MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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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** (the "County") as of and for the year ended September 30, 2011, which collectively comprise the County'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, 2011. 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, McIntosh County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* as of October 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 10) and the Required Supplementary Information on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McIntosh County, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Albany, Georgia
August 10, 2012

Mauldin & Jenkins, LLC

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, 2011. 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 2011 is the eighth year McIntosh County has prepared its annual report in compliance with the financial reporting model, GASB 34. This reporting model is a 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 Statement 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 2011 are as follows:

Government-Wide Financial Statements:

- At September 30, 2011 McIntosh County's assets exceeded its liabilities by $23,929,148 (net assets).
- The County's $18,429,228 investment in capital assets leaves the County with $5,499,920 in net assets of which $3,270,654 is restricted.
- McIntosh County's total net assets increased from $23,171,082 in the prior year to $23,929,148 in the current year, for a total increase of $758,066 or 3.27%.
- McIntosh County's revenues for fiscal year 2011 totaled $16,361,395. Of this amount, 41% are property tax revenues, 15% are sales tax revenues, 5% are other tax revenues, 33% are charges for services and the remaining 6% are other revenues. This is a 9% increase over fiscal year 2010 revenues.

- McIntosh County's total program expenses for fiscal year 2011 totaled $15,603,329. Of this amount, 50% are public safety expenses, 16% are general governmental expenses, 8% are judicial expenses, 11% are public works expenses and the remaining 15% are other expenses. This is a 1% increase over fiscal year 2010 expenses.

Governmental Funds Financial Statements:

- McIntosh County's Governmental Funds recorded total assets of $8,480,184 for fiscal year ending September 30, 2011. This amount is over the total Governmental Funds liabilities by $6,735,412 (fund balance).

- Total Governmental Fund's fund balances for fiscal year ending September 30, 2011 increased by $3,043,285 from the previous year. This increase was a result of a $1,333,414 increase in the General Fund, a $781,134 decrease in the Sales Tax Fund, a $1,109,551 increase in the USDA Construction Fund, and a $1,381,454 increase in Other Governmental Funds. The Tornado 511 Fund was closed out which had a $(38,921) fund balance in FY 2010.

- Total Governmental Fund Balance of $6,735,412 consists of $998,357 nonspendable, $3,270,654 restricted, $759,212 committed, $68,201 assigned, and $1,638,988 unassigned.

- Due to total revenues for the General Fund exceeding budgeted amounts by $1,785,636 or approximately 16% and total expenditures for the General Fund being over budget by $473,896, or approximately 4%, McIntosh County experienced an increase in the fund balance of approximately 12% 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 Statement 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 two types of proprietary funds. 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. Internal service funds charge for services provided to departments within the County. The County uses an internal service fund to account for its Health Reimbursement 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, Georgia. 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, 2011 and 2010.

Table 1
Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current & Other Assets	$ 7,778,466	$ 5,614,090	$ (303,783)	$ 97,941	$ 7,474,683	$ 5,712,031
Capital Assets	16,727,616	17,355,692	8,982,885	5,362,100	25,710,501	22,717,792
Total Assets	24,506,082	22,969,782	8,679,102	5,460,041	33,185,184	28,429,823
Long-term Liabilities	7,175,994	2,518,007	1,184,772	1,129,101	8,360,766	3,647,108
Other Liabilities	850,505	1,592,221	44,765	19,412	895,270	1,611,633
Total Liabilities	8,026,499	4,110,228	1,229,537	1,148,513	9,256,036	5,258,741
Net Assets:						
Invested in Capital Assets, net of debt	9,446,343	14,741,279	8,982,885	5,362,100	18,429,228	20,103,379
Restricted	3,270,654	2,523,985	-	-	3,270,654	2,523,985
Unrestricted	3,762,586	1,594,290	(1,533,320)	(1,050,572)	2,229,266	543,718
Total Net Assets	$ 16,479,583	$ 18,859,554	$ 7,449,565	$ 4,311,528	$ 23,929,148	$ 23,171,082

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 $23,929,148 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (77 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 debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be sued to liquidate these liabilities.

An additional portion of the County's net assets (14 percent) represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net assets ($2,229,266) 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, 2011 and 2010.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 4,879,596	$ 3,375,919	$ 588,009	$ 587,352	$ 5,467,605	$ 3,963,271
Operating grants	889,917	602,371	-	-	889,917	602,371
Capital grants	89,213	379,164	-	-	89,213	379,164
General revenues:						
Property taxes	6,634,714	6,541,286	-	-	6,634,714	6,541,286
Sales taxes	2,398,571	2,470,551	-	-	2,398,571	2,470,551
Insurance premium taxes	445,496	460,834	-	-	445,496	460,834
Other taxes	400,042	497,100	-	-	400,042	497,100
Unrestricted investment earnings	30,397	26,818	1,209	877	31,606	27,695
Gain of sale of assets	4,231	3,891	-	13,000	4,231	16,891
Total Revenues	15,772,177	14,357,934	589,218	601,229	16,361,395	14,959,163
Program expenses:						
General government	2,501,073	2,392,583	-	-	2,501,073	2,392,583
Judicial	1,262,768	1,119,759	-	-	1,262,768	1,119,759
Public safety	7,791,214	5,789,808	-	-	7,791,214	5,789,808
Public works	1,708,047	3,674,751	-	-	1,708,047	3,674,751
Health & welfare	76,731	78,355	-	-	76,731	78,355
Culture & recreation	567,607	635,612	-	-	567,607	635,612
Housing & development	369,621	369,836	-	-	369,621	369,836
Interest	43,572	31,744			43,572	31,744
Water	-	-	434,040	480,177	434,040	480,177
Solid waste	-	-	848,656	830,777	848,656	830,777
Total expenses	14,320,633	14,092,448	1,282,696	1,310,954	15,603,329	15,403,402
Excess (deficiency)	1,451,544	265,486	(693,478)	(709,725)	758,066	(444,239)
Transfers	(3,831,515)	(3,349,264)	3,831,515	3,349,264	-	-
Net changes in net assets	(2,379,971)	(3,083,778)	3,138,037	2,639,539	758,066	(444,239)
Net assets - beg. of year	18,859,554	21,943,332	4,311,528	1,671,989	23,171,082	23,615,321
Net assets - end of year	$ 16,479,583	$ 18,859,554	$ 7,449,565	$ 4,311,528	$ 23,929,148	$ 23,171,082

Total revenues for Governmental Activities exceed total expenses by $1,452,544. By review of Table 2, it is apparent that the bulk of revenues supporting Governmental Activities are attributable to Property taxes, $6,634,714 or 42%, and Charges for services $4,879,596 or 31%.

