MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013

MCINTOSH COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise McIntosh County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 Health Department, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the McIntosh County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Special Services District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of July 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 10) and the Schedule of Funding Progress (on page 47) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise McIntosh County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2015, 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* in considering McIntosh County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Albany, Georgia
March 11, 2015

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, 2013. 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 2013 is the tenth 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 Position 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 2013 are as follows:

Government-Wide Financial Statements:

- At September 30, 2013 McIntosh County's assets exceeded its liabilities by $26,106,656 (net position).
- The County's $20,581,318 net investment in capital assets leaves the County with $5,525,338 in net position of which $2,691,924 is restricted.
- McIntosh County's total net position increased from $25,745,415 in the prior year to $26,106,656 in the current year, for a total increase of $361,241 or 1.4%.
- McIntosh County's revenues for fiscal year 2013 totaled $17,180,030. Of this amount, 30% are property tax revenues, 13% are sales tax revenues, 4% are other tax revenues, 34% are charges for services and the remaining 19% are other revenues. This is an 5% decrease over fiscal year 2012 revenues.
- McIntosh County's total program expenses for fiscal year 2013 totaled $16,818,789. Of this amount, 44% are public safety expenses, 12% are general governmental expenses, 8% are judicial expenses, 14% are public works expenses, 8% are solid waste, and the remaining 14% are other expenses. This is a 3.6% increase over fiscal year 2012 expenses.

Governmental Funds Financial Statements:

- McIntosh County's Governmental Funds recorded total assets of $7,527,532 for fiscal year ending September 30, 2013. This amount is over the total Governmental Funds liabilities by $6,189,765 (fund balance).
- Total Governmental Fund's fund balances for fiscal year ending September 30, 2013 decreased by $546,314 from the previous year. This increase was a result of a $74,861 decrease in the General Fund, a $157,810 increase in the Sales Tax 2010 Fund, and a $629,263 decrease in Other Governmental Funds.
- Total Governmental Fund Balance of $6,189,765 consists of $935,196 nonspendable, $2,758,920 restricted, $51,326 committed, and $2,444,323 unassigned.

- Due to total revenues for the General Fund exceeding budgeted amounts by $93,871 or approximately 0.8% and total expenditures for the General Fund being over budget by $192,617, or approximately 1.6%, McIntosh County experienced an increase in the fund balance of approximately 6.3% 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 Position 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 Position 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 Position for the County as of September 30, 2013 and 2012.

Table 1
Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current & Other Assets	$ 7,466,962	$ 7,507,722	$ 666,966	$ 443,538	$ 8,133,928	$ 7,951,260
Capital Assets	15,849,497	16,826,163	11,699,617	10,315,992	27,549,114	27,142,155
Total Assets	23,316,459	24,333,885	12,366,583	10,759,530	35,683,042	35,093,415
Long-term Liabilities	202,699	324,683	8,097,543	8,019,730	8,300,242	8,344,413
Other Liabilities	916,576	629,668	388,688	373,919	1,305,264	1,003,587
Total Liabilities	1,119,275	954,351	8,486,231	8,393,649	9,605,506	9,348,000
Net Assets:						
Invested in Capital Assets, net of debt	15,641,701	16,213,244	4,939,617	3,480,892	20,581,318	19,694,136
Restricted	2,758,920	3,228,957	74,494	-	2,833,414	3,228,957
Unrestricted	3,796,563	3,937,333	(1,133,759)	(1,115,011)	2,662,804	2,822,322
Total Net Assets	$ 22,197,184	$ 23,379,534	$ 3,880,352	$ 2,365,881	$ 26,077,536	$ 25,745,415

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $26,106,656 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (79 percent) reflects its net investment in capital assets (e.g., land, building machinery, and equipment). 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 position (11 percent) represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net position ($2,691,924) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table summarizes the changes in net position for the primary government for the fiscal years ended September 30, 2013 and 2012.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 4,066,659	$ 5,204,101	$ 1,698,528	$ 1,910,361	$ 5,765,187	$ 7,114,462
Operating grants	764,421	816,448	-	-	764,421	816,448
Capital grants	1,631,339	1,223,663	253,500	-	1,884,839	1,223,663
General revenues:						
Property taxes	5,154,537	5,519,955	-	-	5,154,537	5,519,955
Sales taxes	2,239,700	2,396,816	-	-	2,239,700	2,396,816
Insurance premium taxes	601,328	526,991	-	-	601,328	526,991
Other taxes	752,488	408,666	-	-	752,488	408,666
Unrestricted investment earnings	7,274	27,800	2,766	3,386	10,040	31,186
Gain of sale of assets	7,490	851	-	91,807	7,490	92,658
Total Revenues	15,225,236	16,125,291	1,954,794	2,005,554	17,180,030	18,130,845
Program expenses:						
General government	2,064,817	2,343,015	-	-	2,064,817	2,343,015
Judicial	1,383,623	1,304,611	-	-	1,383,623	1,304,611
Public safety	7,377,751	7,131,705	-	-	7,377,751	7,131,705
Public works	2,278,866	2,003,399	-	-	2,278,866	2,003,399
Health & welfare	251,199	77,650	-	-	251,199	77,650
Culture & recreation	572,723	546,407	-	-	572,723	546,407
Housing & development	863,612	566,822	-	-	863,612	566,822
Interest	22,077	252,311			22,077	252,311
Water	-	-	652,089	681,610	652,089	681,610
Solid waste	-	-	1,381,152	1,331,948	1,381,152	1,331,948
Total expenses	14,814,668	14,225,920	2,033,241	2,013,558	16,847,909	16,239,478
Excess (deficiency)	410,568	1,899,371	(78,447)	(8,004)	332,121	1,891,367
Transfers	(1,592,918)	5,000,580	1,592,918	(5,000,580)	-	-
Net changes in net assets	(1,182,350)	6,899,951	1,514,471	(5,008,584)	332,121	1,891,367
Net assets - beg. of year	23,379,534	16,479,583	2,365,881	7,374,465	25,745,415	23,854,048
Net assets - end of year	$ 22,197,184	$ 23,379,534	$ 3,880,352	$ 2,365,881	$ 26,077,536	$ 25,745,415

Total revenues for Governmental Activities exceed total expenses by $439,688. By review of Table 2, it is apparent that the bulk of revenues supporting Governmental Activities are attributable to Property taxes, $5,154,537 or 34%, and Charges for services $4,086,659 or 27%.

