MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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FINANCIAL SECTION

MAULDIN & JENKINS

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, 2012, 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, 2012. 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 this component unit, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2013, 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 46 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. 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 accompanying 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 48-8-21, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the County. Such information is the responsibility of management and was derived from and relates 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 as a whole.

Mauldin & Jenkins, LLC

Albany, Georgia
August 8, 2013

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, 2012. 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 2012 is the ninth 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 2012 are as follows:

Government-Wide Financial Statements:

- At September 30, 2012 McIntosh County's assets exceeded its liabilities by $25,820,515 (net assets).
- The County's $19,769,236 investment in capital assets leaves the County with $6,051,279 in net assets of which $3,228,957 is restricted.
- McIntosh County's total net assets increased from $23,929,148 in the prior year to $25,820,515 in the current year, for a total increase of $1,891,367 or 7.9%.
- McIntosh County's revenues for fiscal year 2012 totaled $18,130,845. Of this amount, 30% are property tax revenues, 13% are sales tax revenues, 5% are other tax revenues, 39% are charges for services and the remaining 13% are other revenues. This is an 11% increase over fiscal year 2011 revenues.

- McIntosh County's total program expenses for fiscal year 2012 totaled $16,239,478. Of this amount, 44% are public safety expenses, 14% are general governmental expenses, 8% are judicial expenses, 12% are public works expenses, 8% are solid waste, and the remaining 14% are other expenses. This is a 29% increase over fiscal year 2011 expenses.

Governmental Funds Financial Statements:

- McIntosh County's Governmental Funds recorded total assets of $7,718,623 for fiscal year ending September 30, 2012. This amount is over the total Governmental Funds liabilities by $6,736,079 (fund balance).

- Total Governmental Fund's fund balances for fiscal year ending September 30, 2012 increased by $667 from the previous year. This increase was a result of a $1,479,371 increase in the General Fund, a $774,042 decrease in the USDA Construction Fund, and a $704,662 decrease in Other Governmental Funds.

- Total Governmental Fund Balance of $6,736,079 consists of $1,024,951 nonspendable, $3,228,957 restricted, $56,980 committed, and $2,425,191 unassigned.

- Due to total revenues for the General Fund exceeding budgeted amounts by $1,767,854 or approximately 17% and total expenditures for the General Fund being over budget by $447,566, or approximately 4%, McIntosh County experienced an increase in the fund balance of approximately 14% 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 three 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, 2012 and 2011.

Table 1
Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current & Other Assets	$ 7,507,722	$ 7,778,466	$ 518,638	$ (303,783)	$ 8,026,360	$ 7,474,683
Capital Assets	16,826,163	16,727,616	10,315,992	8,982,885	27,142,155	25,710,501
Total Assets	24,333,885	24,506,082	10,834,630	8,679,102	35,168,515	33,185,184
Long-term Liabilities	324,683	7,175,994	8,019,730	1,184,772	8,344,413	8,360,766
Other Liabilities	629,668	850,505	373,919	44,765	1,003,587	895,270
Total Liabilities	954,351	8,026,499	8,393,649	1,229,537	9,348,000	9,256,036
Net Assets:						
Invested in Capital Assets, net of debt	16,213,244	9,446,343	3,555,992	8,982,885	19,769,236	18,429,228
Restricted	3,228,957	3,270,654	-	-	3,228,957	3,270,654
Unrestricted	3,937,333	3,762,586	(1,115,011)	(1,533,320)	2,822,322	2,229,266
Total Net Assets	$ 23,379,534	$ 16,479,583	$ 2,440,981	$ 7,449,565	$ 25,820,515	$ 23,929,148

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 $25,820,515 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 (13 percent) represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net assets ($2,822,322) 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, 2012 and 2011.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 5,204,101	$ 4,879,596	$ 1,910,361	$ 588,009	$ 7,114,462	$ 5,467,605
Operating grants	816,448	889,917	-	-	816,448	889,917
Capital grants	1,223,663	89,213	-	-	1,223,663	89,213
General revenues:						
Property taxes	5,519,955	6,634,714	-	-	5,519,955	6,634,714
Sales taxes	2,396,816	2,398,571	-	-	2,396,816	2,398,571
Insurance premium taxes	526,991	445,496	-	-	526,991	445,496
Other taxes	408,666	400,042	-	-	408,666	400,042
Unrestricted investment earnings	27,800	30,397	3,386	1,209	31,186	31,606
Gain of sale of assets	851	4,231	91,807	-	92,658	4,231
Total Revenues	16,125,291	15,772,177	2,005,554	589,218	18,130,845	16,361,395
Program expenses:						
General government	2,343,015	2,501,073	-	-	2,343,015	2,501,073
Judicial	1,304,611	1,262,768	-	-	1,304,611	1,262,768
Public safety	7,131,705	7,791,214	-	-	7,131,705	7,791,214
Public works	2,003,399	1,708,047	-	-	2,003,399	1,708,047
Health & welfare	77,650	76,731	-	-	77,650	76,731
Culture & recreation	546,407	567,607	-	-	546,407	567,607
Housing & development	566,822	369,621	-	-	566,822	369,621
Interest	252,311	43,572			252,311	43,572
Water	-	-	681,610	434,040	681,610	434,040
Solid waste	-	-	1,331,948	848,656	1,331,948	848,656
Total expenses	14,225,920	14,320,633	2,013,558	1,282,696	16,239,478	15,603,329
Excess (deficiency)	1,899,371	1,451,544	(8,004)	(693,478)	1,891,367	758,066
Transfers	5,000,580	(3,831,515)	(5,000,580)	3,831,515	-	-
Net changes in net assets	6,899,951	(2,379,971)	(5,008,584)	3,138,037	1,891,367	758,066
Net assets - beg. of year	16,479,583	18,859,554	7,449,565	4,311,528	23,929,148	23,171,082
Net assets - end of year	$ 23,379,534	$ 16,479,583	$ 2,440,981	$ 7,449,565	$ 25,820,515	$ 23,929,148

Total revenues for Governmental Activities exceed total expenses by $1,899,371. By review of Table 2, it is apparent that the bulk of revenues supporting Governmental Activities are attributable to Property taxes, $5,519,955 or 34%, and Charges for services $5,204,101 or 32%.

Additionally, Table 2 illustrates the bulk of Governmental Activities expense being reported within the program of Public safety, at $7,131,705 or 50%, with the second largest expense attributable to General government, reporting expenses of $2,343,015 or 16%.