Additionally, Table 2 illustrates the bulk of Governmental Activities expense being reported within the program of Public safety, at $7,791,214 or 54%, with the second largest expense attributable to General government, reporting expenses of $2,501,073 or 17%.

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	
	2011	2010	2011	2010
General government	$ 2,501,073	$ 2,392,583	$ 1,446,253	$ 1,933,638
Judicial	1,262,768	1,119,759	1,262,505	1,119,759
Public safety	7,791,214	5,789,808	3,385,527	3,226,214
Public works	1,708,047	3,674,751	1,695,637	3,028,226
Health & welfare	76,731	78,355	5,362	(231,882)
Culture & recreation	567,607	635,612	541,580	573,278
Housing & development	369,621	369,836	81,471	54,017
Interest on long-term debt	43,572	31,744	43,572	31,744
Totals	$ 14,320,633	$ 14,092,448	$ 8,461,907	$ 9,734,994

As noted in the above table, governmental programs fell $8,461,907 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, 2011.

The County's Major Governmental Funds

At the end of fiscal year 2011, the County reported its governmental funds (as presented in the balance sheet on page 14) having a combined fund balance of $6,735,412. This balance increased by $3,043,285 from prior year's balance. This positive 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 a surplus of $1,333,414 in the General Fund, a loss totaling $781,134 was reported in the Sales Tax Fund, a surplus totaling $1,109,551 was reported for the USDA Construction Fund and a surplus of $1,381,454 for Other Governmental Funds.

McIntosh County's total Governmental Fund Balance of $6,735,412 is divided into five: Nonspendable ($998,357), Restricted ($3,270,654), Committed ($759,212), Assigned ($68,201), which leaves unassigned ($1,638,988) that is available for use to meet current ongoing obligations of McIntosh County.

Revenues for the General Fund totaled $13,208,550, or approximately 83% of total governmental revenues reported in the Statement of Revenues, Expenditures and Changes in Fund Balances presented on page 15. Of this amount, $6,778,690 (or 51%) was collected through property taxes, with second largest source of revenues reported in the line item of fines and forfeitures, $1,957,696 (or 15%).

Expenditures for the General Fund totaled $11,272,761 (not including Other Financing Sources). Revenues exceeded expenditures by approximately $1,935,789.

Expenditures for the Sales Tax Fund totaled $798,513 for ongoing projects related to the 2005 SPLOST Referendum.

Expenditures for the USDA Construction Fund totaled $3,689,114 for a project being funded through a line of credit that will ultimately be paid with grant proceeds.

General Fund Budgetary Highlights

Total revenues in the General Fund exceeded budgeted amounts by $1,785,636, or approximately 16%. 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, $663,672 is reported in the line item of other revenues.

General Fund expenditures (not including Other Financing Sources) for the year ending September 30, 2011 were over budget by $473,896, or approximately 4%. The largest area of variance of $495,202 is reported in the public safety line item. The main contributing factors to this variance can be found in the line item of Sheriff.

Capital Asset and Debt Administration

McIntosh County's investment in capital assets for its governmental and business-type activities as of September 30, 2011, amounts to $25,710,501 (net of accumulated depreciation). This is an increase of $2,992,709 from last year. The increase is mostly due to new County water line construction noted in the construction in progress line item. 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	17,235	5,450,630	5,467,865
Buildings	8,100,265	150,436	8,250,701
Machinery and equipment	2,383,774	615,329	2,999,103
Infrastructure	5,923,640	-	5,923,640
Water System	-	2,463,512	2,463,512
Landfill	-	295,778	295,778
Totals	$ 16,727,616	$ 8,982,885	$ 25,710,501

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. McIntosh County started the SPLOST 2010 program in FY 2011. More detail on the County's capital assets can be found in Note 6, pages 35 to 36 of the Notes to Financial Statements.

At year end, the County had a total $8,613,065 in outstanding long-term liabilities which includes $1,181,979 in closure and post closure care costs for the McIntosh County Landfill Fund, $6,523,250 in notes payable and the resulting balance being capital leases, net pension obligation and compensated absences. More information regarding the County's Long-Term can be found in Note 7 on pages 37 to 39 and Short Term Debt can be found in Note 8 on page 39 in the Notes to Financial Statements.

Other Economic Factors

The Board of Commissioners and County Manager have considered several factors when establishing FY12 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, 2011

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
Cash and cash equivalents	$ 5,543,481	$ 267,929	$ 5,811,410	$ 115,773
Taxes receivable	556,331	-	556,331	-
Accounts receivable	93,821	87,482	181,303	4,340
Notes receivable	75,391	-	75,391	-
Internal balances	659,194	(659,194)	-	-
Due from other governments	494,659	-	494,659	10,692
Prepaid expenses	352,243	-	352,243	-
Other assets	3,346	-	3,346	-
Capital assets, non-depreciable	319,937	5,457,830	5,777,767	-
Capital assets, depreciable, net of accumulated depreciation	16,407,679	3,525,055	19,932,734	2,675
Total assets	24,506,082	8,679,102	33,185,184	133,480
LIABILITIES				
Accounts and retainage payable	456,356	37,586	493,942	10
Accrued liabilities	112,612	-	112,612	-
Due to other governments	33,070	-	33,070	10,486
Capital leases due within one year	145,371	-	145,371	-
Capital leases due in more than one year	612,652	-	612,652	-
Note payable due in more than one year	6,523,250	-	6,523,250	-
Compensated absences due within one year	103,096	7,179	110,275	4,480
Compensated absences due in more than one year	40,092	2,792	42,884	17,920
Closure and postclosure care cost	-	1,181,980	1,181,980	-
Total liabilities	8,026,499	1,229,537	9,256,036	32,896
NET ASSETS				
Invested in capital assets, net of related debt	9,446,343	8,982,885	18,429,228	2,675
Restricted for:				
Judicial	299,355	-	299,355	-
Public safety	1,111,577	-	1,111,577	-
Economic development	88,037	-	88,037	-
Capital outlay	1,771,685	-	1,771,685	-
Special use	-	-	-	100,659
Unrestricted	3,762,586	(1,533,320)	2,229,266	(2,750)
Total net assets	$ 16,479,583	$ 7,449,565	$ 23,929,148	$ 100,584

