Internal balances	(2,250)	2,250	-	-
Due from other governments	308,247	-	308,247	3,586
Prepaid expenses	352,133	-	352,133	-
Capital assets, non-depreciable	302,702	2,249,570	2,552,272	-
Capital assets, depreciable, net of accumulated depreciation	17,052,990	3,112,530	20,165,520	2,269
Total assets	22,969,782	5,460,041	28,429,823	155,954
LIABILITIES				
Accounts payable	774,326	12,203	786,529	30,000
Accrued liabilities	55,483	-	55,483	-
Due to other governments	10,169	-	10,169	8,313
Other liabilities	7,868	-	7,868	-
Capital leases due within one year	137,837	-	137,837	-
Capital leases due in more than one year	751,991	-	751,991	-
Line of credit	500,000	-	500,000	-
Note payable due in more than one year	1,724,585	-	1,724,585	-
Compensated absences due within one year	106,538	7,209	113,747	4,555
Compensated absences due in more than one year	41,431	2,803	44,234	18,219
Closure and postclosure care cost	-	1,126,298	1,126,298	-
Total liabilities	4,110,228	1,148,513	5,258,741	61,087
NET ASSETS				
Invested in capital assets, net of related debt	14,741,279	5,362,100	20,103,379	2,269
Restricted for:				
Capital projects	2,523,985	-	2,523,985	-
Special use	-	-	-	95,722
Unrestricted	1,594,290	(1,050,572)	543,718	(3,124)
Total net assets	$ 18,859,554	$ 4,311,528	$ 23,171,082	$ 94,867

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,392,583	$ 458,945	$ -	$ 51
Judicial	1,119,759	-	-	-
Public safety	5,789,808	2,535,644	27,950	1,089
Public works	3,674,751	343,196	205,339	102,353
Health and welfare	78,355	-	29,063	281,174
Culture and recreation	635,612	38,134	24,200	284
Housing and development	369,836	-	315,819	-
Interest on long-term debt	31,744	-	-	-
Total governmental activities	14,092,448	3,375,919	602,371	384,951
Business-type activities:				
Water	480,177	355,986	-	-
Solid waste	830,777	231,366	-	-
Total business-type activities	1,310,954	587,352	-	-
Total primary government	$ 15,403,402	$ 3,963,271	$ 602,371	$ 384,951
Component unit:				
Board of Health	$ 400,894	$ 134,280	$ 201,875	$ -
Total component unit	$ 400,894	$ 134,280	$ 201,875	$ -

General revenues:
- Property taxes
- Sales taxes
- Insurance premium taxes
- Other taxes
- Unrestricted investment earnings
- Gain on sale of assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Board of Health
$ (1,933,587)	$ -	$ (1,933,587)	$ -
(1,119,759)	-	(1,119,759)	-
(3,225,125)	-	(3,225,125)	-
(3,023,863)	-	(3,023,863)	-
231,882	-	231,882	-
(572,994)	-	(572,994)	-
(54,017)	-	(54,017)	-
(31,744)	-	(31,744)	-
(9,729,207)	-	(9,729,207)	-
-	(124,191)	(124,191)	-
-	(599,411)	(599,411)	-
-	(723,602)	(723,602)	-
$ (9,729,207)	$ (723,602)	$ (10,452,809)	$ -
$ -	$ -	$ -	$ (64,739)
$ -	$ -	$ -	$ (64,739)
6,541,286	-	6,541,286	-
2,470,551	-	2,470,551	-
460,834	-	460,834	-
497,100	-	497,100	-
21,031	877	21,908	-
3,891	13,000	16,891	-
(3,349,264)	3,349,264	-	-
6,645,429	3,363,141	10,008,570	-
(3,083,778)	2,639,539	(444,239)	(64,739)
21,943,332	1,671,989	23,615,321	159,606
$ 18,859,554	$ 4,311,528	$ 23,171,082	$ 94,867

MCINTOSH COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

ASSETS	General	Tornado 511	Sales Tax	USDA Construction	Other Governmental Funds	Total
Cash and cash equivalents	$ 1,314,701	$ 201	$ 1,433,920	$ -	$ 964,202	$ 3,713,024
Taxes receivable	615,948	-	103,125	-	-	719,073
Accounts receivable	42,630	343,094	-	-	46,354	432,078
Notes receivable	-	-	-	-	91,785	91,785
Due from other funds	585,833	-	720,751	-	37,370	1,343,954
Due from other governments	100,720	-	-	-	207,527	308,247
Prepaid items	352,133	-	-	-	-	352,133
Advances to other funds	-	-	268,439	-	-	268,439
Total assets	$ 3,011,965	$ 343,295	$ 2,526,235	$ -	$ 1,347,238	$ 7,228,733
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 179,951	$ -	$ -	$ 355,969	$ 238,406	$ 774,326
Accrued expenses	53,044	-	-	-	-	53,044
Due to other funds	758,121	382,216	2,250	-	203,617	1,346,204
Due to other governments	10,169	-	-	-	-	10,169
Deferred revenue	584,424	-	-	-	-	584,424
Notes payable	500,000	-	-	-	-	500,000
Advances from other funds	268,439	-	-	-	-	268,439
Total liabilities	2,354,148	382,216	2,250	355,969	442,023	3,536,606
FUND BALANCES						
Fund balances:						
Reserved for:						
Capital outlay	-	-	2,255,546	-	-	2,255,546
Prepaid items	352,133	-	-	-	-	352,133
Advances to other funds	-	-	268,439	-	-	268,439
Unreserved, undesignated reported in:						
General fund	305,684	-	-	-	-	305,684
Special revenue funds	-	(38,921)	-	-	918,053	879,132
Capital projects funds	-	-	-	(355,969)	(12,838)	(368,807)
Total fund balances	657,817	(38,921)	2,523,985	(355,969)	905,215	3,692,127
Total liabilities and fund balances	$ 3,011,965	$ 343,295	$ 2,526,235	$ -	$ 1,347,238	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,355,692
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	584,424
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,764,821)
Net pension obligation is not due and payable in the current period and, therefore, is not reported in governmental funds.	(7,868)
Net assets of governmental activities	$ 18,859,554