Additionally, Table 2 illustrates the bulk of Governmental Activities expense being reported within the program of Public safety, at $7,361,287 or 50%, with the second largest expense attributable to public works, reporting expenses of $2,273,513 or 15%.

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	
	2013	2012	2013	2012
General government	$ 2,064,817	$ 2,343,015	$ 1,387,477	$ 403,663
Judicial	1,383,623	1,304,611	1,383,580	1,304,463
Public safety	7,377,751	7,131,705	3,721,536	3,618,110
Public works	2,278,866	2,003,399	1,071,463	811,492
Health & welfare	251,199	77,650	(171,298)	41,283
Culture & recreation	572,723	546,407	541,437	385,492
Housing & development	863,612	566,822	395,977	164,894
Interest on long-term debt	22,077	252,311	22,077	252,311
Totals	$ 14,814,668	$ 14,225,920	$ 8,352,249	$ 6,981,708

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, 2013.

The County's Major Governmental Funds

At the end of fiscal year 2013, the County reported its governmental funds (as presented in the balance sheet on page 14) having a combined fund balance of $6,189,765. This balance decreased by $546,314 from prior year's balance. This 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 loss of $74,861 in the General Fund, a surplus totaling $157,810 was reported for the Sales Tax 2010 Fund and a loss of $629,263 for Other Governmental Funds.

McIntosh County's total Governmental Fund Balance of $6,189,765 is divided into four: Nonspendable ($935,196), Restricted ($2,758,920), and Committed ($51,326), which leaves unassigned ($2,444,323) that is available for use to meet current ongoing obligations of McIntosh County.

Revenues for the General Fund totaled $11,658,585, or approximately 76% of total governmental revenues reported in the Statement of Revenues, Expenditures and Changes in Fund Balances presented on page 15. Of this amount, $5,223,918 (or 45%) was collected through property taxes, with second largest source of revenues reported in the line item of fines and forfeitures, $11,965,916 (or 17%).

Expenditures for the General Fund totaled $11,950,737 (not including Other Financing Sources). Expenditures exceeded revenues by approximately $292,152.

Expenditures for the Sales Tax 2010 Fund totaled $1,250,094 for a project being funded through Special Purpose Local Option Sales Tax revenues.

General Fund Budgetary Highlights

Total revenues in the General Fund exceeded budgeted amounts by $93,871, or approximately 8%. 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, $228,177 is reported in the line item of other taxes.

General Fund expenditures (not including Other Financing Sources) for the year ending September 30, 2013 were over budget by $192,617, or approximately 1.6%. The largest area of variance of $212,162 is reported in the public safety line item. The main contributing factors to this variance can be found in the line item of the jail operations.

Capital Asset and Debt Administration

McIntosh County's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to $27,549,144 (net of accumulated depreciation). This is an increase of $406,989 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	-	7,601,767	7,601,767
Buildings	7,665,368	133,788	7,799,156
Machinery and equipment	2,522,008	627,963	3,149,971
Infrastructure	5,197,039	-	5,197,039
Water System	-	3,023,568	3,023,568
Landfill	-	215,228	215,228
Totals	$ 15,849,497	$ 11,699,617	$ 27,549,114

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 36 to 37 of the Notes to Financial Statements.

At year end, the County had a total $8,302,774 in outstanding long-term liabilities which includes $1,334,978 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 38 to 40.

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, and steep decline in the County's Tax Digest Values.

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 POSITION
SEPTEMBER 30, 2013

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Board of Health
Cash and cash equivalents	$ 5,217,013	$ 1,149,057	$ 6,366,070	$ 129,185
Taxes receivable	516,324	-	516,324	-
Accounts receivable	93,085	180,007	273,092	4,260
Internal balances	681,898	(681,898)	-	-
Due from other governments	668,013	-	668,013	12,210
Inventories	-	19,800	19,800	-
Prepaid expenses	264,643	-	264,643	-
Other assets	25,986	-	25,986	-
Capital assets, non-depreciable	465,082	7,699,070	8,164,152	-
Capital assets, depreciable, net of accumulated depreciation	15,384,415	4,000,547	19,384,962	203
Total assets	23,316,459	12,366,583	35,683,042	145,858
LIABILITIES				
Accounts and retainage payable	637,490	96,096	733,586	490
Accrued liabilities	90,109	227,803	317,912	-
Due to other governments	59,710	-	59,710	12,210
Unearned revenues	-	54,542	54,542	-
Customer deposits	-	3,650	3,650	-
Capital leases due within one year	39,864	-	39,864	-
Capital leases due in more than one year	167,932	-	167,932	-
Bond payable due within one year	-	68,358	68,358	-
Bond payable due in more than one year	-	6,691,642	6,691,642	-
Compensated absences due within one year	89,403	6,597	96,000	5,106
Compensated absences due in more than one year	34,767	2,565	37,332	20,425
Closure and postclosure care cost	-	1,334,978	1,334,978	-
Total liabilities	1,119,275	8,486,231	9,605,506	38,231
NET POSITION				
Net investment in capital assets	15,641,701	4,939,617	20,581,318	203
Restricted for:				
Judicial	418,836	-	418,836	-
Public safety	971,032	-	971,032	-
Economic development	62,521	-	62,521	-
Capital outlay	1,306,531	-	1,306,531	-
Special use	-	-	-	113,305
Debt service	-	74,494	74,494	-
Unrestricted (deficit)	3,796,563	(1,133,759)	2,662,804	(5,881)
Total net position	$ 22,197,184	$ 3,880,352	$ 26,077,536	$ 107,627

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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	$ 2,064,817	$ 663,740	$ 13,600	$ -
Judicial	1,383,623	-	-	43
Public safety	7,377,751	3,372,154	283,276	785
Public works	2,278,866	-	-	1,207,403
Health and welfare	251,199	-	-	422,497
Culture and recreation	572,723	30,765	-	521
Housing and development	863,612	-	467,545	90
Interest on long-term debt	22,077	-	-	-
Total governmental activities	14,814,668	4,066,659	764,421	1,631,339
Business-type activities:				
Water	652,089	612,262	-	253,500
Solid waste	1,381,152	1,086,266	-	-
Total business-type activities	2,033,241	1,698,528	-	253,500
Total primary government	$ 16,847,909	$ 5,765,187	$ 764,421	$ 1,884,839
Component unit:				
Board of Health	$ 347,735	$ 142,285	$ 193,853	$ -
Total component unit	$ 347,735	$ 142,285	$ 193,853	$ -