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,501,073	$ 1,054,793	$ -	$ 27
Judicial	1,262,768	-	-	263
Public safety	7,791,214	3,800,345	593,354	11,988
Public works	1,708,047	-	8,413	3,997
Health and welfare	76,731	-	-	71,369
Culture and recreation	567,607	24,458	-	1,569
Housing and development	369,621	-	288,150	-
Interest on long-term debt	43,572	-	-	-
Total governmental activities	14,320,633	4,879,596	889,917	89,213
Business-type activities:				
Water	434,040	359,671	-	-
Solid waste	848,656	228,338	-	-
Total business-type activities	1,282,696	588,009	-	-
Total primary government	$ 15,603,329	$ 5,467,605	$ 889,917	$ 89,213
Component unit:				
Board of Health	$ 360,348	$ 140,796	$ 225,269	$ -
Total component unit	$ 360,348	$ 140,796	$ 225,269	$ -

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
$ (1,446,253)	$ -	$ (1,446,253)	$ -
(1,262,505)	-	(1,262,505)	-
(3,385,527)	-	(3,385,527)	-
(1,695,637)	-	(1,695,637)	-
(5,362)	-	(5,362)	-
(541,580)	-	(541,580)	-
(81,471)	-	(81,471)	-
(43,572)	-	(43,572)	-
(8,461,907)	-	(8,461,907)	-
-	(74,369)	(74,369)	-
-	(620,318)	(620,318)	-
-	(694,687)	(694,687)	-
$ (8,461,907)	$ (694,687)	$ (9,156,594)	$ -
$ -	$ -	$ -	$ 5,717
$ -	$ -	$ -	$ 5,717
$ 6,634,714	$ -	$ 6,634,714	$ -
2,398,571	-	2,398,571	-
445,496	-	445,496	-
400,042	-	400,042	-
30,397	1,209	31,606	-
4,231	-	4,231	-
(3,831,515)	3,831,515	-	-
6,081,936	3,832,724	9,914,660	-
(2,379,971)	3,138,037	758,066	5,717
18,859,554	4,311,528	23,171,082	94,867
$ 16,479,583	$ 7,449,565	$ 23,929,148	$ 100,584

MCINTOSH COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

ASSETS	General	Sales Tax	USDA Construction	Other Governmental Funds	Total
Cash and cash equivalents	$ 1,633,953	$ 1,099,005	$ 1,002,510	$ 1,808,013	$ 5,543,481
Taxes receivable	547,809	-	-	8,522	556,331
Accounts receivable	52,618	-	-	41,203	93,821
Notes receivable	-	-	-	75,391	75,391
Due from other funds	680,792	50,000	-	37,370	768,162
Due from other governments	148,696	-	-	345,963	494,659
Prepaid items	352,243	-	-	-	352,243
Advances to other funds	-	596,096	-	-	596,096
Total assets	$ 3,416,111	$ 1,745,101	$ 1,002,510	$ 2,316,462	$ 8,480,184
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts and retainage payable	$ 181,009	$ -	$ 248,927	$ 26,420	$ 456,356
Accrued expenses	109,834	-	-	-	109,834
Due to other funds	87,370	2,250	1	19,347	108,968
Due to other governments	10,123	-	-	22,947	33,070
Deferred revenue	440,448	-	-	-	440,448
Advances from other funds	596,096	-	-	-	596,096
Total liabilities	1,424,880	2,250	248,928	68,714	1,744,772
FUND BALANCES					
Nonspendable:					
Prepaid items	352,243	-	-	-	352,243
Long-term notes receivable	-	-	-	50,018	50,018
Advances to other funds	-	596,096	-	-	596,096
Restricted for:					
Judicial	-	-	-	299,355	299,355
Public safety	-	-	-	1,111,577	1,111,577
Economic development	-	-	-	88,037	88,037
Capital outlay	-	1,146,755	-	624,930	1,771,685
Committed to:					
Capital outlay	-	-	753,582	5,630	759,212
Assigned to:					
Public safety - jail	-	-	-	68,201	68,201
Unassigned	1,638,988	-	-	-	1,638,988
	1,991,231	1,742,851	753,582	2,247,748	6,735,412
Total liabilities and fund balances	$ 3,416,111	$ 1,745,101	$ 1,002,510	$ 2,316,462	

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.	16,727,616
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	440,448
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,427,239)
Net pension asset included in governmental activities is not a financial resource and, therefore, is not reported in governmental funds.	3,346
Net assets of governmental activities	$ 16,479,583

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, 2011

	General	Sales Tax	USDA Construction	Other Governmental Funds	Total
Revenues:					
Property taxes	$ 6,778,690	$ -	$ -	$ -	$ 6,778,690
Sales taxes	1,027,954	332	-	1,370,285	2,398,571
Insurance premium taxes	445,496	-	-	-	445,496
Other taxes	262,244	-	-	137,798	400,042
Licenses and permits	122,965	-	-	-	122,965
Intergovernmental	457,878	-	-	503,408	961,286
Charges for services	1,419,446	-	-	207,557	1,627,003
Fines and forfeitures	1,957,696	-	-	448,936	2,406,632
Interest	15,965	17,047	-	15,229	48,241
Other revenues	720,216	-	-	2,780	722,996
Total revenues	13,208,550	17,379	-	2,685,993	15,911,922
Expenditures:					
Current:					
General government	2,188,649	-	-	249	2,188,898
Judicial	1,214,224	-	-	30,772	1,244,996
Public safety	6,108,810	-	-	997,185	7,105,995
Public works	893,146	-	-	875	894,021
Health and welfare	66,120	-	-	-	66,120
Culture and recreation	498,637	-	-	-	498,637
Housing and development	286,746	-	-	83,011	369,757
Intergovernmental	-	26,833	-	274,057	300,890
Capital outlay	-	613,071	3,689,114	524,996	4,827,181
Debt service:					
Principal	6,444	125,361	-	-	131,805
Interest	9,985	33,248	-	-	43,233
Total expenditures	11,272,761	798,513	3,689,114	1,911,145	17,671,533
Excess (deficiency) of revenues over (under) expenditures	1,935,789	(781,134)	(3,689,114)	774,848	(1,759,611)
Other financing sources (uses):					
Proceeds from sale of assets	4,231	-	-	-	4,231
Notes payable	-	-	4,798,665	-	4,798,665
Transfers in	109,787	-	-	716,393	826,180
Transfers out	(716,393)	-	-	(109,787)	(826,180)
Total other financing sources (uses)	(602,375)	-	4,798,665	606,606	4,802,896
Net change in fund balances	1,333,414	(781,134)	1,109,551	1,381,454	3,043,285
Fund balances (deficit), beginning of year	657,817	2,523,985	(355,969)	866,294	3,692,127
Fund balances, end of year	$ 1,991,231	$ 1,742,851	$ 753,582	$ 2,247,748	$ 6,735,412