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	General	Tornado 511	Sales Tax	USDA Construction	Other Governmental Funds	Total
Revenues:						
Property taxes	$ 6,583,842	$ -	$ -	$ -	$ -	$ 6,583,842
Sales taxes	1,058,789	-	1,411,762	-	-	2,470,551
Insurance premium taxes	460,834	-	-	-	-	460,834
Other taxes	364,362	-	-	-	132,738	497,100
Licenses and permits	188,941	-	-	-	-	188,941
Intergovernmental	321,863	200,339	97,990	-	361,343	981,535
Charges for services	1,031,602	-	-	-	175,852	1,207,454
Fines and forfeitures	1,278,620	-	-	-	262,252	1,540,872
Interest	12,321	-	5,787	-	8,710	26,818
Other revenues	71,302	343,196	-	-	24,154	438,652
Total revenues	11,372,476	543,535	1,515,539	-	965,049	14,396,599
Expenditures:						
Current:						
General government	2,337,024	-	-	-	138	2,337,162
Judicial	1,073,459	-	-	-	46,146	1,119,605
Public safety	6,240,651	-	-	-	468,382	6,709,033
Public works	951,930	962,927	-	-	-	1,914,857
Health and welfare	66,825	-	-	-	-	66,825
Culture and recreation	485,252	-	-	-	38,250	523,502
Housing and development	296,742	-	-	-	69,962	366,704
Intergovernmental	-	-	78,489	-	-	78,489
Capital outlay	-	-	1,602,356	1,450,513	305,999	3,358,868
Debt service:						
Principal	6,444	-	115,762	-	-	122,206
Interest	4,241	-	28,520	-	-	32,761
Total expenditures	11,462,568	962,927	1,825,127	1,450,513	928,877	16,630,012
Excess (deficiency) of revenues over (under) expenditures	(90,092)	(419,392)	(309,588)	(1,450,513)	36,172	(2,233,413)
Other financing sources (uses):						
Proceeds from sale of assets	7,833	-	-	-	-	7,833
Notes payable	-	-	-	1,724,585	-	1,724,585
Capital leases	-	-	325,202	-	-	325,202
Transfers in	780,728	343,094	-	40,711	11,987	1,176,520
Transfers out	(1,789,592)	-	-	(670,752)	(109,976)	(2,570,320)
Total other financing sources (uses)	(1,001,031)	343,094	325,202	1,094,544	(97,989)	663,820
Net change in fund balances	(1,091,123)	(76,298)	15,614	(355,969)	(61,817)	(1,569,593)
Fund balances, beginning of year	1,748,940	37,377	2,508,371	-	967,032	5,261,720
Fund balances (deficit), end of year	$ 657,817	$ (38,921)	$ 2,523,985	$ (355,969)	$ 905,215	$ 3,692,127

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

MCINTOSH COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

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

Net change in fund balances - total governmental funds	$	(1,569,593)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.		494,699
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(3,942)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Deferred revenues decreased during the year by this amount.		(42,556)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(1,927,581)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(34,805)
	$	(3,083,778)

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

MCINTOSH COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 6,708,320	$ 6,708,320	$ 6,583,842	$ (124,478)
Sales taxes	935,550	935,550	1,058,789	123,239
Insurance premium taxes	462,681	462,681	460,834	(1,847)
Other taxes	251,391	251,391	364,362	112,971
Licenses and permits	133,075	133,075	188,941	55,866
Intergovernmental	268,000	268,000	321,863	53,863
Charges for services	1,299,536	1,299,536	1,031,602	(267,934)
Fines and forfeitures	1,641,885	1,641,885	1,278,620	(363,265)
Interest income	50,000	50,000	12,321	(37,679)
Other revenues	60,500	60,500	71,302	10,802
Total revenues	11,810,938	11,810,938	11,372,476	(438,462)
Expenditures:				
Current:				
General government:				
Elections	266,901	266,901	201,418	65,483
Financial administration	985,838	985,838	953,881	31,957
Tax commissioner	366,129	366,129	333,995	32,134
Tax assessor	601,613	601,613	604,266	(2,653)
General government buildings and plant	169,131	169,131	239,369	(70,238)
Board of equalization	10,870	10,870	4,095	6,775
Total general government	2,400,482	2,400,482	2,337,024	63,458
Judicial:				
Superior court	457,514	457,514	416,841	40,673
State court	436,614	436,614	394,697	41,917
Probate-magistrate court	297,191	297,191	261,921	35,270
Total judicial	1,191,319	1,191,319	1,073,459	117,860
Public safety:				
Sheriff	2,738,023	2,738,023	3,063,732	(325,709)
Jail operations	1,739,254	1,739,254	1,782,883	(43,629)
Fire	148,127	148,127	140,710	7,417
Ambulance services	994,342	994,342	992,402	1,940
Coroner	29,523	29,523	21,919	7,604
Emergency management	89,583	89,583	83,840	5,743
Animal shelter	170,227	170,227	155,165	15,062
Total public safety	5,909,079	5,909,079	6,240,651	(331,572)
Public works:				
Roads and bridges	994,903	994,903	951,930	42,973
Total public works	994,903	994,903	951,930	42,973

(Continued)

MCINTOSH COUNTY, GEORGIA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures:				
Current:				
Health and welfare:				
Health	$ 52,080	$ 52,080	$ 52,083	$ (3)
Welfare	14,000	14,000	14,040	(40)
Sapelo senior center	22,000	22,000	702	21,298
Total health and welfare	88,080	88,080	66,825	21,255
Culture and recreation:				
Leisure Services	373,173	373,173	431,252	(58,079)
Library	54,000	54,000	54,000	-
Total culture and recreation	427,173	427,173	485,252	(58,079)
Housing and development:				
County extension	73,069	73,069	70,460	2,609
Protective inspection	201,932	201,932	180,993	20,939
Economic opportunity	39,500	39,500	45,289	(5,789)
Total housing and development	314,501	314,501	296,742	17,759
Debt service:				
Principal	17,479	17,479	6,444	11,035
Interest	7,500	7,500	4,241	3,259
Total debt service	24,979	24,979	10,685	14,294
Total expenditures	11,350,516	11,350,516	11,462,568	(112,052)
Excess (deficiency) of revenues over (under) expenditures	460,422	460,422	(90,092)	(550,514)
Other financing sources (uses):				
Proceeds from sale of assets	-	-	7,833	7,833
Transfers in	61,680	595,827	780,728	184,901
Transfers out	(522,102)	(1,056,249)	(1,789,592)	(733,343)
Total other financing sources (uses)	(460,422)	(460,422)	(1,001,031)	(540,609)
Net change in fund balances	-	-	(1,091,123)	(1,091,123)
Fund balance, beginning of year	1,748,940	1,748,940	1,748,940	-
Fund balance, end of year	$ 1,748,940	$ 1,748,940	$ 657,817	$ (1,091,123)

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

MCINTOSH COUNTY, GEORGIA
TORNADO 511 FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Intergovernmental	$ -	$ -	$ 200,339	$ 200,339
Other revenues	546,788	546,788	343,196	(203,592)
Total revenues	546,788	546,788	543,535	(3,253)
Expenditures:				
Current:				
Public works	1,080,935	1,080,935	962,927	118,008
Total expenditures	1,080,935	1,080,935	962,927	118,008
Excess (deficiency) of revenues over (under) expenditures	(534,147)	(534,147)	(419,392)	114,755
Other financing sources:				
Transfers in	534,147	534,147	343,094	(191,053)
Total other financing sources	534,147	534,147	343,094	(191,053)
Net change in fund balances	-	-	(76,298)	(76,298)
Fund balance, beginning of year	37,377	37,377	37,377	-
Fund balance (deficit), end of year	$ 37,377	$ 37,377	$ (38,921)	$ (76,298)

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

ASSETS	Water Fund	Solid Waste Fund	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 7,133	$ 11	$ 7,144
Accounts receivable, net of allowances	76,868	11,679	88,547
Due from other funds	2,250	-	2,250
Total current assets	86,251	11,690	97,941
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	2,242,370	7,200	2,249,570
Depreciable, net of accumulated depreciation	2,000,778	1,111,752	3,112,530
Total noncurrent assets	4,243,148	1,118,952	5,362,100
Total assets	4,329,399	1,130,642	5,460,041
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	234	11,969	12,203
Current portion - compensated absences	-	7,209	7,209
Total current liabilities	234	19,178	19,412
LONG-TERM LIABILITIES			
Compensated absences, net of current portion	-	2,803	2,803
Accrued landfill closure/postclosure care costs	-	1,126,298	1,126,298
Total long-term liabilities	-	1,129,101	1,129,101
Total liabilities	234	1,148,279	1,148,513
NET ASSETS (DEFICIT)			
Invested in capital assets	4,243,148	1,118,952	5,362,100
Unrestricted	86,017	(1,136,589)	(1,050,572)
Total net assets (deficit)	$ 4,329,165	$ (17,637)	$ 4,311,528