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 position

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Board of Health
$ (1,387,477)	$ -	$ (1,387,477)	$ -
(1,383,580)	-	(1,383,580)	-
(3,721,536)	-	(3,721,536)	-
(1,071,463)	-	(1,071,463)	-
171,298	-	171,298	-
(541,437)	-	(541,437)	-
(395,977)	-	(395,977)	-
(22,077)	-	(22,077)	-
(8,352,249)	-	(8,352,249)	-
-	213,673	213,673	-
-	(294,886)	(294,886)	-
-	(81,213)	(81,213)	-
$ (8,352,249)	$ (81,213)	$ (8,433,462)	$ -
$ -	$ -	$ -	$ (11,597)
$ -	$ -	$ -	$ (11,597)
$ 5,154,537	$ -	$ 5,154,537	$ -
2,239,700	-	2,239,700	-
601,328	-	601,328	-
752,488	-	752,488	-
7,274	2,766	10,040	-
7,490	-	7,490	-
(1,592,918)	1,592,918	-	-
7,169,899	1,595,684	8,765,583	-
(1,182,350)	1,514,471	332,121	(11,597)
23,379,534	2,365,881	25,745,415	119,224
$ 22,197,184	$ 3,880,352	$ 26,077,536	$ 107,627

MCINTOSH COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

ASSETS	General	Sales Tax 2010	Other Governmental Funds	Total
Cash and cash equivalents	$ 2,669,323	$ 1,042,249	$ 1,505,440	$ 5,217,012
Taxes receivable	506,148	-	10,176	516,324
Accounts receivable	50,415	-	42,670	93,085
Due from other funds	57,101	-	40,801	97,902
Due from other governments	82,713	93,991	491,309	668,013
Prepaid items	264,643	-	-	264,643
Advances to other funds	670,553	-	-	670,553
Total assets	$ 4,300,896	$ 1,136,240	$ 2,090,396	$ 7,527,532
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts and retainage payable	$ 291,464	$ 112,438	$ 233,588	$ 637,490
Accrued expenses	87,338	-	-	87,338
Due to other funds	40,801	-	45,755	86,556
Due to other governments	18,879	40,831	-	59,710
Total liabilities	438,482	153,269	279,343	871,094
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - property taxes	466,673	-	-	466,673
Total deferred inflow of resources	466,673	-	-	466,673
FUND BALANCES				
Nonspendable:				
Prepaid items	264,643	-	-	264,643
Advances to other funds	670,553	-	-	670,553
Restricted for:				
Judicial	-	-	418,836	418,836
Public safety	-	-	971,032	971,032
Economic development	-	-	62,521	62,521
Capital outlay	-	982,971	323,560	1,306,531
Committed to:				
Capital outlay	-	-	8,911	8,911
Public safety	-	-	42,415	42,415
Unassigned (deficit)	2,460,545	-	(16,222)	2,444,323
Total fund balances	3,395,741	982,971	1,811,053	6,189,765
Total liabilities, deferred inflow of resources, and fund balances	$ 4,300,896	$ 1,136,240	$ 2,090,396	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,849,497
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	466,673
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(334,737)
Net pension asset included in governmental activities is not a financial resource and, therefore, is not reported in governmental funds.	25,986
Net position of governmental activities	$ 22,197,184

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, 2013

	General	Sales Tax 2010	Other Governmental Funds	Total
Revenues:				
Property taxes	$ 5,223,918	$ -	$ -	$ 5,223,918
Sales taxes	959,871	1,279,829	-	2,239,700
Business taxes	601,328	-	-	601,328
Other taxes	597,239	-	155,249	752,488
Licenses and permits	96,273	-	-	96,273
Intergovernmental	937,303	-	1,456,030	2,393,333
Charges for services	889,218	-	219,858	1,109,076
Fines and forfeitures	1,965,916	-	511,861	2,477,777
Interest	4,876	1,439	3,386	9,701
Other revenues	382,643	-	890	383,533
Total revenues	11,658,585	1,281,268	2,347,274	15,287,127
Expenditures:				
Current:				
General government	2,053,449	-	5	2,053,454
Judicial	1,225,508	-	25,067	1,250,575
Public safety	6,032,326	-	896,807	6,929,133
Public works	1,159,905	-	-	1,159,905
Health and welfare	239,669	-	-	239,669
Culture and recreation	467,304	-	38,539	505,843
Housing and development	772,576	-	91,638	864,214
Intergovernmental	-	475,628	-	475,628
Capital outlay	-	529,612	1,439,040	1,968,652
Debt service:				
Principal	-	235,785	295,974	531,759
Interest	-	9,069	12,586	21,655
Total expenditures	11,950,737	1,250,094	2,799,656	16,000,487
Excess (deficiency) of revenues over (under) expenditures	(292,152)	31,174	(452,382)	(713,360)
Other financing sources (uses):				
Proceeds from sale of assets	25,410	-	15,000	40,410
Capital leases	-	126,636	-	126,636
Transfers in	191,881	-	-	191,881
Transfers out	-	-	(191,881)	(191,881)
Total other financing sources (uses)	217,291	126,636	(176,881)	167,046
Net change in fund balances	(74,861)	157,810	(629,263)	(546,314)
Fund balances, beginning of year	3,470,602	825,161	2,440,316	6,736,079
Fund balances, end of year	$ 3,395,741	$ 982,971	$ 1,811,053	$ 6,189,765

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, 2013

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

Net change in fund balances - total governmental funds	$	(546,314)
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.		649,172
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, transfers, trade-ins, and donations) is to decrease net position.		(1,625,838)
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.		(69,381)
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		405,123
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.		4,888
	$	(1,182,350)