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	
	2012	2011	2012	2011
General government	$ 2,343,015	$ 2,501,073	$ 403,663	$ 1,446,253
Judicial	1,304,611	1,262,768	1,304,463	1,262,505
Public safety	7,131,705	7,791,214	3,618,110	3,385,527
Public works	2,003,399	1,708,047	811,492	1,695,637
Health & welfare	77,650	76,731	41,283	5,362
Culture & recreation	546,407	567,607	385,492	541,580
Housing & development	566,822	369,621	164,894	81,471
Interest on long-term debt	252,311	43,572	252,311	43,572
Totals	$ 14,225,920	$ 14,320,633	$ 6,981,708	$ 8,461,907

As noted in the above table, governmental programs fell $6,981,708 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, 2012.

The County's Major Governmental Funds

At the end of fiscal year 2012, the County reported its governmental funds (as presented in the balance sheet on page 14) having a combined fund balance of $6,736,079. This balance increased by $667 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 $1,479,371 in the General Fund, a loss totaling $744,042 was reported for the USDA Construction Fund and a loss of $704,662 for Other Governmental Funds.

McIntosh County's total Governmental Fund Balance of $6,736,079 is divided into four: Nonspendable ($1,024,951), Restricted ($3,228,957), and Committed ($56,980), which leaves unassigned ($2,425,191) that is available for use to meet current ongoing obligations of McIntosh County.

Revenues for the General Fund totaled $12,330,458, or approximately 77% of total governmental revenues reported in the Statement of Revenues, Expenditures and Changes in Fund Balances presented on page 15. Of this amount, $5,424,349 (or 44%) was collected through property taxes, with second largest source of revenues reported in the line item of fines and forfeitures, $1,917,319 (or 16%).

Expenditures for the General Fund totaled $11,080,463 (not including Other Financing Sources). Revenues exceeded expenditures by approximately $1,249,995.

Expenditures for the USDA Construction Fund totaled $8,424,959 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 $1,767,854, or approximately 17%. 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, $1,243,798 is reported in the line item of other revenues.

General Fund expenditures (not including Other Financing Sources) for the year ending September 30, 2012 were over budget by $447,566, or approximately 4%. The largest area of variance of $242,573 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, 2012, amounts to $27,142,155 (net of accumulated depreciation). This is an increase of $1,431,654 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	$ 465,082	$ 97,303	$ 562,385
Construction in progress	128,148	6,893,186	7,021,334
Buildings	7,925,338	142,112	8,067,450
Machinery and equipment	2,600,484	535,397	3,135,881
Infrastructure	5,707,111	-	5,707,111
Water System	-	2,392,491	2,392,491
Landfill	-	255,503	255,503
Totals	$ 16,826,163	$ 10,315,992	$ 27,142,155

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 $8,756,501 in outstanding long-term liabilities which includes $1,257,889 in closure and post closure care costs for the McIntosh County Landfill Fund, $6,760,000 in revenue bonds payable and the resulting balance being capital leases and compensated absences. More information regarding the County's Long-Term can be found in Note 7 on pages 37 to 39.

Other Economic Factors

The Board of Commissioners and County Manager have considered several factors when establishing FY13 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, 2012

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
Cash and cash equivalents	$ 5,318,623	$ 642,313	$ 5,960,936	$ 135,841
Taxes receivable	542,089	-	542,089	-
Accounts receivable	87,343	340,720	428,063	4,340
Internal balances	570,350	(570,350)	-	-
Due from other governments	614,121	-	614,121	14,031
Inventories	-	30,855	30,855	-
Prepaid expenses	359,571	-	359,571	-
Other assets	15,625	75,100	90,725	-
Capital assets, non-depreciable	593,230	6,990,489	7,583,719	-
Capital assets, depreciable, net of accumulated depreciation	16,232,933	3,325,503	19,558,436	611
Total assets	24,333,885	10,834,630	35,168,515	154,823
LIABILITIES				
Accounts and retainage payable	87,624	129,440	217,064	-
Accrued liabilities	87,616	227,803	315,419	-
Due to other governments	47,073	-	47,073	10,429
Unearned revenues	-	11,943	11,943	-
Capital leases due within one year	321,588	-	321,588	-
Capital leases due in more than one year	291,331	-	291,331	-
Bond payable due in more than one year	-	6,760,000	6,760,000	-
Compensated absences due within one year	85,767	4,733	90,500	5,034
Compensated absences due in more than one year	33,352	1,841	35,193	20,136
Closure and postclosure care cost	-	1,257,889	1,257,889	-
Total liabilities	954,351	8,393,649	9,348,000	35,599
NET ASSETS				
Invested in capital assets, net of related debt	16,213,244	3,555,992	19,769,236	611
Restricted for:				
Judicial	391,166	-	391,166	-
Public safety	1,040,713	-	1,040,713	-
Economic development	62,456	-	62,456	-
Capital outlay	1,734,622	-	1,734,622	-
Special use	-	-	-	124,133
Unrestricted (deficit)	3,937,333	(1,115,011)	2,822,322	(5,520)
Total net assets	$ 23,379,534	$ 2,440,981	$ 25,820,515	$ 119,224

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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	$ 2,343,015	$ 1,939,352	$ -	$ -
Judicial	1,304,611	-	-	148
Public safety	7,131,705	3,236,035	274,845	2,715
Public works	2,003,399	-	139,985	1,051,922
Health and welfare	77,650	-	-	36,367
Culture and recreation	546,407	28,714	-	132,201
Housing and development	566,822	-	401,618	310
Interest on long-term debt	252,311	-	-	-
Total governmental activities	14,225,920	5,204,101	816,448	1,223,663
Business-type activities:				
Water	681,610	602,819	-	-
Solid waste	1,331,948	1,307,542	-	-
Total business-type activities	2,013,558	1,910,361	-	-
Total primary government	$ 16,239,478	$ 7,114,462	$ 816,448	$ 1,223,663
Component unit:				
Board of Health	$ 343,193	$ 211,148	$ 150,685	$ -
Total component unit	$ 343,193	$ 211,148	$ 150,685	$ -

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
$ (403,663)	$ -	$ (403,663)	$ -
(1,304,463)	-	(1,304,463)	-
(3,618,110)	-	(3,618,110)	-
(811,492)	-	(811,492)	-
(41,283)	-	(41,283)	-
(385,492)	-	(385,492)	-
(164,894)	-	(164,894)	-
(252,311)	-	(252,311)	-
(6,981,708)	-	(6,981,708)	-
-	(78,791)	(78,791)	-
-	(24,406)	(24,406)	-
-	(103,197)	(103,197)	-
$ (6,981,708)	$ (103,197)	$ (7,084,905)	$ -
$ -	$ -	$ -	$ 18,640
$ -	$ -	$ -	$ 18,640
$ 5,519,955	$ -	$ 5,519,955	$ -
2,396,816	-	2,396,816	-
526,991	-	526,991	-
408,666	-	408,666	-
27,800	3,386	31,186	-
851	91,807	92,658	-
5,000,580	(5,000,580)	-	-
13,881,659	(4,905,387)	8,976,272	-
6,899,951	(5,008,584)	1,891,367	18,640
16,479,583	7,449,565	23,929,148	100,584
$ 23,379,534	$ 2,440,981	$ 25,820,515	$ 119,224