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES			
Charges for services	$ 355,986	$ 231,366	$ 587,352
Miscellaneous	-	-	-
Total operating revenues	355,986	231,366	587,352
OPERATING EXPENSES			
Salaries and benefits	-	407,576	407,576
Cost of sales and services	386,463	173,766	560,229
Supplies	28,030	127,332	155,362
Depreciation	65,684	122,103	187,787
Total operating expenses	480,177	830,777	1,310,954
Operating loss	(124,191)	(599,411)	(723,602)
NONOPERATING INCOME			
Interest income	74	803	877
Gain on sale of assets	-	13,000	13,000
Total nonoperating income	74	13,803	13,877
Loss before capital contributions and transfers	(124,117)	(585,608)	(709,725)
CAPITAL CONTRIBUTIONS	1,756,512	198,952	1,955,464
TRANSFERS			
Transfers in	576,888	869,610	1,446,498
Transfers out	(52,698)	-	(52,698)
Total transfers	524,190	869,610	1,393,800
Change in net assets	2,156,585	482,954	2,639,539
NET ASSETS (deficit), beginning of year	2,172,580	(500,591)	1,671,989
NET ASSETS (deficit), end of year	$ 4,329,165	$ (17,637)	$ 4,311,528

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Water Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 367,630	$ 235,016	$ 602,646
Payments to suppliers	(886,399)	(786,833)	(1,673,232)
Payments to employees	-	(406,135)	(406,135)
Net cash used in operating activities	(518,769)	(957,952)	(1,476,721)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net transfers	524,190	869,610	1,393,800
Net cash provided by noncapital financing activities	524,190	869,610	1,393,800
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	74	803	877
Net cash provided by investing activities	74	803	877
Net increase (decrease) in cash and cash equivalents	5,495	(87,539)	(82,044)
Cash and cash equivalents:			
Beginning of year	1,638	87,550	89,188
End of year	$ 7,133	$ 11	$ 7,144
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	$ (124,191)	$ (599,411)	$ (723,602)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	65,684	122,103	187,787
Landfill closure/postclosure care expense	-	53,481	53,481
Decrease in accounts receivable	11,644	3,650	15,294
Increase (decrease) in accounts payable	(63,562)	6,074	(57,488)
Decrease in due to other funds	(408,344)	(545,290)	(953,634)
Increase in compensated absences	-	1,441	1,441
Net cash used in operating activities	$ (518,769)	$ (957,952)	$ (1,476,721)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets from governmental activities	$ 1,756,512	$ 198,952	$ 1,955,464

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2010

	Agency Funds
ASSETS	
Cash	$ 866,328
Taxes receivable	1,199,424
Total assets	$ 2,065,752
LIABILITIES	
Due to others	$ 866,328
Uncollected taxes	1,199,424
Total liabilities	$ 2,065,752

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

McIntosh County, Georgia (the "County") was created by legislative act in 1793 and operates under a County Commissioner / County Manager form of government, providing the following services as authorized by its charter: public safety, highways and streets, health and social services, culture-recreation, courts, economic development and general administrative services.

The County is governed by a five-member Board of Commissioners. Four members represent a geographical district within the County, while the Chairman represents the County at large. There are additional officers elected countywide. State law pertaining to county government provides for the independent election of these county officials. The officials are all part of the County's legal entity and include the Sheriff, Tax Commissioner, State Court Judges, Probate-Magistrate Court Judge and Clerk of Courts. The offices of the independently elected officials are not separate from the County and are, therefore, reported as part of the County.

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

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present McIntosh County, Georgia (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

Discretely Presented Component Unit

The McIntosh County Health Department (MCHD) was established pursuant to an act of the General Assembly of the State of Georgia. The MCHD is governed by a seven-member board consisting of the chief executive officer of the County, or the designated replacement, three members appointed by the County, the chief executive officer of the City of Darien, one member appointed by the City of Darien, and the County's Superintendent of Schools. The McIntosh County Commission has the authority to review and reject the annual budget of the MCHD. Upon approval of the MCHD's budget by the Commission, the Commission shall levy a tax sufficient to meet the MCHD's appropriations in excess of funds it expects to receive from other sources. The fiscal year end of the component unit is June 30.

Separate financial statements for the Health Department can be obtained from its administrative office at P.O. Box 576, Darien, Georgia 31305.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the *current financial* resources measurement focus and the *modified accrual* basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, sales taxes, franchise taxes, licenses and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The ***Tornado 511 Fund*** accounts for activities that resulted from a tornado that occurred within the County.

The ***Sales Tax Fund*** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road and drainage projects; landfill projects; fire department projects; jail improvements; recreation projects; animal shelter projects; emergency medical projects; County administration projects; Industrial Development Authority projects; debt service; and other City projects within McIntosh County.

The ***USDA Construction Fund*** is used to account for activities related to the improvements of the water system that is to be reimbursed by the United States Department of Agriculture.

The County reports the following major business-type funds:

The ***Water Fund*** is an enterprise fund used to account for the provision of water services to the citizens of McIntosh County. Activities of the fund include water administration, operations, billing and collections.

The ***Solid Waste Fund*** accounts for the activities of the County's solid waste management operations. All activities necessary to provide such services are accounted for in this fund.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***capital project funds*** account for the acquisition or construction of capital facilities.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

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

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, repurchase agreements and Georgia Fund 1, the Local Government Investment Pool.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets is included as part of the capitalized value of the assets constructed. No interest expense was capitalized during the fiscal year ending September 30, 2010.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Depreciation is provided on the straight-line method over the following estimated useful lives:

Primary Government	
Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 15 years
Infrastructure	15 - 50 years
Water System	20 - 50 years
Landfill	15 - 50 years
McIntosh County Board of Health	
Machinery and equipment	5 years

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The County's policy is to permit employees to accumulate up to 160 days earned but unused vacation. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulation rights to receive sick pay benefits.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $2,764,821 difference are as follows:

Accrued interest payable	$ (2,439)
Capital lease payable	(889,828)
Notes payable	(1,724,585)
Compensated absences	(147,969)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (2,764,821)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $494,699 difference are as follows:

Capital outlay	$ 1,807,703
Depreciation expense	(1,313,004)
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 494,699

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $1,927,581 difference are as follows:

Debt issued - notes payable	$	(1,724,585)
Debt issued - capital leases		(325,202)
Principal payments - notes payable		122,206
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$	(1,927,581)

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $34,805 difference are as follows:

Accrued interest	$	1,017
Compensated absences		(6,034)
Net pension asset		(29,788)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$	(34,805)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to year end, the County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

2. Public hearings are conducted at the County Court House to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through approval by the Board of Commissioners.

4. The Board of Commissioners has the authority to amend its budget. An increase in appropriation in any fund for a department, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the Board of Commissioners. Transfers of appropriations in any fund among the various accounts within a department shall require only the approval of the budget officer.