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, 2013

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 5,032,321	$ 5,032,321	$ 5,223,918	$ 191,597
Sales taxes	1,103,732	1,103,732	959,871	(143,861)
Insurance premium taxes	545,098	616,465	601,328	(15,137)
Other taxes	369,062	369,062	597,239	228,177
Licenses and permits	84,607	84,607	96,273	11,666
Intergovernmental	311,114	891,001	937,303	46,302
Charges for services	947,685	1,005,583	889,218	(116,365)
Fines and forfeitures	1,959,391	1,959,391	1,965,916	6,525
Interest income	9,600	9,600	4,876	(4,724)
Other revenues	312,277	492,952	382,643	(110,309)
Total revenues	10,674,887	11,564,714	11,658,585	93,871
Expenditures:				
Current:				
General government:				
Elections	202,304	207,337	210,775	(3,438)
Financial administration	684,325	733,519	719,378	14,141
Tax commissioner	311,760	330,080	342,956	(12,876)
Tax assessor	528,282	529,418	537,089	(7,671)
General government buildings and plant	221,650	221,650	215,733	5,917
Board of equalization	20,271	27,581	27,518	63
Total general government	1,968,592	2,049,585	2,053,449	(3,864)
Judicial:				
Superior court	418,795	418,795	433,461	(14,666)
State court	446,135	446,135	474,039	(27,904)
Probate-magistrate court	268,879	268,879	318,008	(49,129)
Total judicial	1,133,809	1,133,809	1,225,508	(91,699)
Public safety:				
Sheriff	2,906,804	2,906,804	2,982,307	(75,503)
Jail operations	1,556,869	1,556,869	1,671,246	(114,377)
Fire	166,195	166,195	177,246	(11,051)
Ambulance services	828,497	856,395	875,665	(19,270)
Coroner	19,818	19,818	17,679	2,139
Emergency management	72,618	72,618	72,491	127
Animal shelter	241,465	241,465	235,692	5,773
Total public safety	5,792,266	5,820,164	6,032,326	(212,162)
Public works:				
Roads and bridges	925,740	1,232,537	1,159,905	72,632
Total public works	925,740	1,232,537	1,159,905	72,632

(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, 2013

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures:				
Current:				
Health and welfare:				
Health	$ 202,000	$ 202,080	$ 202,564	$ (484)
Mosquito Control	74,500	74,500	23,065	51,435
Welfare	14,000	14,040	14,040	-
Total health and welfare	290,500	290,620	239,669	50,951
Culture and recreation:				
Leisure services	411,214	411,214	413,304	(2,090)
Library	54,000	54,000	54,000	-
Total culture and recreation	465,214	465,214	467,304	(2,090)
Housing and development:				
County extension	74,270	76,071	76,079	(8)
Forestry services	-	199,128	199,128	-
Protective inspection	179,874	179,874	180,775	(901)
Economic opportunity	38,028	311,118	316,594	(5,476)
Total housing and development	292,172	766,191	772,576	(6,385)
Total expenditures	10,868,293	11,758,120	11,950,737	(192,617)
Deficiency of revenues over expenditures	(193,406)	(193,406)	(292,152)	(98,746)
Other financing sources (uses):				
Proceeds from sale of assets	-	-	25,410	25,410
Transfers in	113,787	113,787	191,881	78,094
Total other financing sources (uses)	113,787	113,787	217,291	103,504
Net change in fund balances	(79,619)	(79,619)	(74,861)	4,758
Fund balance, beginning of year	3,470,602	3,470,602	3,470,602	-
Fund balance, end of year	$ 3,390,983	$ 3,390,983	$ 3,395,741	$ 4,758

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

ASSETS	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
CURRENT ASSETS				
Cash and cash equivalents	$ 563,928	$ 585,129	$ 1,149,057	$ 1
Accounts receivable, net of allowances	90,600	89,407	180,007	-
Due from other funds	2,250	-	2,250	-
Inventories	19,800	-	19,800	-
Total current assets	676,578	674,536	1,351,114	1
NONCURRENT ASSETS				
Capital assets:				
Nondepreciable	7,691,870	7,200	7,699,070	-
Depreciable, net of accumulated depreciation	3,120,490	880,057	4,000,547	-
Total noncurrent assets	10,812,360	887,257	11,699,617	-
Total assets	11,488,938	1,561,793	13,050,731	1
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	12,213	83,883	96,096	-
Accrued expenses	227,803	-	227,803	-
Due to other funds	13,595	-	13,595	1
Customer deposits	3,650	-	3,650	-
Unearned revenue	-	54,542	54,542	-
Current portion - compensated absences	1,862	4,735	6,597	-
Current portion - bond payable	68,358	-	68,358	-
Total current liabilities	327,481	143,160	470,641	1
LONG-TERM LIABILITIES				
Advance from other funds	-	670,553	670,553	-
Compensated absences, net of current portion	724	1,841	2,565	-
Accrued landfill closure/postclosure care costs	-	1,334,978	1,334,978	-
Bond payable, net of current portion	6,691,642	-	6,691,642	-
Total long-term liabilities	6,692,366	2,007,372	8,699,738	-
Total liabilities	7,019,847	2,150,532	9,170,379	1
NET POSITION				
Net investment in capital assets	4,052,360	887,257	4,939,617	-
Restricted for:				
Debt service	74,494	-	74,494	-
Unrestricted (deficit)	342,237	(1,475,996)	(1,133,759)	-
Total net position	$ 4,469,091	$ (588,739)	$ 3,880,352	$ -

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 602,910	$ 1,086,266	$ 1,689,176	$ 150,484
Miscellaneous	9,352	-	9,352	-
Total operating revenues	612,262	1,086,266	1,698,528	150,484
OPERATING EXPENSES				
Salaries and benefits	153,533	204,025	357,558	-
Cost of sales and services	86,386	991,500	1,077,886	-
Supplies	61,872	62,078	123,950	-
Claims	-	-	-	124,502
Depreciation	96,798	123,549	220,347	-
Total operating expenses	398,589	1,381,152	1,779,741	124,502
Operating income (loss)	213,673	(294,886)	(81,213)	25,982
NONOPERATING INCOME (EXPENSES)				
Interest income	490	2,276	2,766	-
Interest expense	(253,500)	-	(253,500)	-
Total nonoperating income (expenses)	(253,010)	2,276	(250,734)	-
Income (loss) before capital contributions and transfers	(39,337)	(292,610)	(331,947)	25,982
CAPITAL CONTRIBUTIONS				
Intergovernmental - grants	253,500	-	253,500	-
Other capital contributions	1,412,109	180,809	1,592,918	-
Total capital contributions	1,665,609	180,809	1,846,418	-
TRANSFERS OUT	-	-	-	-
Change in net position	1,626,272	(111,801)	1,514,471	25,982
NET POSITION, beginning of year, as restated	2,842,819	(476,938)	2,365,881	(25,982)
NET POSITION, end of year	$ 4,469,091	$ (588,739)	$ 3,880,352	$ -