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, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	3,043,285
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.		3,203,439
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to decrease net assets.		(3,831,515)
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.		(143,976)
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.		(4,666,860)
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.		15,656
	$	(2,379,971)

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 6,413,601	$ 6,413,601	$ 6,778,690	$ 365,089
Sales taxes	1,048,850	1,048,850	1,027,954	(20,896)
Insurance premium taxes	461,375	461,375	445,496	(15,879)
Other taxes	205,274	205,274	262,244	56,970
Licenses and permits	138,525	138,525	122,965	(15,560)
Intergovernmental	305,000	305,000	457,878	152,878
Charges for services	1,401,586	1,401,586	1,419,446	17,860
Fines and forfeitures	1,376,859	1,376,859	1,957,696	580,837
Interest income	15,300	15,300	15,965	665
Other revenues	56,544	56,544	720,216	663,672
Total revenues	11,422,914	11,422,914	13,208,550	1,785,636
Expenditures:				
Current:				
General government:				
Elections	229,696	229,696	186,135	43,561
Financial administration	998,578	998,578	931,427	67,151
Tax commissioner	324,476	324,476	306,039	18,437
Tax assessor	546,187	546,187	540,767	5,420
General government buildings and plant	209,951	209,951	218,341	(8,390)
Board of equalization	18,658	18,658	5,940	12,718
Total general government	2,327,546	2,327,546	2,188,649	138,897
Judicial:				
Superior court	434,000	434,000	423,592	10,408
State court	430,237	430,237	529,328	(99,091)
Probate-magistrate court	273,955	273,955	261,304	12,651
Total judicial	1,138,192	1,138,192	1,214,224	(76,032)
Public safety:				
Sheriff	2,731,393	2,731,393	2,993,875	(262,482)
Jail operations	1,556,838	1,556,838	1,715,488	(158,650)
Fire	149,742	149,742	187,375	(37,633)
Ambulance services	929,121	929,121	984,160	(55,039)
Coroner	20,218	20,218	14,911	5,307
Emergency management	78,180	78,180	71,490	6,690
Animal shelter	148,116	148,116	141,511	6,605
Total public safety	5,613,608	5,613,608	6,108,810	(495,202)
Public works:				
Roads and bridges	902,461	902,461	893,146	9,315
Total public works	902,461	902,461	893,146	9,315

(Continued)

MCINTOSH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures:				
Current:				
Health and welfare:				
Health	$ 52,000	$ 52,000	$ 53,250	$ (1,250)
Welfare	14,000	14,000	12,870	1,130
Total health and welfare	66,000	66,000	66,120	(120)
Culture and recreation:				
Leisure services	377,739	377,739	444,637	(66,898)
Library	54,000	54,000	54,000	-
Total culture and recreation	431,739	431,739	498,637	(66,898)
Housing and development:				
County extension	72,871	72,871	67,339	5,532
Protective inspection	186,441	186,441	181,399	5,042
Economic opportunity	38,028	38,028	38,008	20
Total housing and development	297,340	297,340	286,746	10,594
Debt service:				
Principal	17,479	17,479	6,444	11,035
Interest	4,500	4,500	9,985	(5,485)
Total debt service	21,979	21,979	16,429	5,550
Total expenditures	10,798,865	10,798,865	11,272,761	(473,896)
Excess of revenues over expenditures	624,049	624,049	1,935,789	1,311,740
Other financing sources (uses):				
Proceeds from sale of assets	-	-	4,231	4,231
Transfers in	60,854	60,854	109,787	48,933
Transfers out	(684,902)	(684,902)	(716,393)	(31,491)
Total other financing sources (uses)	(624,048)	(624,048)	(602,375)	21,673
Net change in fund balances	1	1	1,333,414	1,333,413
Fund balance, beginning of year	657,817	657,817	657,817	-
Fund balance, end of year	$ 657,818	$ 657,818	$ 1,991,231	$ 1,333,413

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

ASSETS	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
CURRENT ASSETS				
Cash and cash equivalents	$ 36,319	$ 231,610	$ 267,929	$ 1
Accounts receivable, net of allowances	77,971	9,511	87,482	-
Due from other funds	2,250	-	2,250	-
Total current assets	116,540	241,121	357,661	1
NONCURRENT ASSETS				
Capital assets:				
Nondepreciable	5,450,630	7,200	5,457,830	-
Depreciable, net of accumulated depreciation	2,463,512	1,061,543	3,525,055	-
Total noncurrent assets	7,914,142	1,068,743	8,982,885	-
Total assets	8,030,682	1,309,864	9,340,546	1
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	25,968	11,618	37,586	-
Accrued expenses	-	-	-	143,994
Due to other funds	7,786	653,658	661,444	1
Current portion - compensated absences	-	7,179	7,179	-
Total current liabilities	33,754	672,455	706,209	143,995
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	-	2,792	2,792	-
Accrued landfill closure/postclosure care costs	-	1,181,980	1,181,980	-
Total long-term liabilities	-	1,184,772	1,184,772	-
Total liabilities	33,754	1,857,227	1,890,981	143,995
NET ASSETS (DEFICIT)				
Invested in capital assets	7,914,142	1,068,743	8,982,885	-
Unrestricted	82,786	(1,616,106)	(1,533,320)	(143,994)
Total net assets (deficit)	$ 7,996,928	$ (547,363)	$ 7,449,565	$ (143,994)

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, 2011

	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 357,780	$ 228,338	$ 586,118	$ 42,110
Miscellaneous	1,891	-	1,891	-
Total operating revenues	359,671	228,338	588,009	42,110
OPERATING EXPENSES				
Salaries and benefits	-	400,409	400,409	-
Cost of sales and services	332,786	184,591	517,377	-
Supplies	30,233	123,947	154,180	-
Claims	-	-	-	186,104
Depreciation	71,021	139,709	210,730	-
Total operating expenses	434,040	848,656	1,282,696	186,104
Operating loss	(74,369)	(620,318)	(694,687)	(143,994)
NONOPERATING INCOME				
Interest income	117	1,092	1,209	-
Total nonoperating income	117	1,092	1,209	-
Loss before capital contributions	(74,252)	(619,226)	(693,478)	(143,994)
CAPITAL CONTRIBUTIONS	3,742,015	89,500	3,831,515	-
Change in net assets	3,667,763	(529,726)	3,138,037	(143,994)
NET ASSETS (deficit), beginning of year	4,329,165	(17,637)	4,311,528	-
NET ASSETS (deficit), end of year	$ 7,996,928	$ (547,363)	$ 7,449,565	$ (143,994)