MCINTOSH COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

ASSETS	General	USDA Construction	Other Governmental Funds	Total
Cash and cash equivalents	$ 2,375,402	$ 1,227	$ 2,941,994	$ 5,318,623
Taxes receivable	534,432	-	7,657	542,089
Accounts receivable	43,925	-	43,418	87,343
Due from other funds	90,632	-	40,864	131,496
Due from other governments	99,791	159,344	354,986	614,121
Prepaid items	359,571	-	-	359,571
Advances to other funds	665,380	-	-	665,380
Total assets	$ 4,169,133	$ 160,571	$ 3,388,919	$ 7,718,623
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts and retainage payable	$ 36,346	$ 21,686	$ 29,592	$ 87,624
Accrued expenses	85,267	-	-	85,267
Due to other funds	40,864	159,345	26,317	226,526
Due to other governments	-	-	47,073	47,073
Deferred revenue	536,054	-	-	536,054
Total liabilities	698,531	181,031	102,982	982,544
FUND BALANCES				
Nonspendable:				
Prepaid items	359,571	-	-	359,571
Advances to other funds	665,380	-	-	665,380
Restricted for:				
Judicial	-	-	391,166	391,166
Public safety	-	-	1,040,713	1,040,713
Economic development	-	-	62,456	62,456
Capital outlay	-	-	1,734,622	1,734,622
Committed to:				
Capital outlay	-	-	13,912	13,912
Public safety	-	-	43,068	43,068
Unassigned	2,445,651	(20,460)	-	2,425,191
Total fund balances (deficit)	3,470,602	(20,460)	3,285,937	6,736,079
Total liabilities and fund balances	$ 4,169,133	$ 160,571	$ 3,388,919	

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.	16,826,163
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	536,054
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(734,387)
Net pension asset included in governmental activities is not a financial resource and, therefore, is not reported in governmental funds.	15,625
Net assets of governmental activities	$ 23,379,534

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, 2012

	General	USDA Construction	Other Governmental Funds	Total
Revenues:				
Property taxes	$ 5,424,349	$ -	$ -	$ 5,424,349
Sales taxes	1,027,206	-	1,369,610	2,396,816
Insurance premium taxes	526,991	-	-	526,991
Other taxes	253,169	-	155,497	408,666
Licenses and permits	112,824	-	-	112,824
Intergovernmental	562,768	846,953	621,998	2,031,719
Charges for services	847,049	-	214,003	1,061,052
Fines and forfeitures	1,917,319	-	471,839	2,389,158
Interest	20,076	-	16,116	36,192
Other revenues	1,638,707	-	2,360	1,641,067
Total revenues	12,330,458	846,953	2,851,423	16,028,834
Expenditures:				
Current:				
General government	1,984,074	-	75,714	2,059,788
Judicial	1,209,782	-	71,045	1,280,827
Public safety	5,908,863	-	723,550	6,632,413
Public works	1,012,752	-	-	1,012,752
Health and welfare	66,120	-	-	66,120
Culture and recreation	488,688	-	-	488,688
Housing and development	405,908	-	91,610	497,518
Intergovernmental	-	-	273,852	273,852
Capital outlay	-	1,524,959	1,933,035	3,457,994
Debt service:				
Principal	4,276	6,677,115	140,827	6,822,218
Interest	-	222,885	29,855	252,740
Total expenditures	11,080,463	8,424,959	3,339,488	22,844,910
Excess (deficiency) of revenues over (under) expenditures	1,249,995	(7,578,006)	(488,065)	(6,816,076)
Other financing sources (uses):				
Proceeds from sale of assets	12,779	-	-	12,779
Notes payable	-	153,864	-	153,864
Transfers in	246,950	6,650,100	30,353	6,927,403
Transfers out	(30,353)	-	(246,950)	(277,303)
Total other financing sources (uses)	229,376	6,803,964	(216,597)	6,816,743
Net change in fund balances	1,479,371	(774,042)	(704,662)	667
Fund balances, beginning of year	1,991,231	753,582	3,990,599	6,735,412
Fund balances (deficit), end of year	$ 3,470,602	$ (20,460)	$ 3,285,937	$ 6,736,079

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, 2012

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

Net change in fund balances - total governmental funds	$	667
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.		1,759,995
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to decrease net assets.		(1,661,448)
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.		95,606
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.		6,668,354
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.		36,777
	$	6,899,951

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, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 4,759,884	$ 4,759,884	$ 5,424,349	$ 664,465
Sales taxes	1,012,790	1,012,790	1,027,206	14,416
Insurance premium taxes	434,838	434,838	526,991	92,153
Other taxes	392,241	392,241	253,169	(139,072)
Licenses and permits	136,895	136,895	112,824	(24,071)
Intergovernmental	289,804	289,804	562,768	272,964
Charges for services	1,328,425	1,328,425	847,049	(481,376)
Fines and forfeitures	1,800,519	1,800,519	1,917,319	116,800
Interest income	12,299	12,299	20,076	7,777
Other revenues	75,364	394,909	1,638,707	1,243,798
Total revenues	10,243,059	10,562,604	12,330,458	1,767,854
Expenditures:				
Current:				
General government:				
Elections	214,520	226,134	243,952	(17,818)
Financial administration	698,162	702,232	689,179	13,053
Tax commissioner	305,484	322,171	322,592	(421)
Tax assessor	511,852	514,130	515,747	(1,617)
General government buildings and plant	194,644	214,644	204,107	10,537
Board of equalization	18,499	18,499	8,497	10,002
Total general government	1,943,161	1,997,810	1,984,074	13,736
Judicial:				
Superior court	429,522	431,246	415,225	16,021
State court	482,358	504,832	524,500	(19,668)
Probate-magistrate court	266,843	269,362	270,057	(695)
Juvenile court	3,068	3,068	-	3,068
Total judicial	1,181,791	1,208,508	1,209,782	(1,274)
Public safety:				
Sheriff	2,739,262	2,848,492	3,000,813	(152,321)
Jail operations	1,481,280	1,506,929	1,608,386	(101,457)
Fire	172,310	172,310	138,687	33,623
Ambulance services	868,313	903,619	916,832	(13,213)
Coroner	19,718	19,718	19,589	129
Emergency management	70,041	77,108	75,861	1,247
Animal shelter	137,575	138,114	148,695	(10,581)
Total public safety	5,488,499	5,666,290	5,908,863	(242,573)
Public works:				
Roads and bridges	864,079	987,107	1,012,752	(25,645)
Total public works	864,079	987,107	1,012,752	(25,645)