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, 2013

	Water Fund	Solid Waste Fund	Total	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 731,554	$ 1,275,360	$ 2,006,914	$ 150,484
Payments to suppliers	(171,138)	(965,774)	(1,136,912)	(150,484)
Payments to employees	(151,553)	(203,417)	(354,970)	-
Net cash provided by operating activities	408,863	106,169	515,032	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(11,054)	-	(11,054)	-
Capital grants received	253,500	-	253,500	-
Interest paid	(253,500)	-	(253,500)	-
Net cash provided by capital and related financing activities	(11,054)	-	(11,054)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	490	2,276	2,766	-
Net cash provided by investing activities	490	2,276	2,766	-
Net increase in cash and cash equivalents	398,299	108,445	506,744	-
Cash and cash equivalents:				
Beginning of year	165,629	476,684	642,313	1
End of year	$ 563,928	$ 585,129	$ 1,149,057	$ 1
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 213,673	$ (294,886)	$ (81,213)	$ 25,982
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	96,798	123,549	220,347	-
Landfill closure/postclosure care expense	-	77,089	77,089	-
Change in assets and liabilities:				
Decrease in accounts receivable	14,218	146,495	160,713	-
Decrease in inventory	11,055	-	11,055	-
Decrease in due from other funds	105,074	-	105,074	-
Increase (decrease) in accounts payable	(38,886)	5,542	(33,344)	-
Decrease in accrued expenses	-	-	-	(25,982)
Increase in due to other funds	1,301	-	1,301	-
Increase in customer deposits	3,650	-	3,650	-
Increase in unearned revenue	-	42,599	42,599	-
Increase in advance from other funds	-	5,173	5,173	
Increase in compensated absences	1,980	608	2,588	-
Net cash provided by operating activities	$ 408,863	$ 106,169	$ 515,032	$ -
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from governmental activities	$ 1,412,109	$ 180,809	$ 1,592,918	$ -

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

MCINTOSH COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2013

ASSETS	Agency Funds
Cash	$ 712,582
Taxes receivable	1,150,569
Total assets	$ 1,863,151
LIABILITIES	
Due to others	$ 712,582
Uncollected taxes	1,150,569
Total liabilities	$ 1,863,151

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major governmental funds:

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

The ***Sales Tax 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.

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)

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. Inventory and Prepaid Items

Inventory in the governmental funds is valued and the lower of cost or market. The County accounts for inventory on the purchase basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-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, 2013.

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 position. 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. Deferred Outflows/Inflows of Resources

The County implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other receivables, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. *Effective hedge* is reported in the government-wide statement of net position.

K. 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 position.”

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- ***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

Net position – Net position represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, 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 position are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 $334,737 difference are as follows:

Accrued interest payable	$ (2,771)
Capital lease payable	(207,796)
Compensated absences	(124,170)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (334,737)

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 position 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 $649,172 difference are as follows:

Capital outlay	$ 2,150,444
Depreciation expense	(1,501,272)
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities*	$ 649,172

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

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

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $405,123 difference are as follows:

Debt issued - capital leases	$	(126,636)
Principal payments - notes payable		531,759
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities*	$	405,123

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 $4,888 difference are as follows:

Accrued interest	$	(422)
Compensated absences		(5,051)
Net pension asset		10,361
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities*	$	4,888

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, 2012 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, 2013, the following departments had excess of actual expenditures over appropriations, which were funded by available fund balance of the General Fund:

	Excess
Elections	$ 3,438
Tax commissioner	12,876
Tax assessor	7,671
Superior court	14,666
State court	27,904
Probate-magistrate court	49,129
Sheriff	75,503
Jail operations	114,377
Fire	11,051
Ambulance services	19,270
Health	484
Leisure services	2,090
County extension	8
Protective inspection	901
Economic opportunity	5,476

NOTE 4. CASH AND INVESTMENTS

Total deposits and investments as of September 30, 2013 are summarized as follows:

As reported in the Statement of Net Assets:	
Cash and cash equivalents	$ 6,366,070
Cash deposited with financial institutions	$ 6,366,070

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, 2013, 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, 2013 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	$ 755,445	$ 10,176	$ -	$ -	$ 765,621
Accounts	50,415	42,670	115,230	119,963	328,278
Gross receivables	805,860	52,846	115,230	119,963	1,093,899
Less allowance for uncollectibles	(249,297)	-	(24,630)	(30,556)	(304,483)
Net total receivable	$ 556,563	$ 52,846	$ 90,600	$ 89,407	$ 789,416

Property taxes attached as an enforceable lien on property as of January 1, 2012. Property taxes were levied on August 26, 2012, and payable on or before January 12, 2012. The County bills and collects its own property taxes. Property taxes levied for 2012 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended September 30, 2013, and collected by November 30, 2013, are recognized as revenues in the year ended September 30, 2013. Net receivables estimated to be collected subsequent to November 30, 2013, 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, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 465,082	$ -	$ -	$ -	$ 465,082
Construction in progress	128,148	1,536,826	-	(1,664,974)	-
Total capital assets, not being depreciated	593,230	1,536,826	-	(1,664,974)	465,082
Capital assets, being depreciated:					
Buildings	10,295,559	-	-	-	10,295,559
Machinery and equipment	5,885,103	577,968	(60,837)	(180,809)	6,221,425
Infrastructure	30,470,849	35,650	-	252,865	30,759,364
Total capital assets, being depreciated	46,651,511	613,618	(60,837)	72,056	47,276,348
Less accumulated depreciation for:					
Buildings	(2,370,221)	(259,970)	-	-	(2,630,191)
Machinery and equipment	(3,284,619)	(442,715)	27,917	-	(3,699,417)
Infrastructure	(24,763,738)	(798,587)	-	-	(25,562,325)
Total accumulated depreciation	(30,418,578)	(1,501,272)	27,917	-	(31,891,933)
Total capital assets, being depreciated, net	16,232,933	(887,654)	(32,920)	72,056	15,384,415
Governmental activities capital assets, net	$ 16,826,163	$ 649,172	$ (32,920)	$ (1,592,918)	$ 15,849,497
Business-type Activities:					
Capital assets, not being depreciated:					
Land	$ 97,303	$ -	$ -	$ -	$ 97,303
Construction in progress	6,893,186	11,054	-	697,527	7,601,767
Total capital assets, not being depreciated	6,990,489	11,054	-	697,527	7,699,070
Capital assets, being depreciated:					
Building and improvements	174,459	-	-	-	174,459
Machinery and equipment	932,722	-	-	180,809	1,113,531
Water system	3,547,384	-	-	714,582	4,261,966
Landfill	757,304	-	-	-	757,304
Total	5,411,869	-	-	895,391	6,307,260
Less accumulated depreciation for:					
Building and improvements	(32,347)	(8,324)	-	-	(40,671)
Machinery and equipment	(397,325)	(88,243)	-	-	(485,568)
Water system	(1,154,893)	(83,505)	-	-	(1,238,398)
Landfill	(501,801)	(40,275)	-	-	(542,076)
Total	(2,086,366)	(220,347)	-	-	(2,306,713)
Total capital assets, being depreciated, net	3,325,503	(220,347)	-	895,391	4,000,547
Business-type activities capital assets, net	$ 10,315,992	$ (209,293)	$ -	$ 1,592,918	$ 11,699,617