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, 2011

	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 358,568	$ 230,506	$ 589,074	$ 42,110
Payments to suppliers	(329,499)	400,451	70,952	(42,109)
Payments to employees	-	(400,450)	(400,450)	-
Net cash provided by operating activities	29,069	230,507	259,576	1
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	117	1,092	1,209	-
Net cash provided by investing activities	117	1,092	1,209	-
Net increase in cash and cash equivalents	29,186	231,599	260,785	1
Cash and cash equivalents:				
Beginning of year	7,133	11	7,144	-
End of year	$ 36,319	$ 231,610	$ 267,929	$ 1
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	$ (74,369)	$ (620,318)	$ (694,687)	$ (143,994)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation expense	71,021	139,709	210,730	-
Landfill closure/postclosure care expense	-	55,682	55,682	-
(Increase) decrease in accounts receivable	(1,103)	2,168	1,065	-
Increase (decrease) in accounts payable	25,734	(351)	25,383	-
Increase in accrued expenses	-	-	-	143,994
Increase in due to other funds	7,786	653,658	661,444	1
Decrease in compensated absences	-	(41)	(41)	-
Net cash provided by operating activities	$ 29,069	$ 230,507	$ 259,576	$ 1
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from governmental activities	$ 3,742,015	$ 89,500	$ 3,831,515	$ -

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2011

	Agency Funds
ASSETS	
Cash	$ 495,096
Taxes receivable	988,263
Total assets	$ 1,483,359
LIABILITIES	
Due to others	$ 495,096
Uncollected taxes	988,263
Total liabilities	$ 1,483,359

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 MCHD 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 ***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 ended September 30, 2011.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity (Continued)

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

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

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

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

- ***Assigned*** - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County Manager to assign fund balances.

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity (Continued)

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 $7,427,239 difference are as follows:

Accrued interest payable	$ (2,778)
Capital lease payable	(758,023)
Notes payable	(6,523,250)
Compensated absences	(143,188)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (7,427,239)

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

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 $3,203,439 difference are as follows:

Capital outlay	$ 4,544,614
Depreciation expense	(1,341,175)
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 3,203,439

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 $4,666,860 difference are as follows:

Debt issued - notes payable	$ (4,798,665)
Principal payments - notes payable	131,805
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ (4,666,860)

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 $15,656 difference are as follows:

Accrued interest	$ (339)
Compensated absences	4,781
Net pension asset	11,214
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 15,656

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.

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, 2010 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 assign or commit that portion of the applicable appropriation, is not utilized by the County.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

C. Excess Expenditures Over Appropriations

For the fiscal year ended September 30, 2011, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

	Excess
General government buildings and plant	$ 8,390
State court	99,091
Sheriff	262,482
Jail operations	158,650
Fire	37,633
Ambulance services	55,039
Health	1,250
Leisure services	66,898
Debt service - interest	5,485

NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2011 are summarized as follows:

As reported in the Statement of Net Assets:	
Cash and cash equivalents	$ 5,811,410
Cash deposited with financial institutions	$ 5,811,410

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. The County does not have a formal custodial credit risk policy. 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, 2011, the County did not have any deposits 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, 2011:

	General	Other Governmental Funds	Water Fund	Solid Waste Fund	Total
Receivables:					
Taxes	$ 817,625	$ 8,522	$ -	$ -	$ 826,147
Accounts	52,618	41,203	117,225	9,511	220,557
Notes	-	75,391	-	-	75,391
Gross receivables	870,243	125,116	117,225	9,511	1,122,095
Less allowance for uncollectibles	(269,816)	-	(39,254)	-	(309,070)
Net total receivable	$ 600,427	$ 125,116	$ 77,971	$ 9,511	$ 813,025

Property taxes attached as an enforceable lien on property as of January 1, 2010. Property taxes were levied on August 26, 2010, and payable on or before January 12, 2011. The County bills and collects its own property taxes. Property taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2011, and collected by November 30, 2011, are recognized as revenues in the year ended September 30, 2011. Net receivables estimated to be collected subsequent to November 30, 2011, 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 fiscal year ended September 30, 2011 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	-	3,759,250	-	(3,742,015)	17,235
Total capital assets, not being depreciated	302,702	3,759,250	-	(3,742,015)	319,937
Capital assets, being depreciated:					
Buildings	10,210,345	-	-	-	10,210,345
Machinery and equipment	4,747,147	758,214	(137,794)	(89,500)	5,278,067
Infrastructure	29,886,832	27,150	-	-	29,913,982
Total capital assets, being depreciated	44,844,324	785,364	(137,794)	(89,500)	45,402,394
Less accumulated depreciation for:					
Buildings	(1,890,787)	(219,293)	-	-	(2,110,080)
Machinery and equipment	(2,663,656)	(368,431)	137,794	-	(2,894,293)
Infrastructure	(23,236,891)	(753,451)	-	-	(23,990,342)
Total accumulated depreciation	(27,791,334)	(1,341,175)	137,794	-	(28,994,715)
Total capital assets, being depreciated, net	17,052,990	(555,811)	-	(89,500)	16,407,679
Governmental activities capital assets, net	$ 17,355,692	$ 3,203,439	$ -	$ (3,831,515)	$ 16,727,616
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 7,200	$ -	$ -	$ -	$ 7,200
Construction in progress	2,242,370	-	-	3,208,260	5,450,630
Total capital assets, not being depreciated	2,249,570	-	-	3,208,260	5,457,830
Capital assets, being depreciated:					
Building and improvements	174,459	-	-	-	174,459
Machinery and equipment	1,198,163	-	-	89,500	1,287,663
Water system	3,013,629	-	-	533,755	3,547,384
Landfill	757,304	-	-	-	757,304
Total	5,143,555	-	-	623,255	5,766,810
Less accumulated depreciation for:					
Building and improvements	(15,699)	(8,324)	-	-	(24,023)
Machinery and equipment	(581,224)	(91,110)	-	-	(672,334)
Water system	(1,012,851)	(71,021)	-	-	(1,083,872)
Landfill	(421,251)	(40,275)	-	-	(461,526)
Total	(2,031,025)	(210,730)	-	-	(2,241,755)
Total capital assets, being depreciated, net	3,112,530	(210,730)	-	623,255	3,525,055
Business-type activities capital assets, net	$ 5,362,100	$ (210,730)	$ -	$ 3,831,515	$ 8,982,885