(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, 2012

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures:				
Current:				
Health and welfare:				
Health	$ 52,000	$ 52,000	$ 52,080	$ (80)
Welfare	14,000	14,000	14,040	(40)
Total health and welfare	66,000	66,000	66,120	(120)
Culture and recreation:				
Leisure services	356,846	358,246	431,551	(73,305)
Library	59,000	59,000	57,137	1,863
Total culture and recreation	415,846	417,246	488,688	(71,442)
Housing and development:				
County extension	72,208	72,855	73,324	(469)
Forestry services	-	-	108,007	(108,007)
Protective inspection	168,740	179,053	185,484	(6,431)
Economic opportunity	38,028	38,028	39,093	(1,065)
Total housing and development	278,976	289,936	405,908	(115,972)
Debt service:				
Principal	-	-	4,276	(4,276)
Total debt service	-	-	4,276	(4,276)
Total expenditures	10,238,352	10,632,897	11,080,463	(447,566)
Excess of revenues over expenditures	4,707	(70,293)	1,249,995	1,320,288
Other financing sources (uses):				
Proceeds from sale of assets	-	-	12,779	12,779
Transfers in	106,982	106,982	246,950	139,968
Transfers out	(111,689)	(36,689)	(30,353)	6,336
Total other financing sources (uses)	(4,707)	70,293	229,376	159,083
Net change in fund balances	-	-	1,479,371	1,479,371
Fund balance, beginning of year	1,991,231	1,991,231	1,991,231	-
Fund balance, end of year	$ 1,991,231	$ 1,991,231	$ 3,470,602	$ 1,479,371

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

ASSETS	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
CURRENT ASSETS				
Cash and cash equivalents	$ 165,629	$ 476,684	$ 642,313	$ 1
Accounts receivable, net of allowances	104,818	235,902	340,720	-
Due from other funds	107,324	-	107,324	-
Inventories	30,855	-	30,855	-
Total current assets	408,626	712,586	1,121,212	1
NONCURRENT ASSETS				
Deferred bond issuance, unamortized balance	75,100	-	75,100	-
Capital assets:				
Nondepreciable	6,983,289	7,200	6,990,489	-
Depreciable, net of accumulated depreciation	2,502,706	822,797	3,325,503	-
Total noncurrent assets	9,561,095	829,997	10,391,092	-
Total assets	9,969,721	1,542,583	11,512,304	1
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	51,099	78,341	129,440	-
Accrued expenses	227,803	-	227,803	25,982
Due to other funds	12,294	-	12,294	1
Unearned revenue	-	11,943	11,943	-
Current portion - compensated absences	436	4,297	4,733	-
Total current liabilities	291,632	94,581	386,213	25,983
LONG-TERM LIABILITIES				
Advance from other funds	-	665,380	665,380	-
Compensated absences, net of current portion	170	1,671	1,841	-
Accrued landfill closure/postclosure care costs	-	1,257,889	1,257,889	-
Bond payable, net of current portion	6,760,000	-	6,760,000	-
Total long-term liabilities	6,760,170	1,924,940	8,685,110	-
Total liabilities	7,051,802	2,019,521	9,071,323	25,983
NET ASSETS (DEFICIT)				
Invested in capital assets	2,725,995	829,997	3,555,992	-
Unrestricted	191,924	(1,306,935)	(1,115,011)	(25,982)
Total net assets (deficit)	$ 2,917,919	$ (476,938)	$ 2,440,981	$ (25,982)

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, 2012

	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 598,194	$ 1,307,542	$ 1,905,736	$ 268,825
Miscellaneous	4,625	-	4,625	-
Total operating revenues	602,819	1,307,542	1,910,361	268,825
OPERATING EXPENSES				
Salaries and benefits	44,273	233,864	278,137	-
Cost of sales and services	294,434	896,687	1,191,121	-
Supplies	37,433	75,439	112,872	-
Claims	-	-	-	150,813
Depreciation	77,667	125,958	203,625	-
Total operating expenses	453,807	1,331,948	1,785,755	150,813
Operating income (loss)	149,012	(24,406)	124,606	118,012
NONOPERATING INCOME (EXPENSES)				
Interest income	362	3,024	3,386	-
Interest expense	(227,803)	-	(227,803)	-
Gain on sale of assets	-	91,807	91,807	-
Total nonoperating income (expenses)	(227,441)	94,831	(132,610)	-
Income (loss) before capital contributions and transfers	(78,429)	70,425	(8,004)	118,012
CAPITAL CONTRIBUTIONS	1,649,520	-	1,649,520	-
TRANSFERS OUT	(6,650,100)	-	(6,650,100)	-
Change in net assets	(5,079,009)	70,425	(5,008,584)	118,012
NET ASSETS (deficit), beginning of year	7,996,928	(547,363)	7,449,565	(143,994)
NET ASSETS (deficit), end of year	$ 2,917,919	$ (476,938)	$ 2,440,981	$ (25,982)

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, 2012

	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 470,898	$ 1,093,094	$ 1,563,992	$ 268,825
Payments to suppliers	(333,083)	(817,772)	(1,150,855)	(268,825)
Payments to employees	(43,667)	(237,867)	(281,534)	-
Net cash provided by operating activities	94,148	37,455	131,603	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net transfers	(6,650,100)	-	(6,650,100)	-
Net cash used in noncapital financing activities	(6,650,100)	-	(6,650,100)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	-	204,595	204,595	-
Proceeds from issuance of bonds payable	6,760,000	-	6,760,000	-
Payments of bond issuance costs	(75,100)	-	(75,100)	-
Net cash provided by capital and related financing activities	6,684,900	204,595	6,889,495	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	362	3,024	3,386	-
Net cash provided by investing activities	362	3,024	3,386	-
Net increase in cash and cash equivalents	129,310	245,074	374,384	-
Cash and cash equivalents:				
Beginning of year	36,319	231,610	267,929	1
End of year	$ 165,629	$ 476,684	$ 642,313	$ 1
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 149,012	$ (24,406)	$ 124,606	$ 118,012
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	77,667	125,958	203,625	-
Landfill closure/postclosure care expense	-	75,909	75,909	-
Change in assets and liabilities:				
Increase in accounts receivable	(26,847)	(226,391)	(253,238)	-
Increase in inventory	(30,855)	-	(30,855)	-
Increase in due from other funds	(105,074)	-	(105,074)	-
Increase in accounts payable	25,131	66,723	91,854	-
Decrease in accrued expenses	-	-	-	(118,012)
Increase in due to other funds	4,508	-	4,508	-
Increase in unearned revenue	-	11,943	11,943	-
Increase in advance from other funds	-	11,722	11,722	
Increase (decrease) in compensated absences	606	(4,003)	(3,397)	-
Net cash provided by operating activities	$ 94,148	$ 37,455	$ 131,603	$ -
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from governmental activities	$ 1,649,520	$ -	$ 1,649,520	$ -