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund and the Special Revenue Funds.

6. The budget for the General Fund and the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on November 1, 2009 or as amended by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the County.

C. Excess Expenditures Over Appropriations

For the year ended September 30, 2010, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

	Excess
Tax assessor	$ 2,653
General government buildings and plant	70,238
Sheriff	325,709
Jail operations	43,629
Health	3
Welfare	40
Leisure services	58,079
Economic opportunity	5,789

NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2010 are summarized as follows:

As reported in the Statement of Net Assets:	
Cash and cash equivalents	$ 3,720,168
Cash deposited with financial institutions	$ 3,720,168

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of September 30, 2010, $1,393,347 of the County's deposits were exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTE 5. RECEIVABLES

Receivables consisted of the following at September 30, 2010:

	General	Tornado 511	Sales Tax	Other Governmental Funds	Water Fund	Solid Waste Fund	Total
Receivables:							
Taxes	$ 919,325	$ -	$ 103,125	$ -	$ -	$ -	$ 1,022,450
Accounts	42,630	343,094	-	46,354	90,462	11,679	534,219
Notes	-	-	-	91,785	-	-	91,785
Gross receivables	961,955	343,094	103,125	138,139	90,462	11,679	1,648,454
Less allowance for uncollectibles	(303,377)	-	-	-	(13,594)	-	(316,971)
Net total receivable	$ 658,578	$ 343,094	$ 103,125	$ 138,139	$ 76,868	$ 11,679	$ 1,331,483

NOTE 5. RECEIVABLES (CONTINUED)

Property taxes attached as an enforceable lien on property as of January 1, 2009. Property taxes were levied on October 20, 2009, and payable on or before January 12, 2010. The County bills and collects its own property taxes. Property taxes levied for 2009 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2010, and collected by November 30, 2010, are recognized as revenues in the year ended September 30, 2010. Net receivables estimated to be collected subsequent to November 30, 2010, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

Notes receivable consist of community development loans to businesses. Financing has been provided by the U.S. Department of Housing and Urban Development passed through the State of Georgia Department of Community Affairs.

NOTE 6. CAPITAL ASSETS

A. Primary Government

The County's capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 302,702	$ -	$ -	$ -	$ 302,702
Construction in progress	1,229,963	1,511,795	-	(2,741,758)	-
Total capital assets, not being depreciated	1,532,665	1,511,795	-	(2,741,758)	302,702
Capital assets, being depreciated:					
Buildings	7,491,111	-	(22,524)	2,741,758	10,210,345
Machinery and equipment	4,503,179	278,361	(34,393)	-	4,747,147
Infrastructure	29,869,285	17,547	-	-	29,886,832
Total capital assets, being depreciated	41,863,575	295,908	(56,917)	2,741,758	44,844,324
Less accumulated depreciation for:					
Buildings	(1,688,949)	(220,420)	18,582	-	(1,890,787)
Machinery and equipment	(2,352,699)	(345,350)	34,393	-	(2,663,656)
Infrastructure	(22,489,657)	(747,234)	-	-	(23,236,891)
Total accumulated depreciation	(26,531,305)	(1,313,004)	52,975	-	(27,791,334)
Total capital assets, being depreciated, net	15,332,270	(1,017,096)	(3,942)	2,741,758	17,052,990
Governmental activities capital assets, net	$ 16,864,935	$ 494,699	$ (3,942)	$ -	$ 17,355,692

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 7,200	$ -	$ -	$ 7,200
Construction in progress	485,858	1,756,512	-	2,242,370
Total capital assets, not being depreciated	493,058	1,756,512	-	2,249,570
Capital assets, being depreciated:				
Building and improvements	174,459	-	-	174,459
Machinery and equipment	1,071,211	211,952	(85,000)	1,198,163
Water system	3,013,629	-	-	3,013,629
Landfill	757,304	-	-	757,304
Total	5,016,603	211,952	(85,000)	5,143,555
Less accumulated depreciation for:				
Building and improvements	(11,338)	(4,361)	-	(15,699)
Machinery and equipment	(588,757)	(77,467)	85,000	(581,224)
Water system	(947,167)	(65,684)	-	(1,012,851)
Landfill	(380,976)	(40,275)	-	(421,251)
Total	(1,928,238)	(187,787)	85,000	(2,031,025)
Total capital assets, being depreciated, net	3,088,365	24,165	-	3,112,530
Business-type activities capital assets, net	$ 3,581,423	$ 1,780,677	$ -	$ 5,362,100

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

Governmental activities:	
General government	$ 21,623
Judicial	1,151
Public safety	421,745
Public works	804,719
Health and welfare	11,530
Culture and recreation	50,398
Economic development	1,838
Total depreciation expense - governmental activities	$ 1,313,004
Business-type activities	
Water Fund	$ 65,684
Solid Waste Fund	122,103
Total depreciation expense - business-type activities	$ 187,787

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – McIntosh County Board of Health

	Beginning Balance	Increases	Decreases	Ending Balance
Machinery and equipment	$ 77,954	$ 1,017	$ -	$ 78,971
Total	77,954	1,017	-	78,971
Less accumulated depreciation for:				
Machinery and equipment	(75,601)	(1,101)	-	(76,702)
Total	(75,601)	(1,101)	-	(76,702)
Total capital assets, being depreciated, net	2,353	(84)	-	2,269
Board of Health capital assets, net	$ 2,353	$ (84)	$ -	$ 2,269

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended September 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ -	$ 1,724,585	$ -	$ 1,724,585	$ -
Capital leases payable	686,832	325,202	122,206	889,828	137,837
Compensated absences	141,935	178,736	172,702	147,969	106,538
Net pension obligation (asset)	(21,920)	177,153	147,365	7,868	-
Governmental activities long-term liabilities	$ 806,847	$ 2,405,676	$ 442,273	$ 2,770,250	$ 244,375
Business-type activities:					
Compensated absences	$ 8,571	$ 12,018	$ 10,577	$ 10,012	$ 7,209
Closure and postclosure care	1,072,817	53,481	-	1,126,298	-
Business-type activities long-term liabilities	$ 1,081,388	$ 65,499	$ 10,577	$ 1,136,310	$ 7,209
Component unit - McIntosh County Board of Health:					
Compensated absences	$ 17,504	$ 5,270	$ -	$ 22,774	$ 4,555
McIntosh County Board of Health long-term liabilities	$ 17,504	$ 5,270	$ -	$ 22,774	$ 4,555

For governmental activities, compensated absences are generally liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Solid Waste Fund.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable. The County has incurred debt to a financial institution for improvements to the County water system. This obligation is in the drawdown phase as of September 30, 2010, and repayment will be determined when all draws have been made. The obligation has an outstanding balance of $1,724,585 as of September 30, 2010.