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

General government	$ 22,189
Judicial	2,301
Public safety	431,021
Public works	821,557
Health and welfare	10,611
Culture and recreation	53,496
Total depreciation expense - governmental activities	$ 1,341,175
Business-type activities	
Water Fund	$ 71,021
Solid Waste Fund	139,709
Total depreciation expense - business-type activities	$ 210,730

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

	Balance	Increases	Decreases	Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 78,971	$ 1,884	$ (60,061)	$ 20,794
Total	78,971	1,884	(60,061)	20,794
Less accumulated depreciation for:				
Machinery and equipment	(76,702)	(1,478)	60,061	(18,119)
Total	(76,702)	(1,478)	60,061	(18,119)
Total capital assets, being depreciated, net	2,269	406	-	2,675
Board of Health capital assets, net	$ 2,269	$ 406	$ -	$ 2,675

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 1,724,585	$ 4,798,665	$ -	$ 6,523,250	$ -
Capital leases payable	889,828	-	(131,805)	758,023	145,371
Compensated absences	147,969	119,097	(123,878)	143,188	103,096
Net pension obligation (asset)	7,868	193,036	(204,250)	(3,346)	-
Governmental activities long-term liabilities	$ 2,770,250	$ 5,110,798	$ (459,933)	$ 7,421,115	$ 248,467
Business-type activities:					
Compensated absences	$ 10,012	$ 10,422	$ (10,463)	$ 9,971	$ 7,179
Closure and postclosure care	1,126,298	55,682	-	1,181,980	-
Business-type activities long-term liabilities	$ 1,136,310	$ 66,104	$ (10,463)	$ 1,191,951	$ 7,179
Component unit - McIntosh County Board of Health:					
Compensated absences	$ 22,774	$ -	$ (374)	$ 22,400	$ 4,480
McIntosh County Board of Health long-term liabilities	$ 22,774	$ -	$ (374)	$ 22,400	$ 4,480

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.

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, 2011, and repayment will be determined when all draws have been made. The obligation has an outstanding balance of $6,523,250 as of September 30, 2011.

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various types of 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.

NOTE 7. LONG-TERM DEBT (CONTINUED)

The following is an analysis of leased assets under capital leases as of September 30, 2011:

	Governmental Activities
Equipment	$ 977,126
Less: Accumulated depreciation	(445,342)
	$ 531,784

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of September 30, 2011:

	Governmental Activities
Fiscal year ending September 30,	
2012	$ 174,958
2013	337,499
2014	83,357
2015	83,357
2016	101,471
2017 - 2018	50,933
Total minimum lease payments	831,575
Less amount representing interest	73,552
Present value of future minimum lease payments	$ 758,023

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 $1,181,980 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 $1,894,314 will be recognized on a pro rata basis as the remaining estimated capacity of 201,608 cubic yards of useable space is filled. Approximately 62% 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 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 7. LONG-TERM DEBT (CONTINUED)

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 fiscal year ended September 30, 2011 was as follows:

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

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2011, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 19,347
General Fund	USDA Construction Fund	1
General Fund	Water Fund	7,786
General Fund	Solid Waste Fund	653,658
Sales Tax Fund	General Fund	50,000
Nonmajor Governmental Funds	General Fund	37,370
Water Fund	Sales Tax Fund	2,250
		$ 770,412

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Sales Tax Fund	General Fund	$ 596,096

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

Interfund transfers:

	Transfer From		
Transfer To	General Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 109,787	$ 109,787
Nonmajor Governmental Funds	716,393	-	716,393
Total	$ 716,393	$ 109,787	$ 826,180

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.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Participant Data

At January 1, 2011, the date of the most recent actuarial valuation, there were 176 participants as follows:

Active participants	85
Retirees and beneficiaries	26
Vested terminated	65
	176

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.

Annual Pension Cost and Net Pension Obligation

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

	2011	2010
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 227,145	$ 193,078
Interest on Net Pension Obligation	(259)	610
Amortization of Net Pension Obligation	277	(652)
Annual Pension Cost	$ 227,163	$ 193,036
Derivation of Net Pension Obligation		
Annual Pension Cost for Fiscal Year 2010		$ 193,036
Actual Contributions to Plan for Fiscal Year 2010		204,250
Decrease in Net Pension Obligation		(11,214)
Net Pension Obligation (Asset) as of September 30, 2010		7,868
Net Pension Obligation (Asset) as of September 30, 2011		$ (3,346)

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Basis of Valuation

Current valuation date	January 1, 2011
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 (Asset)
1/1/2011	$ 227,163	$ N/A	N/A	$ (3,346)
1/1/2010	193,036	204,250	106%	7,868
1/1/2009	177,153	147,365	83%	(21,920)
1/1/2008	129,348	131,833	102%	(19,435)
1/1/2007	96,538	97,718	101%	(18,255)
1/1/2006	99,841	103,413	104%	(14,683)

As of the most recent valuation date, December 31, 2010, 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)
12/31/10	$ 2,095,226	$ 2,767,135	$ 671,909	75.7%	$ 2,372,495	28.3%

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.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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, 2010.

NOTE 11. DEFINED CONTRIBUTION PLAN

The County sponsors a defined contribution plan, the Charles Schwab, Inc. Plan (the "Contribution Plan"), administered by Charles Schwab. The Contribution Plan is a 457 deferred compensation agreement. The Contribution Plan was adopted by the McIntosh County Board of Commissioner's passing of a resolution. Amendments to the Contribution Plan are under the control of the Board of Commissioners. The County does not make contributions to the Contribution Plan. All employees may contribute amounts up to the annual ceiling established by the Internal Revenue Service. All contributions are vested at the time they are made. All employees are eligible to participate in the plan. During the fiscal year ended September 30, 2011, employees contributed $19,435 to the Contribution Plan.

NOTE 12. 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, 2011, 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 12. 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.