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2012

	Agency Funds
ASSETS	
Cash	$ 427,354
Taxes receivable	1,138,927
Total assets	$ 1,566,281
LIABILITIES	
Due to others	$ 427,354
Uncollected taxes	1,138,927
Total liabilities	$ 1,566,281

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 Board of Health (the "Board of Health") was established pursuant to an act of the General Assembly of the State of Georgia. The Board of Health 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 Board of Health. Upon approval of the Board of Health's budget by the Commission, the Commission shall levy a tax sufficient to meet the Board of Health'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 Board of Health 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 ***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 ***internal service fund*** accounts for the County's health insurance reimbursement program. The fund was created to reimburse participants for a portion of the deductible incurred by the employee.

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, 2012.

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 $734,387 difference are as follows:

Accrued interest payable	$ (2,349)
Capital lease payable	(612,919)
Compensated absences	(119,119)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (734,387)

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 $1,759,995 difference are as follows:

Capital outlay	$ 3,228,488
Depreciation expense	(1,468,493)
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 1,759,995

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 $6,668,354 difference are as follows:

Debt issued - notes payable	$ (153,864)
Principal payments - notes payable	6,822,218
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 6,668,354

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 $36,777 difference are as follows:

Accrued interest	$ 429
Compensated absences	24,069
Net pension asset	12,279
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities*	$ 36,777

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, 2011 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, 2012, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

	Excess
Elections	$ 17,818
Tax commissioner	421
Tax assessor	1,617
State court	19,668
Probate-magistrate court	695
Sheriff	152,321
Jail operations	101,457
Ambulance services	13,213
Animal shelter	10,581
Roads and bridges	25,645
Health	80
Welfare	40
Leisure services	73,305
County extension	469
Forestry services	108,007
Protective inspection	6,431
Economic opportunity	1,065
Debt service - principal	4,276

NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2012 are summarized as follows:

As reported in the Statement of Net Assets:	
Cash and cash equivalents	$ 5,960,936
Cash deposited with financial institutions	$ 5,960,936

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.

NOTE 4. CASH AND INVESTMENTS (CONTINUED)

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, 2012, the County's deposits were not 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, 2012 for the County's individual major funds and nonmajor funds in the aggregate:

	General	Other Governmental Funds	Water Fund	Solid Waste Fund	Total
Receivables:					
Taxes	$ 797,660	$ 7,657	$ -	$ -	$ 805,317
Accounts	43,925	43,418	143,053	281,454	511,850
Gross receivables	841,585	51,075	143,053	281,454	1,317,167
Less allowance for uncollectibles	(263,228)	-	(38,235)	(45,552)	(347,015)
Net total receivable	$ 578,357	$ 51,075	$ 104,818	$ 235,902	$ 970,152

Property taxes attached as an enforceable lien on property as of January 1, 2011. Property taxes were levied on August 26, 2011, and payable on or before January 12, 2012. The County bills and collects its own property taxes. Property taxes levied for 2011 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2012, and collected by November 30, 2012, are recognized as revenues in the year ended September 30, 2012. Net receivables estimated to be collected subsequent to November 30, 2012, are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually.

NOTE 6. CAPITAL ASSETS

A. Primary Government

The County's capital asset activity for the fiscal year ended September 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 302,702	$ 252,483	$ -	$ (90,103)	$ 465,082
Construction in progress	17,235	1,638,683	-	(1,527,770)	128,148
Total capital assets, not being depreciated	319,937	1,891,166	-	(1,617,873)	593,230
Capital assets, being depreciated:					
Buildings	10,210,345	-	-	85,214	10,295,559
Machinery and equipment	5,278,067	780,455	(56,558)	(116,861)	5,885,103
Infrastructure	29,913,982	556,867	-	-	30,470,849
Total capital assets, being depreciated	45,402,394	1,337,322	(56,558)	(31,647)	46,651,511
Less accumulated depreciation for:					
Buildings	(2,110,080)	(260,141)	-	-	(2,370,221)
Machinery and equipment	(2,894,293)	(434,956)	44,630	-	(3,284,619)
Infrastructure	(23,990,342)	(773,396)	-	-	(24,763,738)
Total accumulated depreciation	(28,994,715)	(1,468,493)	44,630	-	(30,418,578)
Total capital assets, being depreciated, net	16,407,679	(131,171)	(11,928)	(31,647)	16,232,933
Governmental activities capital assets, net	$ 16,727,616	$ 1,759,995	$ (11,928)	$ (1,649,520)	$ 16,826,163
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 7,200	$ -	$ -	$ 90,103	$ 97,303
Construction in progress	5,450,630	-	-	1,442,556	6,893,186
Total capital assets, not being depreciated	5,457,830	-	-	1,532,659	6,990,489
Capital assets, being depreciated:					
Building and improvements	174,459	-	-	-	174,459
Machinery and equipment	1,287,663	-	(471,802)	116,861	932,722
Water system	3,547,384	-	-	-	3,547,384
Landfill	757,304	-	-	-	757,304
Total	5,766,810	-	(471,802)	116,861	5,411,869
Less accumulated depreciation for:					
Building and improvements	(24,023)	(8,324)	-	-	(32,347)
Machinery and equipment	(672,334)	(84,005)	359,014	-	(397,325)
Water system	(1,083,872)	(71,021)	-	-	(1,154,893)
Landfill	(461,526)	(40,275)	-	-	(501,801)
Total	(2,241,755)	(203,625)	359,014	-	(2,086,366)
Total capital assets, being depreciated, net	3,525,055	(203,625)	(112,788)	116,861	3,325,503
Business-type activities capital assets, net	$ 8,982,885	$ (203,625)	$ (112,788)	$ 1,649,520	$ 10,315,992

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 25,701
Judicial	2,301
Public safety	527,717
Public works	846,029
Health and welfare	11,530
Culture and recreation	55,215
Total depreciation expense - governmental activities	$ 1,468,493
Business-type activities	
Water Fund	$ 77,667
Solid Waste Fund	125,958
Total depreciation expense - business-type activities	$ 203,625