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inceptions. The following is an analysis of leased assets under capital leases as of September 30, 2010:

	Governmental Activities	Business-type Activities	Total
Equipment	$ 977,126	$ 211,952	$ 1,189,078
Less: Accumulated depreciation	(353,900)	(10,598)	(364,498)
	$ 623,226	$ 201,354	$ 824,580

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of September 30, 2010:

	Governmental Activities
Fiscal year ending September 30,	
2011	$ 172,459
2012	174,958
2013	333,472
2014	83,357
2015	83,357
2016 - 2018	147,376
Total minimum lease payments	994,979
Less amount representing interest	105,151
Present value of future minimum lease payments	$ 889,828

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill Closure and Postclosure Care Cost. State and federal laws and regulations require that McIntosh County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The $1,126,298 reported as an estimated liability for closure and postclosure care costs represents the estimated cost for landfill closure and postclosure care based upon the capacity of the landfill used to date. The amount of the remaining estimated cost for landfill closure and postclosure care of $1,875,558 will be recognized on a pro rata basis as the remaining estimated capacity of 214,179 cubic yards of useable space is filled. Approximately 60% of the landfill's capacity has been used to date, and the County expects the landfill to close in 2025. All amounts recognized are based on what it would cost to perform all closure and postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

It is anticipated that future inflation costs will be in part financed from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earning on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example), may need to be covered by charges to future landfill users, taxpayers, or both. The financial assurance requirements are being met through the proper maintenance of cash balances and financial ratios.

NOTE 8. SHORT-TERM DEBT – REVOLVING LINE OF CREDIT

The County used a revolving line of credit to finance general operations during periods of uneven property tax collections. The County's general fund short-term debt activity for the year-end September 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line of Credit	$ -	$ 1,000,000	$ 500,000	$ 500,000

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2010, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 203,617
General Fund	Tornado Fund	382,216
Sales Tax Fund	General Fund	720,751
Nonmajor Governmental Funds	General Fund	37,370
Water Fund	Sales Tax Fund	2,250
		$ 1,346,204

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Sales Tax Fund	General Fund	$ 268,439

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Interfund transfers:

	Transfer From				
Transfer To	General Fund	USDA Constrution Fund	Nonmajor Governmental Funds	Water Fund	Total
General Fund	$ -	$ 670,752	$ 109,976	$ -	$ 780,728
Tornado 511 Fund	343,094	-	-	-	343,094
USDA Construction Fund	-	-	-	40,711	40,711
Nonmajor Governmental Funds	-	-	-	11,987	11,987
Water Fund	576,888	-	-	-	576,888
Solid Waste Fund	869,610	-	-	-	869,610
Total	$ 1,789,592	$ 670,752	$ 109,976	$ 52,698	$ 2,623,018

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for McIntosh County Employees (The Plan), which is a defined benefit pension plan. All full-time employees are eligible to participate in the County's noncontributory defined benefit pension plan after completion of three years of service.

The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Participant Data

At January 1, 2010, the date of the most recent actuarial valuation, there were 160 participants as follows:

Active participants	69
Retirees and beneficiaries	25
Vested terminated	66
	160

Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants do not contribute to the plan.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the pension plan for the current year are as follows:

	2010	2009
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 193,078	$ 177,034
Interest on Net Pension Obligation	610	(1,699)
Amortization of Net Pension Obligation	(652)	1,818
Annual Pension Cost	$ 193,036	$ 177,153
Derivation of Net Pension Obligation		
Annual Pension Cost for Fiscal Year 2009		$ 177,153
Actual Contributions to Plan for Fiscal Year 2009		147,365
Increase (Decrease) in Net Pension Obligation		29,788
Net Pension Obligation (Asset) as of September 30, 2009		(21,920)
Net Pension Obligation (Asset) as of September 30, 2010		$ 7,868

Basis of Valuation

Current valuation date	January 1, 2010
Annual return on invested Plan assets	7.75%
Projected annual salary increases	4.0%-6.5% based on age
Expected annual inflation	3.0%
Actuarial value of assets	Market Value
Actuarial funding method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period	10 years

Trend Information for The Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2010	$ 193,036	$ N/A	N/A %	$ 7,868
1/1/2009	177,153	147,365	83.2	(21,920)
1/1/2008	129,348	131,833	101.9	(19,435)
1/1/2007	96,538	97,718	101.2	(18,255)
1/1/2006	99,841	103,413	103.6	(14,683)
1/1/2005	99,082	105,626	106.6	(8,139)

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Basis of Valuation (Continued)

As of the most recent valuation date, December 31, 2009, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/09	$ 1,923,963	$ 2,522,474	$ 598,511	76.3 %	$ 2,160,722	27.7 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2009.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County has insurance coverage with the Association County Commissioners of Georgia–Interlocal Risk Management Agency (ACCG-IRMA) to cover these claims. Losses relative to these risks are limited to a $1,000 to $5,000 per occurrence deductible provided for in the ACCG-IRMA contracts. As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed in the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage description issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds. As of September 30, 2010, there were no outstanding or expected claims that would, in management's opinion, have a material adverse effect on the County's financial condition. Over the past three years, settlements have not exceeded the coverage.

NOTE 11. RISK MANAGEMENT (CONTINUED)

The County participates in the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF), a risk management agency created under Georgia law. As a participant in the GMAWCSIF, the County has no legal obligation to pay its own workers' compensation claims. The County is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the County's annual contribution, the County has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the GMAWCSIF permits the fund to levy an assessment upon its members to make up any deficiency in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

There were no significant reductions of insurance coverage compared to the prior year. Settled claims in the past three years have not exceeded the coverages.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 13. RELATED ORGANIZATIONS

The McIntosh County Commission is responsible for appointing the seven-member board of the McIntosh County Industrial Development Authority (MCIDA). However, the McIntosh County Commission's powers with respect to MCIDA do not extend beyond these appointments and, accordingly, the County has no financial accountability for the MCIDA.

NOTE 14. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the nine-county coastal Georgia region, is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During its year ended September 30, 2010, the County paid $10,678 in such dues. Membership in a Regional Commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC's in Georgia. The CRC 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 a RC. Separate financial statements may be obtained from the Coastal Regional Commission, 127 "F" Street, Brunswick, Georgia 31520.

NOTE 15. HOTEL/MOTEL LODGING TAX

The County has imposed a 5% hotel/motel tax on lodging facilities within County. Revenues collected during the fiscal year ended September 30, 2010, were $132,738. Of this amount, $69,962, or 53% of the amount collected was paid to the McIntosh County Chamber of Commerce to promote tourism within McIntosh County.

NOTE 16. DEFICIT FUND BALANCE / NET ASSETS

The Tornado 511 Fund reported deficit fund balance of $38,921, the USDA Construction Fund reported deficit fund balance of $355,969, and the CDBG Water System Fund reported deficit fund balance of $12,838, at September 30, 2010. The Tornado 511 Fund deficit is intended to be eliminated through increased transfers from the General Fund. The CDBG Water System Fund and USDA Construction Fund deficits are intended to be eliminated through loan proceeds, grant receipts and increased transfers from the General Fund. The Solid Waste Fund reported deficit net assets of $17,637 at September 30, 2010. The Solid Waste Fund deficit is intended to be eliminated through increased user charges and transfers from the General Fund.

MCINTOSH COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/09	$ 1,923,963	$ 2,522,474	$ 598,511	76.3 %	$ 2,160,722	27.7 %
12/31/08	1,745,321	2,149,565	404,244	81.2	1,946,372	20.8
12/31/07	1,755,779	1,914,215	158,436	91.7	1,442,237	11.0
12/31/06	1,619,794	1,768,338	148,544	91.6	1,520,077	9.8
12/31/05	1,443,982	1,689,188	245,206	85.5	1,555,417	15.8
12/31/04	1,288,843	1,601,486	312,643	80.5	1,607,064	19.5

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Law Library Fund is used to account for the resources received from the various courts of McIntosh County and disbursements for the support of a centralized law library.