The County also maintains a health insurance deductible reimbursement plan for their employees. The plan is accounted for as an internal service fund of the County, is funded according to plan experience, and serves as a benefit to County employees. Under the plan, the County employees are responsible for a portion of their deductible. For an employee with single coverage, which consists of a $3,000 deductible, the employee is responsible for the initial $500, the third party administrator is responsible for the next $2,000, and lastly the employee is responsible for the remaining $500. For an employee with family coverage, which consists of a $6,000 deductible, the employee is responsible for the initial $1,000, the third party administrator is responsible for the next $4,000, and lastly the employee is responsible for the remaining $1,000. The County reimburses the employee for the cost paid by the employee. Because all unpaid liabilities are expected to be settled with one year, the unpaid liability is classified as current.

Changes in the claims payable for the fiscal year ended September 30, 2011 is as follows:

	September 30, 2011	September 30, 2010
Unpaid claims, beginning of fiscal year	$ -	$ -
Incurred claims and changes in estimates	186,103	-
Claim payments	(42,109)	-
Unpaid claims, end of fiscal year	$ 143,994	$ -

NOTE 13. 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.

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

Construction

As of September 30, 2011, the County had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
USDA Water System	$ 223,767	11/30/2011

NOTE 14. 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 15. 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, 2011, the County paid $11,098 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 16. HOTEL/MOTEL LODGING TAX

The County has imposed a 5% hotel/motel tax on lodging facilities within the County. Revenues collected during the fiscal year ended September 30, 2011, were $137,798. Of this amount, $83,011, or 60% of the amount collected was paid to the McIntosh County Chamber of Commerce to promote tourism within McIntosh County.

NOTE 17. DEFICIT NET ASSETS

The Solid Waste Fund reported deficit net assets of $547,363 at September 30, 2011. 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)
12/31/10	$ 2,095,226	$ 2,767,135	$ 671,909	75.7%	$ 2,372,495	28.3%
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%

MCINTOSH COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

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.

Tornado 511 Fund is a special revenue fund used to account for activities that resulted from a tornado that occurred within the County.

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

Sales Tax 2010 Fund is used to account for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: roads, courthouse and administrative buildings, local solid waste handling facility, recreational facility, public safety facilities, capital equipment for use in voting, other various capital projects to be owned and/or operated by McIntosh County, and other City projects within McIntosh County.

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, 2011

	Special Revenue Funds						
ASSETS	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Cash and cash equivalents	$ 71,724	$ 72,114	$ 175,997	$ 34,138	$ 227,054	$ 69,501	$ 561,527
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	41,203
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	31,890	-	-	-	-
Due from other governments	-	-	-	1,293	5,407	-	224,530
Total assets	$ 71,724	$ 72,114	$ 207,887	$ 35,431	$ 232,461	$ 69,501	$ 827,260
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ -	$ 15,042	$ -	$ -	$ 1,300	$ 10,078
Due to other funds	4,830	-	-	5,995	-	-	-
Due to other governments	-	-	-	-	-	-	-
Total liabilities	4,830	-	15,042	5,995	-	1,300	10,078
FUND BALANCES							
Nonspendable							
Long term note receivable	-	-	-	-	-	-	-
Restricted for:							
Judicial	66,894	-	-	-	232,461	-	-
Public safety	-	72,114	192,845	29,436	-	-	817,182
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Committed to:							
Capital outlay	-	-	-	-	-	-	-
Assigned to:							
Public safety	-	-	-	-	-	68,201	-
Total fund balances	66,894	72,114	192,845	29,436	232,461	68,201	817,182
Total liabilities and fund balances	$ 71,724	$ 72,114	$ 207,887	$ 35,431	$ 232,461	$ 69,501	$ 827,260

(Continued)

Grant	Tornado 511	Hotel Motel Tax	Revolving Loan	Capital Projects Funds: Sales Tax 2010	Capital Projects Funds: CDBG Water System	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 62,664	$ 533,144	$ 150	$ 1,808,013
-	-	8,522	-	-	-	8,522
-	-	-	-	-	-	41,203
-	-	-	75,391	-	-	75,391
-	-	-	-	-	5,480	37,370
-	-	-	-	114,733	-	345,963
$ -	$ -	$ 8,522	$ 138,055	$ 647,877	$ 5,630	$ 2,316,462
$ -	$ -	$ -	$ -	$ -	$ -	$ 26,420
-	-	8,522	-	-	-	19,347
-	-	-	-	22,947	-	22,947
-	-	8,522	-	22,947	-	68,714
-	-	-	50,018	-	-	50,018
-	-	-	-	-	-	299,355
-	-	-	-	-	-	1,111,577
-	-	-	88,037	-	-	88,037
-	-	-	-	624,930	-	624,930
-	-	-	-	-	5,630	5,630
-	-	-	-	-	-	68,201
-	-	-	138,055	624,930	5,630	2,247,748
$ -	$ -	$ 8,522	$ 138,055	$ 647,877	$ 5,630	$ 2,316,462

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Revenues:							
Sales taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	424,530
Charges for services	-	-	-	-	-	49,856	157,701
Fines and forfeitures	62,470	84,264	183,452	18,715	100,035	-	-
Interest income	381	289	1,980	167	1,787	824	4,935
Other revenues	-	-	-	-	-	-	2,780
Total revenues	62,851	84,553	185,432	18,882	101,822	50,680	589,946
Expenditures:							
Current							
General government	-	-	-	-	-	-	-
Judicial	24,772	-	-	-	-	-	-
Public safety	-	46,197	199,893	17,000	68,919	88,446	564,576
Public works	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Intergovernmental payments	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	24,772	46,197	199,893	17,000	68,919	88,446	564,576
Excess (deficiency) of revenues over (under) expenditures	38,079	38,356	(14,461)	1,882	32,903	(37,766)	25,370
Other financing sources (uses):							
Transfers in	-	-	-	-	63,021	-	602,931
Transfers out	-	-	(25,000)	-	-	(30,000)	-
Total other financing sources (uses)	-	-	(25,000)	-	63,021	(30,000)	602,931
Net change in fund balances	38,079	38,356	(39,461)	1,882	95,924	(67,766)	628,301
Fund balances (deficit), beginning of year	28,815	33,758	232,306	27,554	136,537	135,967	188,881
Fund balances, end of year	$ 66,894	$ 72,114	$ 192,845	$ 29,436	$ 232,461	$ 68,201	$ 817,182

(Continued)