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	$	19,184
Judicial		2,301
Public safety		542,586
Public works		865,254
Health and welfare		11,530
Culture and recreation		60,417
Total depreciation expense - governmental activities	$	1,501,272
Business-type activities		
Water Fund	$	96,798
Solid Waste Fund		123,549
Total depreciation expense - business-type activities	$	220,347

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 19,410	$ -	$ -	$ 19,410
Total	19,410	-	-	19,410
Less accumulated depreciation for:				
Machinery and equipment	(18,799)	(408)	-	(19,207)
Total	(18,799)	(408)	-	(19,207)
Total capital assets, being depreciated, net	611	(408)	-	203
Board of Health capital assets, net	$ 611	$ (408)	$ -	$ 203

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2013:

	Balance	Additions	Reductions	Balance	One Year
Governmental activities:					
Capital leases payable	$ 612,919	$ 126,636	$ (531,759)	$ 207,796	$ 39,864
Compensated absences	119,119	123,235	(118,184)	124,170	89,403
Governmental activities long-term liabilities	$ 732,038	$ 249,871	$ (649,943)	$ 331,966	$ 129,267
Business-type activities:					
Revenue bonds payable	$ 6,760,000	$ -	$ -	$ 6,760,000	$ 68,358
Compensated absences	6,574	11,337	(8,749)	9,162	6,597
Closure and postclosure care	1,257,889	77,089	-	1,334,978	-
Business-type activities long-term liabilities	$ 8,024,463	$ 88,426	$ (8,749)	$ 8,104,140	$ 74,955
Component unit - McIntosh County Board of Health:					
Compensated absences	$ 22,400	$ 3,131	$ -	$ 25,531	$ 5,106
McIntosh County Board of Health long-term liabilities	$ 22,400	$ 3,131	$ -	$ 25,531	$ 5,106

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, 2013:

	Governmental Activities
Equipment	$ 977,126
Less: Accumulated depreciation	(625,006)
	$ 352,120

The County recorded $88,222 in depreciation expense on capital leases during the year ended September 30, 2013.

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, 2013:

	Governmental Activities
Fiscal year ending September 30,	
2014	$ 45,966
2015	45,966
2016	45,966
2017	45,966
2018	45,966
Total minimum lease payments	229,830
Less amount representing interest	22,034
Present value of future minimum lease payments	$ 207,796

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 of $27,852, beginning December 2013 through November 2051, including interest of 3.75%.

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

Fiscal Year Payable	Total	Principal	Interest
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	337,708	94,798	242,910
2019 - 2023	1,671,120	530,352	1,140,768
2024 - 2028	1,671,120	639,016	1,032,104
2029 - 2033	1,671,120	771,318	899,802
2034 - 2038	1,671,120	930,174	740,946
2039 - 2043	1,671,120	1,121,752	549,368
2044 - 2048	1,671,120	1,352,673	318,447
2049 - 2052	1,048,998	988,200	60,798
	$ 12,948,118	$ 6,760,000	$ 6,188,118

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 $1,334,978 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, 2013, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 43,505
General Fund	Water Fund	13,595
General Fund	Internal Service Fund	1
Nonmajor Governmental Funds	General Fund	40,801
Water Fund	Nonmajor Governmental Funds	2,250
		$ 100,152

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	$ 670,553

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	
	Nonmajor Governmental Funds	Total
Transfer To		
General Fund	$ 191,881	$ 191,881
Total	$ 191,881	$ 191,881

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, 2013, the date of the most recent actuarial valuation, there were 205 participants as follows:

Active participants	106
Retirees and beneficiaries	32
Vested terminated	67
	205

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:

	2013
Derivation of Annual Pension Cost	
Annual Required Contribution	$ 232,640
Interest on Net Pension Obligation	(1,211)
Amortization of Net Pension Obligation	1,296
Annual Pension Cost	$ 232,725
Derivation of Net Pension Obligation (Asset)	
Annual Pension Cost for Fiscal Year 2012	$ 232,725
Actual Contributions to Plan for Fiscal Year 2012	243,086
Decrease in Net Pension Obligation	(10,361)
Net Pension Obligation (Asset) as of September 30, 2012	(15,625)
Net Pension Obligation (Asset) as of September 30, 2013	$ (25,986)

Basis of Valuation

Current valuation date	January 1, 2013
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
1/1/2013	$ 232,725	$ 243,086	104%	$ (25,986)
1/1/2012	227,163	239,442	105%	(15,625)
1/1/2011	193,036	204,250	106%	(3,346)

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of the most recent valuation date, December 31, 2012, 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)
12/31/12	$ 2,443,069	$ 3,286,372	$ 843,303	74.3%	$ 3,029,857	27.8%

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 position 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, 2012.

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, 2013, employees contributed $22,950 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, 2013, 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, 2013 is as follows:

	September 30, 2013	September 30, 2012
Unpaid claims, beginning of fiscal year	$ 25,982	$ 143,994
Incurred claims and changes in estimates	124,502	150,813
Claim payments	(150,484)	(268,825)
Unpaid claims, end of fiscal year	$ -	$ 25,982

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

NOTE 13. RELATED ORGANIZATIONS

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

NOTE 14. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the nine-county coastal Georgia region, is a member of the Coastal Regional Commission (CRC) and is required to pay annual dues thereto. During its year ended September 30, 2013, 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, 2013, were $155,249. Of this amount, $91,638, 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 POSITION

The Grant Fund report deficit fund balance of $16,222, and the Solid Waste Fund reported deficit net position of $588,739 at September 30, 2013. The Grant Fund deficit is intended to be eliminated through increased transfers from the General Fund. The Solid Waste Fund deficits are intended to be eliminated through increased user charges and transfers from the General Fund.