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Building and improvements	-	-	-	-
Machinery and equipment	$ 20,794	$ -	$ (1,384)	$ 19,410
Total	20,794	-	(1,384)	19,410
Less accumulated depreciation for:				
Building and improvements	-	-	-	-
Machinery and equipment	(18,119)	(2,064)	1,384	(18,799)
Total	(18,119)	(2,064)	1,384	(18,799)
Total capital assets, being depreciated, net	2,675	(2,064)	-	611
Board of Health capital assets, net	$ 2,675	$ (2,064)	$ -	$ 611

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 6,523,250	$ 153,865	$ (6,677,115)	$ -	$ -
Capital leases payable	758,023	-	(145,104)	612,919	321,588
Compensated absences	143,188	122,783	(146,852)	119,119	85,767
Governmental activities long-term liabilities	$ 7,424,461	$ 276,648	$ (6,969,071)	$ 732,038	$ 407,355
Business-type activities:					
Revenue bonds payable	$ -	$ 6,760,000	$ -	$ 6,760,000	$ -
Compensated absences	9,971	5,306	(8,703)	6,574	4,733
Closure and postclosure care	1,181,980	75,909	-	1,257,889	-
Business-type activities long-term liabilities	$ 1,191,951	$ 6,841,215	$ (8,703)	$ 8,024,463	$ 4,733
Component unit - McIntosh County Board of Health:					
Compensated absences	$ 22,400	$ 2,770	$ -	$ 25,170	$ 5,034
McIntosh County Board of Health long-term liabilities	$ 22,400	$ 2,770	$ -	$ 25,170	$ 5,034

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

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.

The following is an analysis of leased assets under capital leases as of September 30, 2012:

	Governmental Activities
Equipment	$ 977,126
Less: Accumulated depreciation	(536,784)
	$ 440,342

NOTE 7. LONG-TERM DEBT (CONTINUED)

The following is a schedule of future minimum lease payments together with the present value of net minimum lease payments as of September 30, 2012:

	Governmental Activities
Fiscal year ending September 30,	
2013	$ 337,499
2014	83,357
2015	83,357
2016	101,555
2017	23,954
2018	23,954
Total minimum lease payments	653,676
Less amount representing interest	40,757
Present value of future minimum lease payments	$ 612,919

Revenue Bonds Payable. During the fiscal year ended September 30, 2012, the County issued $6,760,000 is Series 2011 McIntosh County Water System Revenue Bonds for the purposes of paying the interim commercial financing used for acquiring, constructing, and equipping improvements and additions to and extensions of the existing water system of the County, as required by the United States Department of Agriculture agreement. These bonds were purchased by the United States Department of Agriculture and are due in annual installments of interest only of $253,500 through November 2013. Principal is due in monthly installments being December 2013 through November 2051 of $27,852, including interest of 3.75%.

Debt service requirements to maturity on the bonds payable are as follows:

Fiscal Year Payable	Total	Principal	Interest
2013	$ 253,500	$ -	$ 253,500
2014	532,020	68,358	463,662
2015	334,224	84,750	249,474
2016	334,224	87,295	246,929
2017	334,224	91,314	242,910
2018 - 2022	1,671,120	510,862	1,160,258
2023 - 2027	1,671,120	616,062	1,055,058
2028 - 2032	1,671,120	742,444	928,676
2033 - 2037	1,671,120	895,991	775,129
2038 - 2042	1,671,120	1,080,529	590,591
2043 - 2047	1,671,120	1,303,080	368,040
2048 - 2052	1,383,221	1,279,315	103,906
	$ 13,198,133	$ 6,760,000	$ 6,438,133

NOTE 7. LONG-TERM DEBT (CONTINUED)

Landfill Closure and Postclosure Care Cost. State and federal laws and regulations require that McIntosh County, Georgia place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The amount of costs recognized in each period is based on the relative amount of waste received during the period, even though some of the closure and postclosure care costs will be paid after the landfill is closed. The $1,257,889 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 total estimated cost for landfill closure and postclosure care of $1,934,095 will be recognized on a pro rata basis as the remaining estimated capacity of 201,608 cubic yards of useable space is filled. Approximately 65% 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 2003 as adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 24,067
General Fund	USDA Construction Fund	54,271
General Fund	Water Fund	12,294
Nonmajor Governmental Funds	General Fund	40,864
Water Fund	USDA Construction Fund	105,074
Water Fund	Nonmajor Governmental Funds	2,250
		$ 238,820

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	$ 665,380

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.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

	Transfer From			
Transfer To	General Fund	Nonmajor Governmental Funds	Water Fund	Total
General Fund	$ -	$ 246,950	$ -	$ 246,950
USDA Construction Fund	-	-	6,650,100	6,650,100
Nonmajor Governmental Funds	30,353	-	-	30,353
Total	$ 30,353	$ 246,950	$ 6,650,100	$ 6,927,403

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 (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) to transfer funds for debt service.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Participant Data

At January 1, 2012, the date of the most recent actuarial valuation, there were 186 participants as follows:

Active participants	88
Retirees and beneficiaries	30
Vested terminated	68
	186

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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:

	2012	2011
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 232,640	$ 227,145
Interest on Net Pension Obligation	(1,211)	(259)
Amortization of Net Pension Obligation	1,296	277
Annual Pension Cost	$ 232,725	$ 227,163
Derivation of Net Pension Obligation (Asset)		
Annual Pension Cost for Fiscal Year 2011		$ 227,163
Actual Contributions to Plan for Fiscal Year 2011		239,442
Decrease in Net Pension Obligation		(12,279)
Net Pension Obligation (Asset) as of September 30, 2011		(3,346)
Net Pension Obligation (Asset) as of September 30, 2012		$ (15,625)

Basis of Valuation

Current valuation date	January 1, 2012
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) Beginning of Year
1/1/2011	$ 227,163	$ 239,442	105%	$ (15,625)
1/1/2010	193,036	204,250	106%	(3,346)
1/1/2009	177,153	147,365	83%	7,868

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of the most recent valuation date, December 31, 2011, 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)
12/31/11	$ 2,264,054	$ 3,077,088	$ 813,034	73.6%	$ 2,734,103	29.7%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2011.

NOTE 10. 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, 2012, employees contributed $19,645 to the Contribution Plan.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County has insurance coverage with the Association County Commissioners of Georgia–Interlocal Risk Management Agency (ACCG-IRMA) to cover these claims. Losses relative to these risks are limited to a $1,000 to $5,000 per occurrence deductible provided for in the ACCG-IRMA contracts. As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed in the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage description issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds. As of September 30, 2012, 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.