Grant	Tornado 511	Hotel Motel Tax	Revolving Loan	Capital Projects Funds: Sales Tax 2010	Capital Projects Funds: CDBG Water System	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 1,370,285	$ -	$ 1,370,285
-	-	137,798	-	-	-	137,798
7,509	-	-	-	-	71,369	503,408
-	-	-	-	-	-	207,557
-	-	-	-	-	-	448,936
-	-	-	4,069	797	-	15,229
-	-	-	-	-	-	2,780
7,509	-	137,798	4,069	1,371,082	71,369	2,685,993
-	-	-	249	-	-	249
6,000	-	-	-	-	-	30,772
12,154	-	-	-	-	-	997,185
-	875	-	-	-	-	875
-	-	83,011	-	-	-	83,011
-	-	-	-	274,057	-	274,057
-	-	-	-	472,095	52,901	524,996
18,154	875	83,011	249	746,152	52,901	1,911,145
(10,645)	(875)	54,787	3,820	624,930	18,468	774,848
10,645	39,796	-	-	-	-	716,393
-	-	(54,787)	-	-	-	(109,787)
10,645	39,796	(54,787)	-	-	-	606,606
-	38,921	-	3,820	624,930	18,468	1,381,454
-	(38,921)	-	134,235	-	(12,838)	866,294
$ -	$ -	$ -	$ 138,055	$ 624,930	$ 5,630	$ 2,247,748

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2005 REFERENDUM					
Fire Department Improvements	$ 1,250,000	$ 1,250,000	$ 1,183,367	$ 151,958	$ 1,335,325
Animal Shelter Improvements	60,000	60,000	30,501	21,482	51,983
Emergency Medical Improvements	625,000	625,000	408,309	141,212	549,521
Landfill Improvements	1,050,000	1,050,000	1,021,669	3,281	1,024,950
Recreational Facilities	1,040,000	1,040,000	360,507	85,390	445,897
County Roads and Bridges Improvements	2,675,000	2,675,000	1,967,890	18,788	1,986,678
City of Darien Projects	450,000	450,000	404,216	26,833	431,049
County Office Equipment Enhancements	115,000	115,000	97,893	1,624	99,517
Development Authority Projects	250,000	250,000	100,000	-	100,000
Jail Facility Improvements	675,000	675,000	201,956	222,301	424,257
Totals	$ 8,190,000	$ 8,190,000	$ 5,776,308	$ 672,869	$ 6,449,177

Note: The difference between the above schedule and the Statement of Revenues, Expenditures and Changes in Fund Balances is due to equipment purchased through a capital lease being recognized as payments are being made. Payments made during the current year were $32,965. Additionally, principal and interest payments in the amount of $125,644 are not included in the above schedule due to the total cost of equipment leased being recognized in the year purchased.

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2010 REFERENDUM					
Courthouse Improvements	$ 221,455	$ 221,455	$ -	$ 15,999	$ 15,999
Animal Shelter Improvements	75,000	75,000	-	-	-
Elections Equipment	15,000	15,000	-	-	-
Emergency Medical Assistance Equipment	147,000	147,000	-	-	-
Emergency Medical Service Equipment	617,240	617,240	-	150,892	150,892
Landfill Equipment and Improvements	855,000	855,000	-	89,500	89,500
Leisure Services Equipment and Improvements	868,000	868,000	-	10,000	10,000
Roads and Bridges Improvements	2,151,305	2,151,305	-	131,500	131,500
Sheriff's Department Improvements	500,000	500,000	-	64,132	64,132
Volunteer Fire Equipment	780,000	780,000	-	10,072	10,072
Chamber of Commerce Projects	710,000	710,000	-	-	-
Development Authority Projects	660,000	660,000	-	-	-
City of Darien Projects	1,900,000	1,900,000	-	274,057	274,057
Totals	$ 9,500,000	$ 9,500,000	$ -	$ 746,152	$ 746,152

Note: All projects related to the 2000 Special Purpose Local Option Sales Tax Referendum have been completed, therefore not included in the schedules.

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, 2011

ASSETS	Tax Commissioner	Clerk of Courts	Probate - Magistrate Court	Jail Inmate	Total
Cash	$ 30,282	$ 426,075	$ 37,268	$ 1,471	$ 495,096
Taxes receivable	988,263	-	-	-	988,263
Total assets	$ 1,018,545	$ 426,075	$ 37,268	$ 1,471	$ 1,483,359
LIABILITIES					
Due to others	$ 30,282	$ 426,075	$ 37,268	$ 1,471	$ 495,096
Uncollected taxes	988,263	-	-	-	988,263
Total liabilities	$ 1,018,545	$ 426,075	$ 37,268	$ 1,471	$ 1,483,359

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*

To The 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, 2011, which collectively comprise McIntosh County, Georgia's basic financial statements, and have issued our report thereon dated August 10, 2012. Our report includes a reference to other auditors. As discussed in Note 1, McIntosh County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of October 1, 2010. 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. The report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

Management of McIntosh County, Georgia is responsible for establishing and maintaining effective 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2011-2 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2011-1.

We also noted certain additional matters that we reported to the management of McIntosh County, Georgia in a separate letter dated August 10, 2012.

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
August 10, 2012

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___ yes _X_ no
Significant deficiencies identified?	_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, 2011 due to the total amount of federal awards expended being less than $500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2011 - 1. 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, 2011, the County was not in compliance with OCGA Section 48-8-121. Funds transferred from the Sales Tax Fund to the General Fund in prior years have not yet been transferred back to the Sales Tax Fund.

Context: See above condition.

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

Cause: The County transferred proceeds from the Sales Tax Fund to the General Fund, and these amounts have not yet been returned to the Sales Tax Fund.

Recommendation: The County should immediately 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.

2011 - 2. 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.

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.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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.

Auditee Response/Status: The above finding was corrected for the fiscal year ended September 30, 2011.

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 ended 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.

Auditee Response/Status: Unresolved – See current year financial audit finding 2011-1.

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.

Auditee Response/Status: Unresolved – See current year financial audit finding 2011-2.

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.

Auditee Response/Status: The above finding was corrected for the fiscal year ended September 30, 2011.

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.

Auditee Response/Status: The above finding was corrected for the fiscal year ended September 30, 2011.

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.

Auditee Response/Status: The above finding was corrected for the fiscal year ended September 30, 2011.

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.

Auditee Response/Status: The above finding was corrected for the fiscal year ended September 30, 2011.

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.

Auditee Response/Status: The above finding was corrected for the fiscal year ended September 30, 2011.