NOTE 17. RESTATEMENTS

The County has determined that a restatement to beginning net position of the Water Fund was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, through which bond issuance cost are written off as of October 1, 2012. This restatement is as follows:

	Water Fund
Net position, as previously reported	$ 2,917,919
Recognition of bond issuance cost in accordance with GASB 65	(75,100)
Net position, as restated	$ 2,842,819

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)
12/31/12	$ 2,443,069	$ 3,286,372	$ 843,303	74.3%	$ 3,029,857	27.8%
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.

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.

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, 2013

	Special Revenue Funds						
ASSETS	**Law Library**	**Confiscated Assets**	**Jail**	**Drug**	**Victim Witness Assistance**	**Jail Commissary**	**E-911**
Cash and cash equivalents	$ 126,230	$ 68,153	$ 130,910	$ 60,463	$ 287,026	$ 42,415	$ 362,011
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	42,670
Due from other funds	-	-	31,890	-	-	-	-
Due from other governments	-	-	-	1,316	10,137	-	305,267
Total assets	$ 126,230	$ 68,153	$ 162,800	$ 61,779	$ 297,163	$ 42,415	$ 709,948
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts and retainage payable	$ -	$ -	$ 15,875	$ -	$ -	$ -	$ 8,677
Due to other funds	4,557	-	-	5,995	-	-	1,101
Due to other governments	-	-	-	-	-	-	-
Total liabilities	4,557	-	15,875	5,995	-	-	9,778
FUND BALANCES							
Restricted for:							
Judicial	121,673	-	-	-	297,163	-	-
Public safety	-	68,153	146,925	55,784	-	-	700,170
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Committed to:							
Capital outlay	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	42,415	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	121,673	68,153	146,925	55,784	297,163	42,415	700,170
Total liabilities and fund balances	$ 126,230	$ 68,153	$ 162,800	$ 61,779	$ 297,163	$ 42,415	$ 709,948

			Capital Projects Funds			Total Nonmajor Governmental Funds
Grant	Hotel Motel Tax	Revolving Loan	Sales Tax	USDA Construction	CDBG Water System	
$ 5,454	$ -	$ 62,521	$ 345,717	$ 14,390	$ 150	$ 1,505,440
-	10,176	-	-	-	-	10,176
-	-	-	-	-	-	42,670
-	-	-	-	-	8,911	40,801
-	-	-	-	174,589	-	491,309
$ 5,454	$ 10,176	$ 62,521	$ 345,717	$ 188,979	$ 9,061	$ 2,090,396
$ -	$ -	$ -	$ 21,136	$ 187,750	$ 150	$ 233,588
21,676	10,176	-	2,250	-	-	45,755
-	-	-	-	-	-	-
21,676	10,176	-	23,386	187,750	150	279,343
-	-	-	-	-	-	418,836
-	-	-	-	-	-	971,032
-	-	62,521	-	-	-	62,521
-	-	-	322,331	1,229	-	323,560
-	-	-	-	-	8,911	8,911
-	-	-	-	-	-	42,415
(16,222)	-	-	-	-	-	(16,222)
(16,222)	-	62,521	322,331	1,229	8,911	1,811,053
$ 5,454	$ 10,176	$ 62,521	$ 345,717	$ 188,979	$ 9,061	$ 2,090,396

MCINTOSH COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds						
	Law Library	Confiscated Assets	Jail	Drug	Victim Witness Assistance	Jail Commissary	E-911
Revenues:							
Other taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	247,260
Charges for services	-	-	-	-	-	32,912	186,946
Fines and forfeitures	66,835	67,750	192,871	22,775	161,630	-	-
Interest income	488	157	199	152	574	116	642
Other revenues	-	-	-	-	-	-	890
Total revenues	67,323	67,907	193,070	22,927	162,204	33,028	435,738
Expenditures:							
Current							
General government	-	-	-	-	-	-	-
Judicial	23,817	-	-	-	-	-	-
Public safety	-	88,789	206,257	14,057	64,770	18,681	495,220
Culture and recreation	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	23,817	88,789	206,257	14,057	64,770	18,681	495,220
Excess (deficiency) of revenues over (under) expenditures	43,506	(20,882)	(13,187)	8,870	97,434	14,347	(59,482)
Other financing sources (uses):							
Proceeds from sale of assets	-	15,000	-	-	-	-	-
Transfers out	-	-	-	-	(113,270)	(15,000)	-
Total other financing sources (uses)	-	15,000	-	-	(113,270)	(15,000)	-
Net change in fund balances	43,506	(5,882)	(13,187)	8,870	(15,836)	(653)	(59,482)
Fund balances (deficit), beginning of year	78,167	74,035	160,112	46,914	312,999	43,068	759,652
Fund balances, end of year (deficit)	$ 121,673	$ 68,153	$ 146,925	$ 55,784	$ 297,163	$ 42,415	$ 700,170

			Capital Projects Funds			
Grant	Hotel Motel Tax	Revolving Loan	Sales Tax	USDA Construction	CDBG Water System	Total Nonmajor Governmental Funds
$ -	$ 155,249	$ -	$ -	$ -	$ -	$ 155,249
32,600	-	-	-	753,673	422,497	1,456,030
-	-	-	-	-	-	219,858
-	-	-	-	-	-	511,861
-	-	70	988	-	-	3,386
-	-	-	-	-	-	890
32,600	155,249	70	988	753,673	422,497	2,347,274
-	-	5	-	-	-	5
1,250	-	-	-	-	-	25,067
9,033	-	-	-	-	-	896,807
38,539	-	-	-	-	-	38,539
-	91,638	-	-	-	-	91,638
-	-	-	279,558	731,984	427,498	1,439,040
-	-	-	295,974	-	-	295,974
-	-	-	12,586	-	-	12,586
48,822	91,638	5	588,118	731,984	427,498	2,799,656
(16,222)	63,611	65	(587,130)	21,689	(5,001)	(452,382)
-	-	-	-	-	-	15,000
-	(63,611)	-	-	-	-	(191,881)
-	(63,611)	-	-	-	-	(176,881)
(16,222)	-	65	(587,130)	21,689	(5,001)	(629,263)
-	-	62,456	909,461	(20,460)	13,912	2,440,316
$ (16,222)	$ -	$ 62,521	$ 322,331	$ 1,229	$ 8,911	$ 1,811,053