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.

NOTE 11. RISK MANAGEMENT (CONTINUED)

Changes in the claims payable for the fiscal year ended September 30, 2012 is as follows:

	September 30, 2012	September 30, 2011
Unpaid claims, beginning of fiscal year	$ 143,994	$ -
Incurred claims and changes in estimates	150,813	186,103
Claim payments	(268,825)	(42,109)
Unpaid claims, end of fiscal year	$ 25,982	$ 143,994

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

Construction

As of September 30, 2012, the County had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
McIntosh Gun & Rod Club Marina	$ 10,036	2013

NOTE 13. RELATED ORGANIZATIONS

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

NOTE 14. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the nine-county coastal Georgia region, is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During its year ended September 30, 2012, the County paid $12,358 in such dues. Membership in a Regional Commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC's in Georgia. The CRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from the Coastal Regional Commission, 127 "F" Street, Brunswick, Georgia 31520.

NOTE 15. HOTEL/MOTEL LODGING TAX

The County has imposed a 5% hotel/motel tax on lodging facilities within the County. Revenues collected during the fiscal year ended September 30, 2012, were $155,497. Of this amount, $91,610, or 59% of the amount collected was paid to the McIntosh County Chamber of Commerce to promote tourism within McIntosh County.

NOTE 16. DEFICIT FUND BALANCE / NET ASSETS

The USDA Fund report deficit fund balance of $20,460, the Health Reimbursement Internal Service Fund reported a deficit net assets of $25,982, and the Solid Waste Fund reported deficit net assets of $476,938 at September 30, 2012. The USDA Fund deficit is intended to be eliminated through increased transfers from the General Fund. The Health Reimbursement Internal Service Fund and Solid Waste Fund deficits are 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)
12/31/11	$ 2,264,054	$ 3,077,088	$ 813,034	73.6%	$ 2,734,103	29.7%
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%

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.

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 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.

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, 2012

	Special Revenue Funds						
ASSETS	**Law Library**	**Confiscated Assets**	**Jail**	**Drug**	**Victim Witness Assistance**	**Jail Commissary**	**E-911**
Cash and cash equivalents	$ 82,728	$ 74,035	$ 128,222	$ 52,909	$ 302,127	$ 43,068	$ 483,395
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	43,418
Due from other funds	-	-	31,890	-	-	-	3,494
Due from other governments	-	-	-	-	10,872	-	236,007
Total assets	$ 82,728	$ 74,035	$ 160,112	$ 52,909	$ 312,999	$ 43,068	$ 766,314
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,662
Due to other funds	4,561	-	-	5,995	-	-	-
Due to other governments	-	-	-	-	-	-	-
Total liabilities	4,561	-	-	5,995	-	-	6,662
FUND BALANCES							
Restricted for:							
Judicial	78,167	-	-	-	312,999	-	-
Public safety	-	74,035	160,112	46,914	-	-	759,652
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Committed to:							
Capital outlay	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	43,068	-
Total fund balances	78,167	74,035	160,112	46,914	312,999	43,068	759,652
Total liabilities and fund balances	$ 82,728	$ 74,035	$ 160,112	$ 52,909	$ 312,999	$ 43,068	$ 766,314

(Continued)

			Capital Projects Funds			Total Nonmajor Governmental Funds
Grant	Hotel Motel Tax	Revolving Loan	Sales Tax	Sales Tax 2010	CDBG Water System	
$ 7,248	$ -	$ 62,456	$ 932,847	$ 764,527	$ 8,432	$ 2,941,994
-	7,657	-	-	-	-	7,657
-	-	-	-	-	-	43,418
-	-	-	-	-	5,480	40,864
400	-	-	-	107,707	-	354,986
$ 7,648	$ 7,657	$ 62,456	$ 932,847	$ 872,234	$ 13,912	$ 3,388,919
$ 1,794	$ -	$ -	$ 21,136	$ -	$ -	$ 29,592
5,854	7,657	-	2,250	-	-	26,317
-	-	-	-	47,073	-	47,073
7,648	7,657	-	23,386	47,073	-	102,982
-	-	-	-	-	-	391,166
-	-	-	-	-	-	1,040,713
-	-	62,456	-	-	-	62,456
-	-	-	909,461	825,161	-	1,734,622
-	-	-	-	-	13,912	13,912
-	-	-	-	-	-	43,068
-	-	62,456	909,461	825,161	13,912	3,285,937
$ 7,648	$ 7,657	$ 62,456	$ 932,847	$ 872,234	$ 13,912	$ 3,388,919

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Revenues:							
Sales taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	248,514
Charges for services	-	-	-	-	-	31,094	182,909
Fines and forfeitures	62,509	38,043	190,975	25,534	154,778	-	-
Interest income	244	354	1,253	194	1,756	356	3,452
Other revenues	-	-	-	-	-	-	2,360
Total revenues	62,753	38,397	192,228	25,728	156,534	31,450	437,235
Expenditures:							
Current							
General government	-	-	-	-	-	-	-
Judicial	51,480	-	-	-	-	-	-
Public safety	-	36,476	154,961	8,250	12,933	6,583	494,765
Housing and development	-	-	-	-	-	-	-
Intergovernmental payments	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	51,480	36,476	154,961	8,250	12,933	6,583	494,765
Excess (deficiency) of revenues over (under) expenditures	11,273	1,921	37,267	17,478	143,601	24,867	(57,530)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(70,000)	-	(63,063)	(50,000)	-
Total other financing sources (uses)	-	-	(70,000)	-	(63,063)	(50,000)	-
Net change in fund balances	11,273	1,921	(32,733)	17,478	80,538	(25,133)	(57,530)
Fund balances, beginning of year	66,894	72,114	192,845	29,436	232,461	68,201	817,182
Fund balances, end of year	$ 78,167	$ 74,035	$ 160,112	$ 46,914	$ 312,999	$ 43,068	$ 759,652

(Continued)