Confiscated Assets Fund is used to account for cash received either as a result of a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Jail Fund is used to account for revenues collected by the imposition of a 10% add-on fine as provided for by the Georgia Jail Construction and Staffing Act.

Drug Fund is used to account for the collection of additional penalties for certain drug related crimes, donations related to drug education and for expenditure of those funds solely and exclusively for drug abuse treatment and education programs relating to controlled substances and marijuana. (OCGA 15-21-100).

Victims Witness Assistance Fund is used to account for the County's activities related to witnesses in legal proceedings.

Jail Commissary is used to account for the proceeds from jail inmate commissary sales.

E-911 System Fund is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

Grant Fund is used to account for most of the County's grant activity which consists of short lived projects.

Recreation Fund is used to account for the County's recreational activities.

Hotel/Motel Tax Fund is used to account for funds collected from the hotel/motel tax and disbursed to other agencies for the promotion of tourism.

Revolving Loan Fund is a special revenue fund used to account for the operations of the County's revolving loans. Original funding was provided by the Department of Housing and Urban Development through the State of Georgia Department of Community Affairs.

Capital Projects Fund

CDBG Water System Fund is used to account for activities related to the improvements of the water system.

MCINTOSH COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Special Revenue Funds						
ASSETS	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Cash and cash equivalents	$ 33,646	$ 33,758	$ 201,861	$ 33,549	$ 136,537	$ 137,267	$ 343,259
Accounts receivable	-	-	-	-	-	-	37,086
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	31,890	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	$ 33,646	$ 33,758	$ 233,751	$ 33,549	$ 136,537	$ 137,267	$ 380,345
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ -	$ 1,445	$ -	$ -	$ 1,300	$ 7,941
Due to other funds	4,831	-	-	5,995	-	-	183,523
Total liabilities	4,831	-	1,445	5,995	-	1,300	191,464
FUND BALANCES							
Unreserved, designated	28,815	33,758	232,306	27,554	136,537	135,967	188,881
Total fund balances	28,815	33,758	232,306	27,554	136,537	135,967	188,881
Total liabilities and fund balances	$ 33,646	$ 33,758	$ 233,751	$ 33,549	$ 136,537	$ 137,267	$ 380,345

(Continued)

Grant	Recreation	Hotel Motel Tax	Revolving Loan	Capital Projects Fund CDBG Water System	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 42,450	$ 1,875	$ 964,202
-	-	9,268	-	-	46,354
-	-	-	91,785	-	91,785
-	-	-	-	5,480	37,370
-	-	-	-	207,527	207,527
$ -	$ -	$ 9,268	$ 134,235	$ 214,882	$ 1,347,238
$ -	$ -	$ -	$ -	$ 227,720	$ 238,406
-	-	9,268	-	-	203,617
-	-	9,268	-	227,720	442,023
-	-	-	134,235	(12,838)	905,215
-	-	-	134,235	(12,838)	905,215
$ -	$ -	$ 9,268	$ 134,235	$ 214,882	$ 1,347,238

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Revenues:							
Other taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	30,061	145,791
Fines and forfeitures	41,512	18,580	130,945	11,762	59,453	-	-
Interest income	114	126	1,259	111	596	733	2,854
Other revenues	-	-	-	-	-	-	24,154
Total revenues	41,626	18,706	132,204	11,873	60,049	30,794	172,799
Expenditures:							
Current							
General government	-	-	-	-	-	-	-
Judicial	21,646	-	-	-	-	-	-
Public safety	-	27,580	81,252	17,515	36,913	20,838	272,648
Culture and recreation	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	21,646	27,580	81,252	17,515	36,913	20,838	272,648
Excess (deficiency) of revenues over (under) expenditures	19,980	(8,874)	50,952	(5,642)	23,136	9,956	(99,849)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	19,980	(8,874)	50,952	(5,642)	23,136	9,956	(99,849)
Fund balances (deficit), beginning of year	8,835	42,632	181,354	33,196	113,401	126,011	288,730
Fund balances, end of year	$ 28,815	$ 33,758	$ 232,306	$ 27,554	$ 136,537	$ 135,967	$ 188,881

(Continued)

Grant	Recreation	Hotel Motel Tax	Revolving Loan	Capital Projects Funds CDBG Water System	Total Nonmajor Governmental Funds
$ -	$ -	$ 132,738	$ -	$ -	$ 132,738
80,169	-	-	-	281,174	361,343
-	-	-	-	-	175,852
-	-	-	-	-	262,252
-	-	-	2,917	-	8,710
-	-	-	-	-	24,154
80,169	-	132,738	2,917	281,174	965,049
-	-	-	138	-	138
24,500	-	-	-	-	46,146
11,636	-	-	-	-	468,382
38,250	-	-	-	-	38,250
-	-	69,962	-	-	69,962
-	-	-	-	305,999	305,999
74,386	-	69,962	138	305,999	928,877
5,783	-	62,776	2,779	(24,825)	36,172
-	-	-	-	11,987	11,987
(5,783)	(41,417)	(62,776)	-	-	(109,976)
(5,783)	(41,417)	(62,776)	-	11,987	(97,989)
-	(41,417)	-	2,779	(12,838)	(61,817)
-	41,417	-	131,456	-	967,032
$ -	$ -	$ -	$ 134,235	$ (12,838)	$ 905,215

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2005 REFERENDUM					
Fire Department Improvements	$ 1,250,000	$ 1,250,000	$ 1,040,391	$ 142,976	$ 1,183,367
Animal Shelter Improvements	60,000	60,000	30,501	-	30,501
Emergency Medical Improvements	625,000	625,000	271,914	136,395	408,309
Landfill Improvements	1,050,000	1,050,000	791,906	229,763	1,021,669
Recreational Facilities	1,040,000	1,040,000	281,775	78,732	360,507
County Roads and Bridges Improvements	2,675,000	2,675,000	1,087,537	880,353	1,967,890
City of Darien Projects	450,000	450,000	325,727	78,489	404,216
County Office Equipment Enhancements	115,000	115,000	83,996	13,897	97,893
Development Authority Projects	250,000	250,000	100,000	-	100,000
Jail Facility Improvements	675,000	675,000	146,741	55,215	201,956
Totals	$ 8,190,000	$ 8,190,000	$ 4,160,488	$ 1,615,820	$ 5,776,308

Note: The difference between the above schedule and the Statement of Revenues, Expenditures and Changes in Fund Balances is due to a reimbursement received from the Georgia Department of Transportation for costs incurred related to County roads and bridges in the amount of $97,990 and for equipment purchased through a capital lease being recognized as payments are being made. Payments made during the current year were $32,965. Principal and interest payments in the amount of $111,317 are not included in the above schedule due to the total cost of equipment leased being recognized in the year purchased.