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	$ 20,576	$ 1,355,901
Animal Shelter Improvements	60,000	60,000	51,983	-	51,983
Emergency Medical Improvements	625,000	625,000	549,521	16,194	565,715
Landfill Improvements	1,050,000	1,050,000	1,024,950	67,457	1,092,407
Recreational Facilities	1,040,000	1,040,000	445,897	124,717	570,614
County Roads and Bridges Improvements	2,675,000	2,675,000	1,986,678	34,322	2,021,000
City of Darien Projects	450,000	450,000	431,049	-	431,049
County Office Equipment Enhancements	115,000	115,000	99,517	9,950	109,467
Development Authority Projects	250,000	250,000	100,000	-	100,000
Jail Facility Improvements	675,000	675,000	424,257	6,342	430,599
Totals	$ 8,190,000	$ 8,190,000	$ 6,449,177	$ 279,558	$ 6,728,735

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 $308,560.

Project Description	Original Costs	Estimated Costs	Expenditures		
			Prior Years	Current Year	Total
2010 REFERENDUM					
Courthouse Improvements	$ 221,455	$ 221,455	$ 15,999	$ 131,055	$ 147,054
Animal Shelter Improvements	75,000	75,000	-	25,508	25,508
Elections Equipment	15,000	15,000	-	-	-
Emergency Medical Assistance Equipment	147,000	147,000	-	31,468	31,468
Emergency Medical Service Equipment	617,240	617,240	150,892	4,580	155,472
Landfill Equipment and Improvements	855,000	855,000	89,500	126,636	216,136
Leisure Services Equipment and Improvements	868,000	868,000	10,000	54,476	64,476
Roads and Bridges Improvements	2,151,305	2,151,305	131,500	15,442	146,942
Sheriff's Department Improvements	500,000	500,000	64,132	93,778	157,910
Volunteer Fire Equipment	780,000	780,000	10,072	46,669	56,741
Chamber of Commerce Projects	710,000	710,000	-	-	-
Development Authority Projects	660,000	660,000	-	-	-
City of Darien Projects	1,900,000	1,900,000	274,057	475,628	749,685
Totals	$ 9,500,000	$ 9,500,000	$ 746,152	$ 1,005,240	$ 1,751,392

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 $244,854.

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, 2013

ASSETS	Tax Commissioner	Clerk of Courts	Probate - Magistrate Court	Jail Inmate	Total
Cash	$ -	$ 646,858	$ 63,845	$ 1,879	$ 712,582
Taxes receivable	1,150,569	-	-	-	1,150,569
Total assets	$ 1,150,569	$ 646,858	$ 63,845	$ 1,879	$ 1,863,151
LIABILITIES					
Due to others	$ -	$ 646,858	$ 63,845	$ 1,879	$ 712,582
Uncollected taxes	1,150,569	-	-	-	1,150,569
Total liabilities	$ 1,150,569	$ 646,858	$ 63,845	$ 1,879	$ 1,863,151

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, 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, 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 (the "County") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise McIntosh County, Georgia's basic financial statements and have issued our report thereon dated March 11, 2015. Our report includes a reference to other auditors who audited the financial statements of the McIntosh County Health Department, as described in our report on McIntosh County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-002 and 2013-003 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a significant deficiency.

Compliance and Other Matters

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

McIntosh County, Georgia's Responses to Findings

McIntosh County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. McIntosh County, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Albany, Georgia
March 11, 2015

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
of McIntosh County, Georgia
Darien, Georgia

Report on Compliance for Each Major Federal Program

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 fiscal year ended September 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of McIntosh County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial statement 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 on compliance for each major federal program. However, our audit does not provide a legal determination of McIntosh County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, McIntosh County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of McIntosh County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered McIntosh County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Albany, Georgia
March 11, 2015

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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 Grant Cluster	14.228	11-P-Y-095-1-5406	$ 427,498
Total U.S. Department of Housing and Urban Development			427,498
U.S. Department of Justice			
Passed through Criminal Justice Coordinating Council			
JAG Program Cluster	16.803	B82-8-392	9,000
Crime Victim Assistance	16.575	C10-8-219	16,786
Crime Victim Assistance	16.575	C12-8-087	5,230
Total Crime Victim Assistance			22,016
Direct Award			
Equitable Sharing Program	16.922		52,839
Total U.S. Department of Justice			83,855
U.S. Department of Homeland Security			
Passed through Georgia Emergency Management Agency			
Emergency Management Performance Grant	97.042	OEM12-100	5,000
Hazard Mitigation Grant	97.039	HMPG-1761-003	1,250
Total U.S. Department of Homeland Security			6,250
U.S. Department of Agriculture			
Direct Award			
Water and Waste Disposal Systems for Rural Communities	10.760	00-07	731,984
Total U.S. Department of Agriculture			731,984
Total Expenditures of Federal Awards			$ 1,249,587

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, 2013

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	___ 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	Unmodified
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
10.760	Water and Waste Disposal Systems for Rural Communities
14.228	Community Development Block Grant Cluster

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

MCINTOSH COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2013 - 001. 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.

2013 - 002. Management of Accounts Receivable Accounts

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

Condition: The County did not properly record fees receivable in the Water Fund as of September 30, 2013.

Context: See above condition.

Effect: An adjustment to decrease accounts receivable in the amount of $27,824, decrease allowance for uncollectible accounts receivable in the amount of $13;606, and to decrease revenues in the amount of $14,218 Water Fund.

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

2013 - 002. Management of Accounts Receivable Accounts (Continued)

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

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

2013 - 003. Management of Accounts Payable

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

Condition: The County did not properly address the above criteria as of September 30, 2013 as it relates to accounts payable within the Sales Tax 2010 Fund and the Solid Waste Fund.

Context: We addressed this matter with County officials and they were able to determine the amount of accounts payable that should be recorded in these funds as of September 30, 2013.

Effect: An adjustment to increase accounts payable by $106,196 and increase expenditures in the same amount was required to be made in the Sales Tax 2010 Fund. Additionally, an adjustment to increase accounts payable and increase expenses in the Solid Waste Fund by $66,858 was required.

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

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

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, 2013

2012 - 001. 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 2013-001.