			Capital Projects Funds			Total Nonmajor Governmental Funds
Grant	Hotel Motel Tax	Revolving Loan	Sales Tax	Sales Tax 2010	CDBG Water System	
$ -	$ -	$ -	$ -	$ 1,369,610	$ -	$ 1,369,610
-	155,497	-	-	-	-	155,497
5,166	-	-	331,951	-	36,367	621,998
-	-	-	-	-	-	214,003
-	-	-	-	-	-	471,839
-	-	115	6,671	1,721	-	16,116
-	-	-	-	-	-	2,360
5,166	155,497	115	338,622	1,371,331	36,367	2,851,423
-	-	75,714	-	-	-	75,714
19,565	-	-	-	-	-	71,045
9,582	-	-	-	-	-	723,550
-	91,610	-	-	-	-	91,610
-	-	-	-	273,852	-	273,852
-	-	-	1,001,330	897,248	34,457	1,933,035
-	-	-	140,827	-	-	140,827
-	-	-	29,855	-	-	29,855
29,147	91,610	75,714	1,172,012	1,171,100	34,457	3,339,488
(23,981)	63,887	(75,599)	(833,390)	200,231	1,910	(488,065)
23,981	-	-	-	-	6,372	30,353
-	(63,887)	-	-	-	-	(246,950)
23,981	(63,887)	-	-	-	6,372	(216,597)
-	-	(75,599)	(833,390)	200,231	8,282	(704,662)
-	-	138,055	1,742,851	624,930	5,630	3,990,599
$ -	$ -	$ 62,456	$ 909,461	$ 825,161	$ 13,912	$ 3,285,937

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2005 REFERENDUM					
Fire Department Improvements	$ 1,250,000	$ 1,250,000	$ 1,335,325	$ 111,631	$ 1,446,956
Animal Shelter Improvements	60,000	60,000	51,983	-	51,983
Emergency Medical Improvements	625,000	625,000	549,521	3,991	553,512
Landfill Improvements	1,050,000	1,050,000	1,024,950	25,644	1,050,594
Recreational Facilities	1,040,000	1,040,000	445,897	(2,252)	443,645
County Roads and Bridges Improvements	2,675,000	2,675,000	1,986,678	475,433	2,462,111
City of Darien Projects	450,000	450,000	431,049	-	431,049
County Office Equipment Enhancements	115,000	115,000	99,517	-	99,517
Development Authority Projects	250,000	250,000	100,000	-	100,000
Jail Facility Improvements	675,000	675,000	424,257	78,886	503,143
Totals	$ 8,190,000	$ 8,190,000	$ 6,449,177	$ 693,333	$ 7,142,510

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 in the year purchased. Payments of principal and interest made during the current year totaled $146,728. Additionally, the County was reimbursed for cost incurred related to County Roads and Bridge Improvements of $201,551. The County also was reimbursed for cost incurred related to Recreational Facilities of $130,400, which included cost incurred in the prior year.

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2010 REFERENDUM					
Courthouse Improvements	$ 221,455	$ 221,455	$ 15,999	$ 33,529	$ 49,528
Animal Shelter Improvements	75,000	75,000	-	3,305	3,305
Elections Equipment	15,000	15,000	-	-	-
Emergency Medical Assistance Equipment	147,000	147,000	-	200,000	200,000
Emergency Medical Service Equipment	617,240	617,240	150,892	145,831	296,723
Landfill Equipment and Improvements	855,000	855,000	89,500	-	89,500
Leisure Services Equipment and Improvements	868,000	868,000	10,000	279,275	289,275
Roads and Bridges Improvements	2,151,305	2,151,305	131,500	70,620	202,120
Sheriff's Department Improvements	500,000	500,000	64,132	94,578	158,710
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	-	70,110	70,110
City of Darien Projects	1,900,000	1,900,000	274,057	273,852	547,909
Totals	$ 9,500,000	$ 9,500,000	$ 746,152	$ 1,171,100	$ 1,917,252

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 Sheriff's Office and remitted to other parties in accordance with court orders and state law:

Sheriff's Office
Clerk of Court
Probate-Magistrate Court

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2012

ASSETS	Tax Commissioner	Clerk of Courts	Probate - Magistrate Court	Sheriff	Jail Inmate	Total
Cash	$ 9,713	$ 371,498	$ 40,907	$ 2,344	$ 2,892	$ 427,354
Taxes receivable	1,138,927	-	-	-	-	1,138,927
Total assets	$ 1,148,640	$ 371,498	$ 40,907	$ 2,344	$ 2,892	$ 1,566,281
LIABILITIES						
Due to others	$ 9,713	$ 371,498	$ 40,907	$ 2,344	$ 2,892	$ 427,354
Uncollected taxes	1,138,927	-	-	-	-	1,138,927
Total liabilities	$ 1,148,640	$ 371,498	$ 40,907	$ 2,344	$ 2,892	$ 1,566,281

COMPLIANCE SECTION

MAULDIN & JENKINS

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, 2012, which collectively comprise McIntosh County, Georgia's basic financial statements, and have issued our report thereon dated August 8, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the McIntosh County Board of Health, as described in our report on McIntosh County, Georgia's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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 material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. We consider the deficiency described in the accompanying schedule of findings and quested costs as item 2012-1 to be a significant deficiency. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain additional matters that we reported to the management of McIntosh County, Georgia in a separate letter dated August 8, 2013.

McIntosh County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, others within the County, 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 8, 2013

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
of McIntosh County, Georgia
Darien, Georgia

Compliance

We have audited McIntosh County, Georgia's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of McIntosh County, Georgia's major federal programs for the year ended September 30, 2012. McIntosh County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of McIntosh County, Georgia's management. Our responsibility is to express an opinion on McIntosh County, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McIntosh County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on McIntosh County, Georgia's compliance with those requirements.

In our opinion, McIntosh County, Georgia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of McIntosh County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered McIntosh County, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of McIntosh County, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, 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 8, 2012

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs			
Community Development Block Grants/Entitlement Grants	14.218	11-P-P-095-1-5406	$ 34,457
U.S. Department of Justice			
Passed through Criminal Justice Coordinating Council			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2429	9,582
Crime Victim Assistance	16.575	C09-8-191	5,230
Crime Victim Assistance	16.575	C10-8-219	15,935
			21,165
Passed through Judicial Council of Georgia			
Juvenile Accountability Block Grant	16.523	JB-07ST-004	1,130
Direct Award			
Equitable Sharing Program	16.922		22,583
Total U.S. Department of Justice			54,460
U.S. Department of Homeland Security			
Passed through Georgia Emergency Management Agency			
Emergency Management Performance Grant	97.042	OEM10-100S01	5,000
U.S. Department of Agriculture			
Direct Award			
Water and Waste Disposal Systems for Rural Communities	10.760	00-07	6,760,000
Water and Waste Disposal Systems for Rural Communities	10.760	00-07	846,953
Total U.S. Department of Agriculture			7,606,953
Total Expenditures of Federal Awards			$ 7,700,870

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of McIntosh County, Georgia and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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 not considered to be material weaknesses?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	___ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes __X__ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
10.706	Water and Waste Disposal Systems Grant and Loan

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	____ yes __X__ no

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012 -1. 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

None reported.

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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 ended September 30, 2011, 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: Resolved during the current year.

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.

Auditee Response/Status: Unresolved – See current year financial audit finding 2012-1.