MCINTOSH COUNTY, GEORGIA
AGENCY FUNDS

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Jail Inmate Fund – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institution.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

Clerk of Court
Probate-Magistrate Court

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2010

ASSETS	Tax Commissioner	Clerk of Courts	Probate - Magistrate Court	Jail Inmate	Total
Cash	$ 429,237	$ 398,982	$ 36,103	$ 2,006	$ 866,328
Taxes receivable	1,199,424	-	-	-	1,199,424
Total assets	$ 1,628,661	$ 398,982	$ 36,103	$ 2,006	$ 2,065,752
LIABILITIES					
Due to others	$ 429,237	$ 398,982	$ 36,103	$ 2,006	$ 866,328
Uncollected taxes	1,199,424	-	-	-	1,199,424
Total liabilities	$ 1,628,661	$ 398,982	$ 36,103	$ 2,006	$ 2,065,752

COMPLIANCE SECTION

MAULDIN & JENKINS

CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of McIntosh County, Georgia
Darien, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of McIntosh County, Georgia as of and for the year ended September 30, 2010, which collectively comprise McIntosh County, Georgia's basic financial statements, and have issued our report thereon dated September 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the McIntosh County Board of Health, as described in our report on McIntosh 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, we considered McIntosh County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose expressing an opinion on the effectiveness of McIntosh County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of McIntosh County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2010-5 through 2010-8 to be material weaknesses.

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. We consider the deficiencies in the accompanying schedule of findings and responses as items 2010-3 and 2010-4 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McIntosh County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2010-1 and 2010-2.

We also noted certain additional matters that we reported to the management of McIntosh County, Georgia in a separate letter dated September 29, 2011.

McIntosh County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit McIntosh County, Georgia's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Board of Commissioners of McIntosh County, Georgia, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Albany, Georgia
September 29, 2011

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	_X_ yes ___ no
Significant deficiencies identified not considered to be material weaknesses?	_X_ yes ___ none reported
Noncompliance material to financial statements noted?	_X_ yes ___ no

Federal Awards

There was not an audit of major federal award programs as of September 30, 2010 due to the total amount expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010 - 1. Undercollateralization of County Deposits

Criteria: The Official Code of Georgia (OCGA) Section 45-8-12 (c) requires all depositories of public funds to pledge securities of not less that 110% of the deposited public funds.

Condition: For the year ended September 30, 2010, the County's deposits held at one financial institution were undercollateralized.

Context: See Criteria above.

Effect: County accounts were not adequately collateralized at two financial institutions, allowing for the possibility of loss of assets if the financial institution were to become insolvent.

Cause: The financial institutions have not appropriately collateralized all County deposits as of September 30, 2010.

Recommendation: We recommend the County periodically review a listing of all accounts opened under the County's federal identification number to determine that all are properly coded as public deposits. Additionally, the County should request from the financial institutions holding County deposits, a monthly pledging report to determine that each financial institution has pledged securities of not less than 110% of the deposited funds as required by Georgia law.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010 - 1. Undercollateralization of County Deposits

Views of Responsible Officials and Planned Corrective Action: We concur. This collateralization issue will be resolved for FY 2011. We will begin monitoring the pledging of collateral on a regular basis.

2010 - 2. Special Purpose Local Option Sales Tax Proceeds

Criteria: In accordance with the Official Code of Georgia (OCGA) Section 48-8-121, Special Purpose Local Option Sales Tax proceeds shall be used exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such County receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds.

Condition: For the fiscal year ending September 30, 2010, the County did not comply with OCGA Section 48-8-121 by transferring proceeds from the Sales Tax Fund to the General Fund.

Context: See above condition.

Effect: By transferring the Sales Tax proceeds to the General Fund, the County commingled the funds, therefore is not in compliance with state law.

Cause: The County transferred proceeds from the Sales Tax Fund to the General Fund.

Recommendation: The County should transfer the proceeds back to the Sales Tax Fund.

Views of Responsible Officials and Planned Corrective Action: We concur. We have initiated a plan to pay back the Sales Tax Fund.

2010 - 3. Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the Clerk of Court, Probate-Magistrate Court, Law Library, Confiscated Assets, Jail and Jail Commissary Funds.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties between recording, distribution and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010 - 3. Segregation of Duties (Continued)

Cause: The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the required duties.

Recommendation: The County should consider having checks and balances in place, so that if overlapping duties exist, an appropriate level of review is performed.

Views of Responsible Officials and Planned Corrective Action: We concur with the recommendation. Such segregation of duties will be implemented as soon as economically possible.

2010 - 4. Prepaid Items

Criteria: Certain payments made to vendors reflect costs applicable to future accounting periods and should be recorded as prepaid items.

Condition: The County did not properly adjust prepaid items in the General Fund.

Context: See above condition.

Effect: An adjustment to decrease prepaid expenses in the amount of $30,570 and decrease expenditures in the same amount was required to be recorded in the General Fund.

Recommendation: We recommend the County review all prepaid accounts in a timely manner and account for the use of expenditures in accordance with the consumption method.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will review all prepaid balances and make any necessary adjustments.

2010 - 5. Management of Due to / from (Internal) Accounts

Criteria: Generally accepted accounting principles require reporting of interfund activity expected to be repaid within a reasonable time as due to/from (interfund receivables and payables) accounts. As part of that process, the County should review the amounts that should be included in due to/from accounts in each fund to determine the proper amounts to be reported at any given time during the fiscal year.

Condition: We noted the County did not properly report due to/from accounts in the General Fund, Sales Tax Fund and Non-Major Funds.

Context: See above condition.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010 - 5. Management of Due to / from (Internal) Accounts (Continued)

Effect: Adjustments to increase due from other funds in the amount of $89,691, increase revenues by $83,909, and increase transfers in the amount of $5,782 were required to be recorded in the General Fund. An adjustment to increase due from other funds balance in the amount of $97,990 and increase revenues in the same amount was required to be recorded in the Sales Tax Fund. Adjustments to decrease due from other funds in the amount of $83,157, increase cash by $20,600, increase revenues by $8,080, increase expenditures by $2,339, and to increase transfers out the amount of $68,298 were required to be recorded in the Non-Major Funds.

Cause: Lack of management oversight and awareness of due to/from transactions being conducted at the other locations.

Recommendation: We recommend the County implement procedures to obtain information from all locations to properly record, reconcile and review all due to/from activity on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will work with the various locations to obtain the information to record all due to/from transactions.

2010 - 6. Management of Accounts Receivable Accounts

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: The County did not properly record fees receivable in the General Fund, Water Fund and Solid Waste Fund. Additionally, insurance proceeds receivable in the Tornado 511 Fund and grant receivables in the Non-Major Funds were not properly recorded as of September 30, 2010.

Context: See above condition.

Effect: An adjustment to decrease accounts receivable in the amount of $222,710 and decrease revenues in the same amount was required to be to be recorded in the General Fund. An adjustment to decrease accounts receivable in the amount of $203,592 and to decrease revenues in the same amount was required to be recorded in the Tornado 511 Fund. Adjustments to decrease accounts receivable in the amount of $34,700, decrease allowance for doubtful accounts in the amount of $23,056, and decrease revenues in the amount of $11,644 were required to be recorded in the Water Fund. An adjustment to decrease accounts receivable in the amount of $3,650 and to decrease revenues in the same amount was required to be recorded in the Solid Waste Fund. Adjustments to increase accounts receivable in the amount of $69,958 and to increase revenues in the same amount were required to be recorded in the Non-Major Funds.

Cause: The County did not review all revenue transactions after year-end to determine reporting in the proper period.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010 - 6. Management of Accounts Receivable Accounts (Continued)

Recommendation: We recommend that the County establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to review all revenue transactions after year-end to determine reporting in the proper period.

2010 - 7. Management of Accounts Payable

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of September 30, 2010 as it relates to accounts payable within the Tornado 511 Fund, Sales Tax Fund, Water Fund and Non-Major Funds.

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable and accrued expenses that should be recorded in these funds as of September 30, 2010.

Effect: An adjustment to decrease accounts payable in the amount of $118,007 and to decrease expenditures in the same amount was required to be recorded in the Tornado 511 Fund. Adjustments to decrease accounts payable in the amount of $188,271 and to decrease expenditures in the same amount were required to be recorded in the Sales Tax Fund. An adjustment to decrease accounts payable in the amount of $31,171 and to decrease expenditures in the same amount was required to be recorded in the Water Fund. Adjustments to increase accounts payable in the amount of $109,521 and to increase expenditures in the same amount were required to be recorded in the Non-Major Funds.

Cause: Reconciliations of accounts payable and accrued expenses are not being performed on a monthly basis.

Recommendation: We recommend the County implement procedures to reconcile all accounts payable and accrued expenses subsidiary ledgers to the general ledger on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to reconcile subsidiary ledgers with the general ledger on a monthly basis

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2010 - 8. Recording Activity

Criteria: Significant balances and transactions in any operation should be recorded, reconciled, reviewed and adjusted on a monthly basis. Specifically, management of operating transactions warrant this exercise monthly, inclusive of reviewing and reconciling the monthly statements, trial balances and other supporting documentation provided by external parties.

Condition: We noted the County did not include general ledger transactions recorded at other locations in the County's accounting software during the year ended September 30, 2010 for the Non-Major Funds.

Context: See above condition.

Effect: By not recording activity and performing reviews and reconciliations on a monthly basis, the County exposes itself to not being able to identify errors or irregularities in a timely manner. Adjustments to increase cash in the amount of $27,072, decrease accounts receivable in the amount of $2,168, decrease accounts payable in the amount of $14,126, increase revenues in the amount of $116,549, and to increase expenditures in the amount of $77,519 were required to be recorded in the Non-Major Funds.

Cause: Due to a lack of management oversight and awareness of transactions being conducted at other locations.

Recommendation: We recommend the County implement procedures to obtain information from all locations to properly record, reconcile and review all activity relative to the County on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will work with the various locations to obtain the information to record all transactions.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010

2009 - 1. Management of Due to / from (Internal) Accounts

Criteria: Generally accepted accounting principles require reporting of interfund activity expected to be repaid within a reasonable time as due to/from (interfund receivables and payables) accounts. As part of that process, the County should review the amounts that should be included in due to/from accounts in each fund to determine the proper amounts to be reported at any given time during the fiscal year.

Condition: We noted the County did not properly report due to/from accounts in the General Fund, Tornado 511 Fund and Non-Major Funds.

Auditee Response/Status: Unresolved – See current year financial audit finding 2010-5.

2009 - 2. Recording Activity

Criteria: Significant balances and transactions in any operation should be recorded, reconciled, reviewed and adjusted on a monthly basis. Specifically, management of operating transactions warrant this exercise monthly, inclusive of reviewing and reconciling the monthly statements, trial balances and other supporting documentation provided by external parties.

Condition: We noted the County did not include general ledger transactions recorded at other locations in the County's accounting software during the year ended September 30, 2009 for the General Fund, Tornado 511 Fund, Sales Tax Fund, Water Fund and Non-Major Funds.

Auditee Response/Status: Unresolved – See current year financial audit finding 2010-8.

2009 - 3. Management of Accounts Payable and Accrued Expenses

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of September 30, 2009 as it relates to accounts payable and accrued expenses within the General Fund, Tornado 511 Fund, Sales Tax Fund, Water Fund, Solid Waste Fund and Non-Major Funds.

Auditee Response/Status: Unresolved – See current year financial audit finding 2010-7.

2009 - 4. Management of Accounts Receivable Accounts

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. As a part of these processes, the County should review all revenue transactions to determine reporting in the proper period.

Condition: The County did not properly record fees receivable in the General Fund, Water Fund and Solid Waste Fund. Additionally, insurance proceeds receivable in the Tornado 511 Fund and grant receivables in the Non-Major Funds were not properly recorded as of September 30, 2009.

Auditee Response/Status: Unresolved – See current year financial audit finding 2010-6.

2009 - 5. Management of Capital Asset Accounts

Criteria: Generally accepted accounting principles generally require the reporting of all capital assets at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner. Assets donated by outside parties should also be reported, but at the estimated fair value on the date of the donation.

Condition: The County did not properly capitalize construction in progress, record capital asset transfers, contributed capital assets, or properly record depreciation of capital assets in the Water Fund and Solid Waste Fund in accordance with generally accepted accounting principles prior to and during the fiscal year ended September 30, 2009.

Auditee Response/Status: The above finding was corrected for the fiscal year ending September 30, 2010.

2009 - 6. Closure and Postclosure Care Cost

Criteria: The Governmental Accounting Standards Board (GASB) issued *Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* in August of 1993. This pronouncement applies to all governmental entities that are required by federal, state, or local laws or regulations to incur closure and postclosure care costs associated with the operation of a landfill. This pronouncement requires a governmental entity with landfill operations to calculate and accrue the closure and postclosure care costs incurred to date based on the total expected costs to fulfill such obligations prorated for the usage to date of the landfill against the expected total usage available of the landfill.

Condition: The County is not properly adjusting the liability for the closure and postclosure care cost in the Solid Waste Fund.

Auditee Response/Status: The above finding was corrected for the fiscal year ending September 30, 2010.

2009 - 7. Prepaid Items

Criteria: Certain payments made to vendors reflect costs applicable to future accounting periods and should be recorded as prepaid items.

Condition: The County did not properly adjust prepaid items in the General Fund.

Auditee Response/Status: Unresolved – See current year financial audit finding 2010-4.

2009 - 8. Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the Clerk of Court, Probate-Magistrate Court, Law Library, Confiscated Assets, Jail and Jail Commissary Funds.

Auditee Response/Status: Unresolved – See current year financial audit finding 2010-3.

2009 - 9. Special Revenue Fund Budgets

Criteria: House Bill 1364 of the 1998 session of the Georgia General Assembly requires an annual balanced budget for the general fund, each special revenue fund, each debt service fund and requires a project length balanced budget for each capital projects fund.

Condition: For the fiscal year ending September 30, 2009, no annual budget was adopted for the Confiscated Assets Fund, Jail Commissary Fund, Tornado 511 Fund and Revolving Loan Fund in accordance with the Official Code of Georgia (OCGA) Sections 36-81-2 through 36-81-6.

Auditee Response/Status: The above finding was corrected for the fiscal year ending September 30, 2010.

2009 - 10. Special Purpose Local Option Sales Tax Proceeds

Criteria: In accordance with the Official Code of Georgia (OCGA) Section 48-8-121, Special Purpose Local Option Sales Tax proceeds shall be used exclusively for the purpose or purposes specified in the resolution or ordinance calling for imposition of the tax. Such proceeds shall be kept in a separate account from other funds of such County receiving proceeds of the sales and use tax and shall not in any manner be commingled with other funds.

Condition: For the fiscal year ending September 30, 2009, the County did not comply with OCGA Section 48-8-121 by transferring proceeds from the Sales Tax Fund to the General Fund.

Auditee Response/Status: Unresolved – See current year financial audit finding 2010-2